November 8, 2023

Medexus Announces Strong Fiscal Q2 2024 Results, Including Quarterly Revenue of US$30.3 Million

Fiscal Q2 2024 revenue reflects a 9.4% increase over fiscal Q2 2023, demonstrating strong revenue growth and continued overall performance

Management to host conference call at 8:00 AM Eastern time on Thursday, November 9, 2023

Toronto, Ontario and Chicago, Illinois--(Newsfile Corp. - November 8, 2023) - Medexus Pharmaceuticals (TSX: MDP) (OTCQX: MEDXF) today announced its operating and financial results and provided a business update for the company's second fiscal quarter ended September 30, 2023 (the company's fiscal Q2 2024). All dollar amounts in this news release are in United States dollars unless specified otherwise.

Financial highlights

- Revenue of $30.3 million for fiscal Q2 2024, a year-over-year increase of 9.4%. The increase was primarily attributable to the recognition of 100% of Gleolan net sales in total revenue and continuing strong Rupall demand growth, including in part due to orders relative to scheduled price increases.
- Adjusted EBITDA* of $5.3 million for fiscal Q2 2024, a year-over-year increase of 26.2%. The increase was primarily attributable to the increase in revenue mentioned above and a reduction in operating expenses.
- Operating income of $3.6 million for fiscal Q2 2024, a year-over-year increase of $1.7 million.
- Net loss of $1.1 million for fiscal Q2 2024, a year-over-year improvement of $1.6 million.
- Adjusted Net Loss*, which adjusts for the unrealized gains and losses included in net income (loss), of $1.2 million for fiscal Q2 2024, a year-over-year improvement of $1.6 million.
- Available liquidity of $37.5 million (September 30, 2023), consisting of $19.5 million of cash and cash equivalents and $18.0 million available but then-undrawn under the accordion feature of the company's credit agreement with BMO. Medexus applied the full $18.0 million amount, together with cash on hand, toward repayment of the company's 6% convertible debentures fully in cash in an amount equal to C$51.1 million (or approximately $37.5 million) upon their maturity subsequent to period end,

on October 16, 2023. In addition, subsequent to period end, in October 2023, Medexus completed a bought-deal public offering of units for C$11.5 million aggregate gross proceeds (or C$10.8 million aggregate net proceeds before expenses).

** Refer to "Non-GAAP measures" at the end of this news release for information about Adjusted EBITDA and Adjusted Net Income (Loss).*

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "We are pleased to report a robust quarter. Rupall continued to see strong demand growth, contributing significantly to this past quarter's year-over-year revenue increase. While we continue to focus on maintaining stability of our base business and generating cash from operations, we also continue to look for near-term transaction opportunities to augment our product portfolio, increase the scale of our operations, and deliver long-term growth."

Marcel Konrad, Chief Financial Officer of Medexus, further noted, "Overall, we are pleased to report our sixth consecutive quarter of positive operating income and eighth consecutive quarter of positive Adjusted EBITDA*. In addition, our convertible debentures have now been fully repaid in cash. This has simplified our balance sheet, and leaves our $56.5 million BMO credit facilities, which continue to benefit from an attractive interest rate, as our only remaining debt. We were also able to further bolster our balance sheet by completing a C$11.5 bought-deal public offering of units in October. Adjusting our quarter-end cash balance for this series of subsequent October transactions, we had approximately $8.5 million in cash, or $8.0 million after underwriting commissions and before expenses of the public offering, putting us on solid footing to continue maintaining and growing our business over the coming quarters."

Mr d'Entremont then concluded, "We would also like to welcome Nancy Phelan, who joined the Medexus board of directors on September 21. Nancy brings over 25 years of experience in commercial strategy and operations in life sciences and has held diverse senior leadership positions at Indegene, Novartis, Adhera, as well as Pfizer, Wyeth, Bristol-Myers Squibb, and Schering-Plough. We are looking forward to continuing to work with Nancy."

Operational highlights

- **IXINITY (US):** Unit demand in the United States decreased during the three-month period ended September 30, 2023 and over the trailing 12-month period ended September 30, 2023. (Source: customer-reported dispensing data.) Demand continues to reflect the effects of lower observed average quantities of product consumed by an increased number of newer patients. Medexus intends to continue monitoring these trends and assessing their potential net impact on product-level revenue. Medexus has continued to observe pharmacy and wholesale customers of IXINITY exhibiting varying buying patterns relative to patient unit demand, which can lead those customers to build up and subsequently work through inventory on hand.

