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Medexus Provides a Business Update and Outlines Response to COVID-19 Pandemic

TORONTO, CHICAGO and MONTREAL, March 23, 2020 (GLOBE NEWSWIRE) -- **Medexus Pharmaceuticals Inc. (the "Company" or "Medexus") (TSX-V: MDP, OTCQB: PDDPF)** today provided an update to its shareholders reaffirming the strength of its business and outlining the measures it has taken in light of the COVID-19 healthcare crisis.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the implementation of travel bans, quarantine periods and social distancing. The World Health Organization has declared COVID-19 a pandemic and, as the crisis deepens in North America, Medexus is actively assessing and responding where possible to its potential impact on the Company's business.

"Our focus for the past six weeks has been centered on four priorities: (i) the safety of our personnel; (ii) ensuring the continuity of access to our products for our patients who rely on them for their day to day health and well-being; (iii) monitoring the status of our partners in our supply and distribution process, such as the manufacturers of our products and the operators of our warehouses and distribution sites; and (iv) open and frequent communication with all of our key business partners, including our lenders and shareholders," said Ken d'Entremont, Chief Executive Officer of Medexus.

The welfare and safety of Medexus' personnel and the individuals with which the business interacts is a key priority for the Company. Medexus has taken prudent steps in accordance with its business continuity procedures to help reduce the spread of the virus and to support and protect the health of its employees, partners and customers. For the most part, these are standard procedures being adopted by companies worldwide that involve working from home where possible and eliminating unnecessary travel. The Company's offices are being operated by skeleton crews and its commercial team has done an outstanding job quickly and efficiently shifting focus to communicating with the Company's manufacturers, licensors and customers to maintain a smooth supply chain. While the Company's sales representatives are no longer visiting health care practitioners in hospitals, clinics or pharmacies in order to respect recommendations for social distancing, Medexus continues to support the growth of its products in other innovative ways. The Company believes these strategies are working well. At this time, none of the Company's employees have reported testing positive for the COVID-19 virus.

In a crisis situation such as the one presented by the COVID-19 outbreak, it is critical that pharmaceutical companies do everything possible to ensure that the patients who depend on their products continue to receive them. This is of paramount importance to Medexus. Medexus has dedicated resources to daily communication with its manufacturing partners

and is not aware of any disruption to the supply of any of its products. The Company continues to monitor the circumstances of its manufacturers in light of COVID-19 and has been assured that appropriate redundancies at the manufacturer level are in place to facilitate the shipment of the Company's products as planned. The Company is also in regular contact with its downstream network in the United States and Canada, including wholesalers and payors, as well as the governmental and regulatory bodies with which the Company interacts, to provide support and assurance that Medexus will do everything possible to continue to meet their needs.

Ken d'Entremont commented: "We would like to reassure the patients who rely on our products and the shareholders who have invested in our growth that our business remains strong. Our supply channel is secure and we are working to ensure it remains so to support the demand for our products in the market. We have three to six months of inventory in all key product lines and expect additional shipments in the next two weeks that should extend inventory levels to at least six months across all key product lines. Given that older adults and people with autoimmune diseases such as rheumatoid arthritis are more likely to be seriously affected by COVID-19, our goal is to ensure no disruptions in our ability to get our products to the patients who rely on them to manage their disease. In particular, we would like to reassure patients who rely on IXINITY®, the intravenous recombinant factor IX therapeutic for Hemophilia B acquired by Medexus at the end of February, that the product is readily available and we will continue to work towards ensuring their continued access to this life saving medication."

Unfortunately, the Company expects that COVID-19 will result in meaningful delays in the enrollment of the pediatric trial for IXINITY® as hospitals around the world close their doors to all non-critical patients. Although it is impossible at this time to know the extent of this delay, it does not materially affect any of the Company's revenue forecasts as the pediatric indication of IXINITY® was considered incremental, and not core, to the Company's projections.

As the situation continues to be very dynamic, the Company has been working diligently to assess the potential risks posed by COVID-19 on an ongoing basis and to realign its budgets in response to them. While revenue growth (beyond the previously announced accretive impact of the acquisition of IXINITY®) is likely unattainable this fiscal year, based on the information currently available and assuming the continuity of supply, the Company believes the impact of COVID-19 on its prescription driven business, which accounts for approximately 90% of the Company's revenues, will be limited. The Company expects that certain over-the-counter (OTC) products such as NYDA® – a treatment for lice, the demand for which is closely linked to children interacting – may be reduced in a world of social isolation. However, the impact is far from determined at this time given the seasonality of such products and the uncertainty around how long the COVID-19 outbreak and the related public health measures imposed in response will last. With respect to Rupall®, the Company intends to continue to heavily sample physicians on the product, with the goal of making Rupall® their prescription of choice as allergy season approaches.

