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Medexus Provides an Update on the IXINITY® Acquisition and its Overall Business in the COVID-19 Environment

TORONTO and CHICAGO and MONTREAL, May 22, 2020 (GLOBE NEWSWIRE) -- **Medexus Pharmaceuticals Inc. (the “Company” or “Medexus”) (TSX-V: MDP, OTCQB: PDDPF)** today provided an update on its business in light of the recent transformative acquisition of the commercial hematology asset, IXINITY®, the resulting re-organization and alignment of Medexus’ U.S.-based business and the Company’s ongoing response to the COVID-19 pandemic.

With the Company’s acquisition of Aptevo BioTherapeutics LLC (the “**Acquisition**”), which owns the IXINITY® asset, from Aptevo Therapeutics Inc. (“**Aptevo**”) having closed on February 28, 2020, the fiscal fourth quarter ending March 31, 2020 (“**Q4 2020**”) is the first quarter that includes revenue for Medexus from sales of IXINITY®. On May 13, 2020, Aptevo announced its financial results for its quarter ended March 31, 2020, which included two months of pre-Acquisition sales of IXINITY® by Aptevo and one post-Acquisition month of the 2% royalty Medexus pays to Aptevo on sales of IXINITY® by Medexus. Aggregate preliminary unaudited sales estimates for IXINITY® during Q4 2020 totaled U.S. \$8.3 million, which represents an 18.5% year over year increase. Approximately 85% of those IXINITY® sales accrued to the benefit of Medexus post-Acquisition and as such, the addition of IXINITY® was highly accretive to Medexus for the quarter. The revenues from IXINITY® for March 2020 are in line with the Company’s expectations, including that the majority of the quarterly revenue from IXINITY® would be recognized in the final month of Q4 2020. The Company expects to announce its full audited financial results for Q4 2020 and for the fiscal year ended March 31, 2020 in the normal course before the end of June 2020, but the Company felt it was important to provide this context to its shareholders in light of the disclosures provided by Aptevo and given the timing and impact to the Company of the Acquisition.

The integration of IXINITY® is progressing in line with the Company’s expectations, and the Company sees significant potential for further growth in sales of the product as the Company leverages its integrated and expanded sales force in the U.S. As part of the integration process, effective immediately, Michael Adelman has been appointed as the General Manager of Medexus’ U.S. operations. Mr. Adelman joined Medexus from Aptevo immediately following the completion of the Acquisition. This transition reflects the Company’s expectation that IXINITY® will be its core growth driver in the U.S. and the desire to transition to a strongly sales-driven organization. Also effective immediately, Terri Shoemaker will no longer serve as the Company’s President, U.S. Operations. Commenting on the transition, Ken d’Entremont, Chief Executive Officer of Medexus stated, “Mike brings

more than 25 years of industry-specific experience and a proven track record of sales-driven performance to the organization. We are pleased to welcome Mike to our senior leadership team in this newly created role. At the same time, I want to thank Terri for her leadership and critical role in the formation and development of the Rasuvo™ business in the U.S.”

As announced on May 7, 2020, the Company also completed its financing package with MidCap Financial Trust (“MidCap Financial”) in respect of a secured asset-based revolving credit facility having a term of 38 months (the “ABL Facility”). The ABL Facility features a U.S. \$20 million revolving commitment and uncommitted U.S. \$10 million accordion. Borrowings under the ABL Facility bear interest at a rate of one-month LIBOR plus 3.95%, subject to a LIBOR floor of 1.50%. The financing package with MidCap Financial allowed the Company to finance the Acquisition without the issuance of additional shares of the Company.

Finally, the Company continues to work diligently to assess and address the risks and operational challenges posed by the COVID-19 pandemic. While the situation continues to evolve, the Company believes it has largely been successful in conducting business as usual to the extent possible. To date, none of the Company’s employees have reported testing positive for the COVID-19 virus, and management continues to carefully monitor the Company’s supply and downstream network. Medexus’ supply chain remains secure and the Company is not aware of any disruption to the supply of any of its products to the patients who depend on them. Ken d’Entremont, commented, “I would like to take this opportunity to thank our dedicated staff who continue to work hard to navigate Medexus through this uncharted territory, while also remaining committed to slowing the spread of COVID-19 through physical distancing efforts.”

Peter van der Velden, Chairman of the Board of Medexus commented, “Medexus’ business remains strong and is well positioned to emerge even stronger as the economy re-opens. We continue to generate steady growth across our key product lines and, despite the disruption from the COVID-19 pandemic, our sales teams have continued to be remarkably productive by finding new ways to connect creatively and productively with clinicians and patients. As much of our portfolio is used to treat chronic conditions, we continue to see strong demand for our products, including our new hematology product, IXINITY®. While continuing to be very disciplined about how we manage our cash, we are excited about the expanding list of compelling business development opportunities our team is evaluating.”

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 is focused on the therapeutic areas of auto-immune disease, hematology and allergy. The Company’s leading products are: 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; 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:

Ken d'Entremont, Chief Executive Officer
Medexus Pharmaceuticals Inc.
Tel.: 905-676-0003
E-mail: ken.dentremont@medexus.com

Roland Boivin, Chief Financial Officer
Medexus Pharmaceuticals Inc.
Tel.: 514-762-2626 ext. 202
E-mail: roland.boivin@medexus.com

Investor Relations (U.S.):

Crescendo Communications, LLC
Tel: +1-212-671-1020
Email: mdp@crescendo-ir.com

Investor Relations (Canada):

Frank Candido
Direct Financial Strategies and Communication Inc.
Tel: 514-969-5530
E-mail: frank.candido@medexusinc.com

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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", "plans" 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 news release include, but are not limited to, statements with respect to the Company's expectations with respect to the revenues of the Company from sales of the IXINITY[®] asset for the quarter ended March 31, 2020, the integration of the IXINITY[®] asset in the consolidated Company and the expected synergies and growth opportunities resulting therefrom, the potential impact of the COVID-19 pandemic and the Company's response thereto, and business development opportunities being evaluated by the Company. 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: future capital requirements and dilution; intellectual property protection and infringement risks; competition (including potential for generic competition); reliance on key management personnel; the Company's ability to implement its business plan; the Company's ability to leverage its United States and Canadian infrastructure to promote additional growth, including with respect to the infrastructure of Medexus Inc., Medac Pharma, Inc. and Aptevo BioTherapeutics LLC and the potential benefits the Company expects to derive therefrom; regulatory approval by the Canadian and United States health authorities; product reimbursement by third party payers; patent litigation or patent expiry; litigation risk; stock price volatility; government regulation; potential third party claims; risks related to the COVID-19 pandemic and any other risk factors set out in the Company's most recent 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 regulators from time to time. With respect to the COVID-19 pandemic, 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 the COVID-19 pandemic. As the COVID-19 pandemic 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 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.



Source: Medexus Pharmaceuticals Inc