

February 8, 2023



Medexus Announces Another Record Quarter with Fiscal Q3 2023 Revenue of US\$28.7 Million, a 35% Increase Over Fiscal Q3 2022

Results reflect growth across all leading prescription products, demonstrating continued track record of strong overall performance

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

TORONTO and CHICAGO, Feb. 08, 2023 (GLOBE NEWSWIRE) -- Medexus Pharmaceuticals (**Medexus**) (TSX: MDP) (OTCQX: MEDXF) today announced its operating and financial results and provided a business update for the company's third fiscal quarter ended December 31, 2022 (the company's fiscal Q3 2023). All dollar amounts in this press release are in United States dollars unless specified otherwise.

Financial Highlights for Fiscal Q3 2023

- Record total revenue of \$28.7 million, a year-over-year increase of 35%, and a quarter-over-quarter increase of 4%. This again represents the strongest fiscal quarter in Medexus's history. Increases in net sales across Medexus's portfolio, including recognition of 100% of revenue from Gleolan sales in the United States starting September 2022, were the primary contributors to this substantial year-over-year improvement.
- Record Adjusted EBITDA* of \$5.2 million, a year-over-year improvement of \$3.3 million and a quarter-over-quarter increase of \$1.0 million. The primary drivers for this substantial year-over-year improvement were the increases in revenues and a reduction in research & development costs.
- Operating profit of \$2.9 million, a year-over-year improvement of \$3.2 million.
- Net loss of \$(1.5) million, a year-over-year change of \$(0.4) million.
- Adjusted Net Loss*, which adjusts for the unrealized gains and losses included in net profit (loss), of \$0.9 million, a year-over-year improvement of \$2.5 million.
- Cash and cash equivalents of \$9.3 million (with \$10.1 million of total available liquidity) at end of fiscal Q3 2023.

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

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "We are very pleased to report another record quarter, again demonstrating the robustness of our product portfolio and our ability to generate consistent revenue growth and positive Adjusted EBITDA*. During the quarter, we delivered revenue growth across our prescription product portfolio in both the United States and Canada, and saw continued strength and stability in the company's base business."

Marcel Konrad, Chief Financial Officer of Medexus, further noted, "During the third quarter we saw a steady build in our accounts receivable, as we continue to invest in working capital to support future growth. We anticipate seeing the benefit from these investments in our cash flow in the coming quarters."

"We also continue to evaluate our capital structure," Mr Konrad continued. "We are making progress on securing options to manage our near-term liabilities, and are in the advanced stages of a competitive process that has involved a number of highly interested capital providers."

Mr d'Entremont then concluded, "We also want to take the opportunity to welcome Harmony P. Garges MD MPH and Menassie Taddese MBA, who joined our board of directors on February 6, 2023. Harmony's significant experience leading medical affairs and medical regulatory matters and Menassie's strong management experience and expertise in corporate finance will undoubtedly be assets as we grow our business organically and engage in new business and corporate development initiatives. We look forward to working with both Harmony and Menassie."

Operational Highlights

Operational highlights for the three-month period ended December 31, 2022 and subsequent period include the following with respect to Medexus's leading products:

- **IXINITY:** Unit demand in the United States remained strong during the three-month period ended December 31, 2022 and the trailing 12-month period ended December 31, 2022 – reflecting new patient conversions on top of a stable, existing base of patients, following resumption of in-person selling earlier in the year. (Source: customer-reported dispensing data.) Medexus has also continued to improve the IXINITY manufacturing process, which has had a positive impact on manufacturing costs.
- **Rasuvo:** The company maintained its market leading position during the three-month period ended December 31, 2022, with an estimated 80% unit share during the trailing 12-month period ended December 31, 2022, as unit demand for Rasuvo remained strong in the moderately-growing U.S. branded methotrexate market with a limited sales force allocation. (Source: Symphony Sub National 12/31/2022 Data & Chargebacks, PAP). However, increasing competition in the U.S. branded methotrexate market continues to adversely affect Rasuvo product-level revenue.
- **Rupall:** Unit demand in Canada remained strong during the three-month period ended December 31, 2022 which was reflected in the unit demand growth of 25% for the trailing 12-month period ended December 31, 2022. (Source: IQVIA CDH units – Drugstores and hospitals purchases, MAT December 2022.) This strong performance reflects successful execution of the company's sales and marketing initiatives over the

five years since launch.

