February 18, 2020

Medexus Pharmaceuticals Reports Revenue of $16.2 Million for the Third Quarter of Fiscal 2020

Q3 2020 Metoject® unit market demand increased 88%[1];
Rupall™ unit market demand increased 62%[2]; and
Rasuvo® unit market demand increased 8%[3]

Management to host conference call at 8:00 AM ET on Wednesday, February 19, 2020

TORONTO and CHICAGO and MONTREAL, Feb. 18, 2020 (GLOBE NEWSWIRE) -- **Medexus Pharmaceuticals Inc. (the "Company" or "Medexus") (TSXV: MDP, OTCQB: PDDPF)** today provided a business update and announced its financial and operating results for the three- and nine- month periods ended December 31, 2019. All dollar amounts below are in Canadian dollars.

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "We achieved revenue of $16.2 million for the three months ended December 31, 2019, compared to $14.4 million for the same period last year. This improvement reflects both the Acquisitions in October 2018, as well as continued unit demand growth across our key products. Specifically, Metoject® unit market demand increased 88%[1], Rupall™ unit market demand increased 62%[2], and Rasuvo® unit market demand increased 8%[3] over the same period last year. Rasuvo® has received strong payor, prescriber and patient acceptance in the United States, which has positioned us as an emerging leader in the methotrexate auto-injector market. As reported last quarter, while gross revenue continues to grow, net revenue in the United States continues to be impacted by the consolidation of the Company's payors in the United States market. As a result of this consolidation, we have experienced an increase in the discounts given to payors in the form of rebates, and a corresponding reduction in the net selling price of Rasuvo®. We received a substantial rebate invoice from one of our main payors in the United States, which negatively impacted net revenue and gross margin for Rasuvo® in respect of the three-month period ended December 31, 2019. The late receipt of the invoice in respect of these additional rebates was due to an error in the payor's internal reporting system. We continue to investigate the cause of the late receipt of this rebate invoice, and to analyze and monitor the impact of the consolidation of the Company's payors in the United States and the potential impact such consolidation has on the net selling price of Rasuvo®. Nevertheless, we anticipate sustained growth of our key products going forward."

Mr. d'Entremont continued, "During the third quarter, we launched new Metoject® Subcutaneous doses of 10mg/0.2ml and 12.5mg/0.25ml**.** The new strengths are important additions to the Metoject® product line as it enables flexibility for physicians to accurately

prescribe an appropriate strength for their patients. We anticipate the majority of provinces will reimburse these new strengths in the near-term, in turn, driving new prescriptions and unit growth. As previously announced, Gliolan® was granted priority review by Health Canada, which should significantly accelerate our path to approval. Additionally, we reported that Health Quality Ontario, under guidance of the Ontario Health Technology Advisory Committee, has recommended public funding of Gliolan®. We believe Gliolan® will gain much broader distribution in Canada once it becomes a fully registered product."

Mr. d'Entremont concluded, "Overall, we have built a highly scalable business model and we are actively evaluating additional products and potential accretive acquisitions that would enable us to leverage our North American sales force going forward. Within our existing product lines, we have experienced strong unit sales growth and expect to generate positive cash flow from operations for the remainder of the 2020 fiscal year and beyond. Meanwhile, we continue to maintain strict financial discipline and a solid balance sheet with $22.6 million of cash and cash equivalents as of December 31, 2019. During the nine-month period ended December 31, 2019, we have repurchased 779,900 shares, further illustrating our confidence in the outlook for the business and our commitment to driving value for our shareholders."

Operational highlights*:

- **Metoject® Demand Growth** - Metoject® experienced strong unit market demand growth of 88%[1] in Q3 2020 as compared to Q3 2019. This is a continuing trend that has improved as we add additional strengths. Metoject® is now publicly reimbursed in Canada, which allows access for a large group of patients who previously could not access the product.

- **Rupall™ Demand Growth –** market demand of Rupall™ units has shown very strong growth, increasing by 62%[2] in Q3 2020 as compared to Q3 2019. This growth was a result of physicians switching patients from either the generic prescription antihistamines or over-the-counter products. The Company expects Rupall™ to be a leading prescription anti-histamine in a total market that is valued at $144.7 million, including $53.5 million from the prescription market, which is growing at annual rate of 16%[4]. During the three- and nine-months ended December 31, 2019, Rupall™ was one of the fastest growing anti-histamine in the Canadian prescription market[5].