On the expense side of the equation, the Company expects to see material savings as travel, marketing and promotional initiatives are materially curtailed during this period of disruption. The Company also expects the aforementioned delay in the IXINITY® pediatric

trial to enhance near term cash flow. The Company also notes that the steep decline in the Canadian dollar relative to the US dollar, to the extent it persists, would result in forex gains to the Company as it generates the bulk of its cash flows in US dollars. In addition, while not part of our COVID-19 response, the Company completed a reduction in its work force at the time of its acquisition of IXINITY® to ensure that its long-term business needs are aligned with retaining the right people in the business. The Company anticipates these cost savings largely offsetting any revenue related issues associated with the impact of COVID-19, but will have better visibility in the coming quarter.

Ken d'Entremont further commented: "We continue to conduct business as usual to the extent possible despite the global situation. We remain encouraged by our outlook and confident that the Company we have built with the support of our partners and stakeholders is well positioned to emerge from this global crisis even stronger."

Notwithstanding that the Company remains well positioned and its business strong, given the unprecedented circumstances and current market environment, the Company believes it prudent at this time to take advantage of all available options to preserve cash and maintain its healthy balance sheet. In accordance with the terms of the debenture indenture entered into between Medexus and Computershare Trust Company of Canada dated as of October 16, 2018 (the "**Indenture**"), the Company has elected to issue an aggregate of approximately 533,137 common shares in the capital of the Company (the "**Common Shares**") to holders of the Company's 6.0% unsecured convertible debentures (the "**Debentures**") in satisfaction of the aggregate $1,260,000 interest payment due to holders of Debentures on March 31, 2020 (the "**Interest Payment**"). Medexus' decision to make the Interest Payment in Common Shares reflects the Company's current focus on protecting the strength of its balance sheet in light of the uncertainty caused by the COVID-19 pandemic. The Company made this decision out of an abundance of caution and, while the full impact of the pandemic remains to be seen, Medexus is confident that it is well positioned to successfully navigate the challenges posed by COVID-19. The Board of Directors of the Company will continue to re-assess this strategy with respect to the payment of the interest on the Debentures on a regular basis.

Holders of Debentures of record as of March 16, 2020 will receive their pro-rata entitlement of the aggregate number of Common Shares issued pursuant to the Interest Payment on March 31, 2020. Common Shares issued pursuant to the Interest Payment to certain insiders of the Company will be subject to a four-month hold period in accordance with the policies of the TSX Venture Exchange (the "**TSX-V**"). The issuance of the Common Shares is subject to the terms of the Indenture as well as receipt of the approval of the TSX-V. A copy of the Indenture is available on the Company's SEDAR profile at www.sedar.com.

About Medexus

Medexus is a leading specialty pharmaceutical company with a strong North American commercial platform. The Company's vision is to provide the best healthcare products to healthcare professionals and patients, through our core values of Quality, Innovation, Customer Service and Teamwork. Medexus Pharmaceuticals is focused on the therapeutic areas of auto-immune disease and pediatrics. The Company's leading products are: Rasuvo™ and Metoject®, a unique formulation of methotrexate (auto-pen and pre-filled syringe) designed to treat rheumatoid arthritis and other auto-immune diseases; IXINITY®,

an intravenous recombinant factor IX therapeutic for use in patients 12 years of age or older with Hemophilia B – a hereditary bleeding disorder characterized by a deficiency of clotting factor IX in the blood, which is necessary to control bleeding; and Rupall®, an innovative allergy medication with a unique mode of action.

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Forward Looking Statements

Certain statements made in this press release contain forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). The words "anticipates", "believes", "expects", "will" and similar expressions are often intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Specific forward-looking statements contained in this press release include, but are not limited to, statements with respect to the potential impact of the COVID-19 pandemic and the Company's response thereto, including the Company's balance sheet and cost management strategies and any benefits thereof. These statements are based on factors or assumptions that were applied in drawing a conclusion or making a forecast or projection, including assumptions based on historical trends, current conditions and expected future developments. Since forward-looking statements relate to future events and conditions, by their very nature they require making assumptions and involve inherent risks and uncertainties. The Company cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that actual results may differ materially from the expectations set out in the forward-looking statements. Material risk factors include those set out in the Company's MD&A under the

heading “Risk Factors and Risk Management” and elsewhere in the Company’s other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time, as well as the risks related to COVID-19. Specifically, third parties on which the Company relies, including its manufacturers, suppliers, licensors and/or distributors, have operations around the world and are exposed to a number of global and regional risks outside of the Company’s control, including but not limited to those related to COVID-19. As the current outbreak of COVID-19 continues or increases in severity or results in expanded or prolonged travel, commercial or other restrictions, it could adversely impact the Company by causing operating, supply or other disruptions, including creating difficulties in the execution of the Company’s marketing plans. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Any of these events, in isolation or in combination, could materially and adversely affect the Company’s business and could have a material adverse effect on the Company and its financial results. Given these risks, undue reliance should not be placed on the forward-looking statements contained herein, which apply only as of the date hereof. Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statements to reflect new information, subsequent or otherwise.



Source: Medexus Pharmaceuticals Inc