- **Rasuvo (US):** Medexus maintained its market leading position during the three-month period ended September 30, 2023, with an estimated >80% unit share during the trailing 12-month period ended September 30, 2023, as unit demand for Rasuvo remained strong in the moderately-growing US branded methotrexate market with a highly efficient allocation of sales force resources. (Source: Symphony Sub National 09/30/2023 Data & Chargebacks, PAP.) In the six-month period ended September 30,

2023, unit demand for Rasuvo has benefited from unanticipated shortages of competing product inventory.

- **Rupall (Canada):** Unit demand in Canada remained strong during the three-month period ended September 30, 2023, which is reflected in the unit demand growth of 22% over the trailing 12-month period ended September 30, 2023. (Source: IQVIA CDH units - Drugstores and hospitals purchases, MAT September 2023.) This strong performance reflects successful execution of the company's sales and marketing initiatives to sustain the product's strong performance over the six years since launch, as well as the timing of certain orders during the quarter relative to planned price increases, partially offset by the effects of increased competition on Medexus's relatively smaller unit demand in the pediatric segment.

- **Gleolan (US):** Medexus continued to execute the company's post-transition commercial plan, including new sales and marketing initiatives. This has included continued application of existing sales force resources to expand and deepen market coverage, improved distribution of relevant product information content in relevant forums, and increasing application of the company's broad range of commercial expertise to the relevant market. Medexus expects to continue developing insights regarding market dynamics and potential through these initiatives to inform the company's continued commercialization efforts as the company seeks to maximize product-level revenue, particularly in light of the minimum annual royalty amounts set out in the Gleolan license agreement for financial year 2024 and beyond.

- **Metoject (Canada):** Unit demand increased by 14% in the trailing 12-month period ended September 30, 2023 in spite of direct generic competition. (Source: IQVIA - TSA database.) Product-level performance continues to experience disruption from the launch of a generic product in the Canadian methotrexate market in calendar year 2020. In the three-month period ended June 30, 2023, unit demand for Metoject benefited from unanticipated shortages of competing product inventory, which continues to benefit unit demand through the periods ended September 30, 2023.

Product pipeline highlights

- **Treosulfan (US):** medac GmbH, licensor of Medexus's commercialization rights to treosulfan and the party responsible for regulatory matters under Medexus's February 2021 exclusive license agreement relating to treosulfan, continues to work toward responding to the FDA in respect of medac's resubmission of its new drug application for treosulfan. The process for obtaining FDA approval has been delayed beyond the agreed outside date for FDA approval set out in the US treosulfan agreement as previously amended. In light of this delay, in September 2023, Medexus and medac entered into a third amendment to the US treosulfan agreement. Among other things, the third amendment further extends the agreed outside date for FDA approval to reflect the current status of the FDA regulatory review process, and provides that, if and when the FDA accepts medac's resubmission of the treosulfan NDA, the parties will then discuss any adjustments to the value of unpaid regulatory and sales-based milestone payments that the parties may agree are appropriate in the then-prevailing circumstances. Medexus continues to expect that it will take medac a period extending into first half calendar year 2024 to collect and submit the information requested by the FDA and obtain FDA acceptance of medac's treosulfan NDA resubmission. The parties

will then have a specified negotiation period to agree to a further amendment with respect to any adjustments to the milestone payments. Medexus will have no obligation to make any milestone payments before the effective date of the further amendment (if any).

- **IXINITY (pediatric patient indication) (US):** Medexus continues to engage in constructive dialogue with the FDA regarding the supplemental Biological License Application for IXINITY for treatment of pediatric patients under 12 years of age with hemophilia B, which the FDA accepted for review in June 2023. Medexus is optimistic about the prospects for a favorable FDA decision in the first half of calendar year 2024 and believes that, if approved, the new pediatric indication would, in addition to expanding the current market potential for the product, provide Medexus with an opportunity to reinforce brand awareness and messaging for IXINITY in relevant markets.