- **Gleolan (United States):** Unit demand continues to be in line with expectations, positioning Medexus to successfully execute its post-transition commercial plan including new sales and marketing initiatives. The company began shipping Medexus-labeled product to customers across the United States in August, meaning that September 2022 was the first full month, and the three-month period ended December 31, 2022 was the first full fiscal quarter, in which Medexus recognized 100% of Gleolan net sales.
- **Metobject:** Unit demand in Canada increased during the three-month period ended December 31, 2022 and the trailing 12-month period ended December 31, 2022. (Source: IQVIA – TSA database). However, product-level performance continues to experience disruption from the launch of a generic product in the Canadian methotrexate market in calendar year 2020. Medexus anticipates that the Federal Court of Canada will issue its decision on the patent litigation relating to these generic products, initiated in August 2020 and completed in January 2023, later in calendar year 2023.

Additional Information

Medexus's financial statements and management's discussion and analysis for the fiscal quarter ended December 31, 2022 are available on Medexus's corporate website at www.medexus.com and in the company's corporate filings on SEDAR at www.sedar.com.

Conference Call Details

Medexus will host a conference call at 8:00 AM Eastern Time on Thursday, February 9, 2023, to discuss the company's operating and financial results and corporate updates for fiscal Q3 2023.

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

877-545-0523 (toll-free) for Canadian and U.S. callers
+1-973-528-0016 for international callers

Access code: 259026

A live webcast of the call will be available on the Investors—News & Events—IR Calendar section of Medexus's corporate website or at the following link:

<https://www.webcaster4.com/Webcast/Page/2010/47579>

A replay of the call will be available approximately one hour following the end of the call through Thursday, February 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: 47579

A replay of the webcast will be available on the Investors—News & Events—IR Calendar section of Medexus's corporate website until Friday, February 9, 2024.

About Medexus

Medexus is a leader in innovative and rare disease treatment solutions with a strong North American commercial platform and a portfolio of proven best-in-class products. Our current focus is on the therapeutic areas of hematology, auto-immune diseases, and allergy. We continue to build a highly differentiated company with a growing portfolio of innovative and high-value orphan and rare disease products that will underpin our growth for the next decade.

Our current 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; Rupall®, an innovative prescription allergy medication with a unique mode of action; and Gleolan® (aminolevulinic acid hydrochloride or ALA HCl), an FDA-approved, orphan drug designated optical imaging agent currently indicated in patients with glioma (suspected World Health Organization Grades III or IV on preoperative imaging) as an adjunct for the visualization of malignant tissue during surgery.

We have also licensed treosulfan, part of a preparative regimen for allogeneic hematopoietic stem cell transplantation to be used in combination with fludarabine, for commercialization in the United States and Canada. Treosulfan was approved by Health Canada in June 2021 and is marketed in Canada as Trecondyv™. Treosulfan is currently the subject of a regulatory review process with the US Food and Drug Administration.

Our mission is to provide the best healthcare products to healthcare professionals and patients. We strive to deliver on this mission by acting on our core values: Quality, Innovation, Customer Service, and Collaboration.

Contacts

For more information, please contact any of the following:

Medexus

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

Marcel Konrad, Chief Financial Officer
Medexus Pharmaceuticals
Tel: 312-548-3139
Email: marcel.konrad@medexus.com

Investor Relations

Victoria Rutherford
Adelaide Capital
Tel: 480-625-5772
Email: victoria@adcap.ca

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”, “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 (including with respect to the expected benefits of improvements made to the IXINITY manufacturing process and expected results from sales of Gleolan in the United States), the timing of a trial court decision in respect of, and any outcome of, the Metoject litigation matter, 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), 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 press release contains references to trademarks and service marks, including those belonging to other companies, persons, or entities. Solely for convenience, trademarks and trade names 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 trade names.

Non-GAAP measures

Company management uses, and this press 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 nine-month periods ended December 31, 2022. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted Net 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		Nine-month periods	
	ended December 31		ended December 31	
	2022	2021	2022	2021
Net income (loss)	(1,507)	(1,150)	(5,635)	2,408
Add back:				
Unrealized gain on fair value of derivatives	646	(2,239)	(1,706)	(21,765)
Adjusted net loss	(861)	(3,389)	(7,341)	(19,357)

	Three-month periods ended December 31		Nine-month periods ended December 31	
	2022	2021	2022	2021
(Amounts in \$ '000s)				
Net loss	(1,507)	(1,150)	(5,635)	2,408
Add back:				
Depreciation and amortization (property, equipment, intangible assets)	1,515	1,500	4,594	4,628
Interest expense	3,552	3,160	9,994	9,116
Income tax recovery	547	(94)	582	(2,619)
EBITDA	4,107	3,416	9,535	13,533
Add back:				
Share-based compensation	436	722	1,070	2,035
Transaction-related fees	–	33	172	33
Termination benefits	372	–	610	784
Foreign exchange loss	(338)	(16)	1,645	368
Unrealized gain on fair value of derivatives	646	(2,239)	(1,706)	(21,765)
Adjusted EBITDA	5,223	1,916	11,326	(5,012)



Source: Medexus Pharmaceuticals Inc