- **Rasuvo® Demand Growth** – market demand of Rasuvo® units increased by 8%[3] in Q3 2020 as compared to Q3 2019. This growth reflects strong payer, prescriber and patient acceptance for Rasuvo® in the United States. Management expects this growth to continue as prescribers adopt the most effective and convenient form of methotrexate for their patients. Management believes the Company is positioned as an emerging leader in the methotrexate auto-injector market.

Operating and Financial Results Summary*

For the three months ended December 31, 2019, total revenues were $16.2 million, compared to revenue of $14.4 million for the three months ended December 31, 2018. The increase was mainly due to the Acquisitions; however, the increase also reflects the unit

demand growth of the Company's key products in the market. While gross revenue continues to grow, net revenue in the United States continues to be impacted by the consolidation of the Company's payors in the United States market. As a result of this consolidation, the Company has experienced an increase in the discounts given to payors in the form of rebates, and a corresponding reduction in the net selling price of Rasuvo®. The Company received a substantial rebate invoice from one of its main payors in the United States, which negatively impacted net revenue and gross margin for Rasuvo® in respect of the three-month period ended December 31, 2019. The invoice also included unexpected rebates covering a period of several months prior to the three-month period ended December 31, 2019, which resulted in a further reduction in net revenue for the three-month period ended December 31, 2019. The late receipt of the invoice in respect of these additional rebates was due to an error in the payor's internal reporting system. Occasionally, the Company experiences extensive time delays between the recording of the accrual in respect of such rebates and the ultimate settlement of US Medicare Part D, commercial and performance-based contracts. The Company continues to investigate the cause of the late receipt of this rebate invoice, and to analyze and monitor the impact of the consolidation of the Company's payors in the United States and the potential impact such consolidation has on the net selling price of Rasuvo®.

Gross profit for the three months ended December 31, 2019 was $9.0 million, or 55.4% of sales, compared to $9.0 million, or 62.1% of sales, for the same period last year. The lower gross margin for the third quarter ended December 31, 2019 compared to the same period last year, was mainly due to the consolidation of the Company's payors in the United States market as well as the aforementioned unexpected rebate invoice the Company received from one of its main payors in the United States, which included a catch-up rebate invoice covering a period of several months prior to the three-month period ended December 31, 2019.

The operating loss for the three months ended December 31, 2019 was $3.3 million compared to $0.1 million for the three months ended December 31, 2018. Operating loss for the three months ended December 31, 2019 included approximately $2.1 million of termination benefits and $1.2 million of business development and regulatory affairs expense, compared to $0 of termination benefits and $0.7 million of business development and regulatory affairs expense for the same period last year. The increase in business development and regulatory affairs expense was due to accelerated business development activities and an increased volume of transactions under consideration.

Adjusted EBITDA** was $0.7 million for the three-month period ended December 31, 2019 compared to $2.2 million for the same period last year. Net loss for the three-month period ended December 31, 2019 was $2.6 million compared to net loss of $1.3 million for the three-month period ended December 31, 2018.

Under the Company's normal course issuer bid (NCIB) it purchased and cancelled 361,900 common shares in the market for consideration of $1.4 million during the three-month period ended December 31, 2019, and 779,900 common shares in the market for consideration of $3.2 million during the nine-month period ended December 31, 2019.

For the nine months ended December 31, 2019, total revenues were $48.7 million, compared to revenue of $21.1 million for the nine months ended December 31, 2018. Gross

profit for the nine months ended December 31, 2019 was $28.5 million, or 58.4% of sales, compared to $12.5 million, or 59.4% of sales, for the same period last year. The lower gross margin for the nine months ended December 31, 2019 compared to the same period last year, was mainly due to the consolidation of the Company's payors in the United States market as well as the aforementioned unexpected rebate invoice the Company received from one of its main payors in the United States, which included a catch-up rebate invoice covering a period of several months prior to the three-month period ended December 31, 2019.

The operating loss for the nine months ended December 31, 2019 was $5.8 million compared to $3.8 million for the nine months ended December 31, 2018. Adjusted EBITDA** for the nine-month period ended December 31, 2019 was $1.8 million compared to $2.3 million for the nine-month period ended December 31, 2018. Net loss for the nine-month period ended December 31, 2019 was $4.1 million compared to $5.6 million for the nine-month period ended December 31, 2018.

The Company's financial statements and management discussion and analysis ("MD&A") for the three and nine months ended December 31, 2019 are available on our corporate website at www.medexus.com and in our corporate filings on SEDAR atwww.sedar.com.