- **Topical Terbinafine (Canada):** In March 2023, Medexus secured exclusive Canadian rights to commercialize terbinafine hydrochloride nail lacquer supplied by Polichem, an Almirall group company focused on medical dermatological treatments for skin health. Medexus has continued to make progress on preparing the new drug submission seeking Health Canada approval of topical terbinafine nail lacquer to treat fungal nail infections, and continues to expect to submit within calendar year 2023. Management views this product as a strategic fit with Rupall and expects that it will both contribute to the company's Canadian revenues and engage the commercial infrastructure previously put in place to support Rupall, one of Medexus's current leading products.

Other highlights

- **Bought-deal public offering:** In September 2023, Medexus entered into an underwriting agreement to complete a bought-deal public offering of 3,389,900 units at a price of C$2.95 per unit for aggregate gross proceeds to Medexus of C$10 million (or C$9.4 million net proceeds before expenses). The underwriting agreement provided for a customary overallotment option for the sole underwriter to purchase up to 508,484 additional units for additional gross proceeds of C$1.5 million (or C$1.4 million net proceeds before expenses). Subsequent to period end, in October 2023, Medexus completed the offering (including full exercise of the overallotment option) and issued an aggregate of 3,898,384 units for C$11.5 million aggregate gross proceeds (or C$10.8 million aggregate net proceeds before expenses). Each unit issued in the offering consisted of one common share and one-half of one warrant (described in greater detail in the MD&A). The net proceeds from the offering, after deducting underwriting discounts and commissions and offering expenses, will be used for working capital and general corporate purposes, which may include funding Medexus's ongoing business development activities and initiatives.

- **Amendment to BMO credit agreement:** In September 2023, Medexus entered into an amendment to the company's credit agreement with BMO. The amendment provided for an $18 million increase in BMO's term loan commitment under the term facility's previously disclosed accordion feature, among other amendments. Medexus applied the full $18 million toward repayment of the company's convertible debentures upon their maturity subsequent to period end, on October 16, 2023.

- **2023 NCIB and maturity of Convertible Debentures:** In May 2023, the Toronto Stock Exchange accepted Medexus's notice of intention to make a normal course issuer bid for its convertible debentures. Medexus repurchased C$1.7 million principal amount of its convertible debentures under the 2023 NCIB. The 2023 NCIB expired in accordance with its terms upon the maturity of the convertible debentures subsequent to period end, on October 16, 2023. In connection with the maturity of the Convertible Debentures, in October 2023, Medexus made in cash the final maturity date payment of C$51.1 million (or approximately $37.5 million) to Computershare Trust Company of Canada as trustee for holders of the convertible debentures. Following their October 16, 2023 maturity date, the convertible debentures are no longer outstanding.

Additional information

Medexus's financial statements and management's discussion and analysis for the fiscal quarter ended September 30, 2023 are available on Medexus's corporate website at www.medexus.com and in the company's corporate filings on SEDAR+ at www.sedarplus.com.

Conference call details

Medexus will host a conference call at 8:00 AM Eastern time on Thursday, November 9, 2023, to discuss the company's operating and financial results and corporate updates for fiscal Q2 2024.

To participate in the call, please dial the following numbers:

888-506-0062 (toll-free) for Canadian and U.S. callers

+1-973-528-0011 for international callers

Access code: 369779

A live webcast of the call will be available on the Investors section of Medexus's corporate website or at the following link:

https://www.webcaster4.com/Webcast/Page/2010/49370

A replay of the call will be available approximately one hour following the end of the call through Thursday, November 16, 2023. To access the replay, please dial the following numbers:

877-481-4010 for Canadian and U.S. callers

+1-919-882-2331 for international callers

Conference ID: 49370

A replay of the webcast will be available on the Investors section of Medexus's corporate website until Saturday, November 9, 2024.

About Medexus

Medexus is a leading specialty pharmaceutical company with a strong North American commercial platform and a growing portfolio of innovative and rare disease treatment solutions. Medexus's current focus is on the therapeutic areas of oncology, hematology, rheumatology, auto-immune diseases, allergy, and dermatology. For more information about Medexus and its product portfolio, please see the company's corporate website at www.medexus.com and its filings on SEDAR+ atwww.sedarplus.com.