* *Refer to "Cautionary Note Regarding Comparative Financial Information" at the end of this press release.*
** *Refer to "Non-IFRS Financial Measures" at the end of this press release.*

Conference Call Details

Medexus will host a conference call at 8:00 AM Eastern Time on Wednesday, February 19, 2020 to discuss the Company's financial results for the third quarter ended December 31, 2019, as well as the Company's corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 844-369-8770 for Canadian and U.S. callers or +1 862-298-0840 for international callers, or on the Company's Investor Events section of the website: https://www.medexus.com/events/.

A webcast replay will be available on the Company's Investor Events section of the website (https://www.medexus.com/events/) through May 19, 2020. A telephone replay of the call will be available approximately one hour following the call, through February 26, 2020, and can be accessed by dialing 877-481-4010 for Canadian and U.S. callers or +1 919-882-2331 for international callers and entering conference ID: 33141.

[1] Source: IQVIA – TSA National units.
[2] Source: IQVIA – Drugstores and hospitals purchases.
[3] Source: Symphony Sub National 12/31/2019 Data & Chargebacks, PAP
[4] Source: IQVIA Data - CDH MAT December 2019
[5] Source: IQVIA: CDH units – FQTR December 2019.

About Medexus Pharmaceuticals Inc.

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 is focused on the therapeutic areas of auto-immune disease and pediatrics. The 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; and Rupall, an innovative allergy medication with a unique mode of action.

For more information, please contact:

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Cautionary Note Regarding Comparative Financial Information

On October 16, 2018, the Company (under its former name, Pediapharm Inc.) completed two transformative acquisitions (the "**Acquisitions**") in acquiring of all the issued and outstanding shares of Medexus Inc. ("**Medexus Canada**") and Medexus Pharma, Inc. (under its former name, Medac Pharma, Inc.) ("**Medexus US**") and, subsequently, on December 12, 2018, changed its name to "Medexus Pharmaceuticals Inc.".

As the three- and nine-month periods ended December 31, 2019 are within the first full year of operation since the Company completed the Acquisitions, readers are cautioned that while certain financial information included herein for, and comparisons to, prior periods have been presented in this press release, changes from a pre-Acquisitions period to a post-Acquisitions period may, in the opinion of management, be of limited value in understanding changes to the financial condition, financial performance, or business of the Company from period to period given the transformative nature of the Acquisitions. Readers are advised

that the comparative information included in this press release for the three- and nine-month periods ended December 31, 2018 includes certain unaudited pre-Acquisitions results for Pediapharm Inc. (i.e., the comparative information for this period consist of results prior to October 16, 2018 which reflect only the unaudited pre-Acquisitions results for Pediapharm Inc. and results subsequent to October 16, 2018 which reflect the unaudited consolidated results of the post-Acquisitions Company, including the acquired entities (Medexus Canada and Medexus US)), whereas information provided as at and for the three- and nine-month periods ended December 31, 2019 reflects the unaudited consolidated results of the post-Acquisitions Company, including the acquired entities (Medexus Canada and Medexus US).

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 future business operation and results, including with respect to future earnings and the Company's evaluation of additional products and accretive acquisitions, the anticipated growth in sales of, the market for and distribution of, certain of the Company's products, and the Company's investigation of the consolidation of the Company's payors in the United States, as well as the anticipated impact such consolidation may have on the Company, including with respect to the net selling price of Rasuvo®. 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. Given these risks, undue reliance should not be placed on these forward-looking statements, 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.

Non-IFRS Financial Measures

This press release uses the term "Adjusted EBITDA" which is a non-IFRS financial measure, which does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to complement IFRS measures by providing a further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. In particular, management uses Adjusted EBITDA as a measure of the Company's performance. The Company defines

Adjusted EBITDA as earnings before financing and special transaction costs (including, for greater certainty, fees related to the Acquisitions and financing announced on October 16, 2018), interest expenses, income taxes, interest income, depreciation of property and equipment, amortization of intangible assets, non-cash share-based compensation, income from sale of asset, gain or loss on the convertible debenture embedded derivative, foreign exchange gains or losses, and impairment of intangible assets. The Company considers Adjusted EBITDA as a key metric in assessing business performance and considers Adjusted EBITDA to be an important measure of operating performance and cash flow, providing useful information to investors and analysts. These non-IFRS measures presented are not intended to represent cash provided by operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. Additional information relating to the use of this non-IFRS measure, including the reconciliation of Adjusted EBITDA to Net Income (Loss), can be found in our MD&A, which is available through the SEDAR website (www.sedar.com).

Source: Medexus Pharmaceuticals Inc