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Forward-looking statements

Certain statements made in this news release contain forward-looking information within the meaning of applicable securities laws (forward-looking statements). The words "anticipates", "believes", "expects", "will", "plans", "potential", and similar words, phrases, or expressions are often intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words, phrases, or expressions. Specific forward-looking statements in this news release include, but are not limited to, statements regarding: Medexus's business strategy or outlook and future growth plans; expectations regarding future financial or operating performance; expectations regarding availability of funds from operations, cash flow generation, and capital allocation (including anticipated cash needs, capital requirements, and needs for and ability to secure additional financing); the occurrence, timing, and expected outcome of the FDA review process for treosulfan, and any related collection and submission of information by medac; and competitive position of and anticipated trends and challenges in the company's business and the markets in which it operates. 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. Medexus 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, but are not limited to, those set out in Medexus's materials filed with the Canadian securities regulatory authorities from time to time, including Medexus's most recent annual information form and management's discussion and analysis. Given these risks, undue reliance should not be placed on these forward-looking statements, which are made only as of the date of this news release. Other than as specifically required by law, Medexus undertakes no obligation to update any forward-looking statements to reflect new information, subsequent or otherwise.

Trademarks and trade names

This news release contains references to trademarks and other protected names and marks, including those belonging to other companies, persons, or entities. Solely for convenience,

trademarks and other protected names and marks referred to in this document may appear without the "®" or "™" symbols. Each such reference should be read as though it appears with the relevant symbol. Any such references are not intended to indicate, in any way, that the holder or holders of the relevant intellectual property rights will not assert, to the fullest extent under applicable law, its rights to these trademarks and other protected names and marks.

Non-GAAP measures

Company management uses, and this news release refers to, financial measures that are not recognized under IFRS and do not have a standard meaning prescribed by generally accepted accounting principles (GAAP) in accordance with IFRS or other financial or accounting authorities (non-GAAP measures). These non-GAAP measures may include "non-GAAP financial measures" and "non-GAAP ratios" (each defined in National Instrument 52-112, Non-GAAP and Other Financial Measures Disclosure). Medexus's method for calculating these measures may differ from methods used by other companies and therefore these measures are unlikely to be comparable to similarly-designated measures used or presented by other companies.

In particular, management uses Adjusted Net Income (Loss) and Adjusted EBITDA as measures of Medexus's performance. Adjusted Net Income (Loss), EBITDA (earnings before interest, taxes, depreciation, and amortization), and Adjusted EBITDA are non-GAAP financial measures. In addition, Adjusted Net Income (Loss) may be presented on a per share basis.

An explanation and discussion of each of these non-GAAP measures, including their limitations, is set out under the heading "Preliminary Notes-Non-GAAP measures" in Medexus's most recent management's discussion and analysis. A reconciliation of each of these non-GAAP measures to the most directly comparable IFRS measure can be found under the heading "Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)" below.

Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)

The following tables are derived from and should be read together with Medexus's consolidated statement of operations for the three- and six-month periods ended September 30, 2023. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted Net Income (Loss) and Adjusted EBITDA and provides additional information related to Medexus's operating performance. However, Medexus's non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Medexus's financial information as reported under IFRS.

(Amounts in $ '000s)	**Three-month periods ended September 30**		**Six-month periods ended September 30**	
	2023	**2022**	**2023**	**2022**
Net loss	(1,093)	(2,730)	(442)	(4,128)
Add back:				

Unrealized gain on fair value of derivatives	(75)	(113)	(82)	(2,352)
Adjusted Net Loss	**(1,168)**	**(2,843)**	**(524)**	**(6,480)**

	Three-month periods ended September 30		**Six-month periods ended September 30**	
(Amounts in $ '000s)	**2023**	**2022**	**2023**	**2022**
Net loss	(1,093)	(2,730)	(442)	(4,128)
Add back:				
Depreciation and amortization (property, equipment, intangible assets)	1,463	1,537	2,909	3,079
Interest expense	4,229	3,293	8,484	6,442
Income tax expense	120	189	353	35
EBITDA	4,719	2,289	11,304	5,428
Add back:				
Share-based compensation	308	331	603	634
Transaction-related fees	-	144	-	172
Termination benefits	-	238	-	238
Foreign exchange loss	373	1,308	81	1,983
Unrealized gain on fair value of derivatives	(75)	(113)	(82)	(2,352)
Adjusted EBITDA	**5,325**	**4,197**	**11,906**	**6,103**

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