

June 21, 2023



# Medexus Generates Record Revenue of Us\$108.1 Million in Fiscal Year 2023

Management to Host Conference Call at 8:00 Am Eastern Time on Thursday, June 22, 2023

Toronto, Ontario and Chicago, Illinois--(Newsfile Corp. - June 21, 2023) - Medexus Pharmaceuticals (TSX: MDP) (OTCQX: MEDXF) today announced its operating and financial results and provided a business update for the company's fourth fiscal quarter and fiscal year ended March 31, 2023 (the company's fiscal Q4 2023 and fiscal year 2023). All dollar amounts in this press release are in United States dollars unless specified otherwise.

## Financial highlights

- Record total revenue of \$108.1 million in fiscal year 2023, a year-over-year increase of 41%. This represents the strongest annual revenue in Medexus's history. A continuing positive trend in sales of IXINITY, continuing strong Rupall demand growth and Rasuvo performance, and the inclusion of Gleolan net sales in total revenue were the primary contributors to this substantial year-over-year improvement.
- Total revenue of \$28.6 million in fiscal Q4 2023, a year-over-year increase of 41%. The substantial improvement over the same quarter in the previous year was primarily attributable to an increase in net sales of IXINITY during the quarter as pharmacy and wholesale customers return to buying patterns better aligned with patient unit demand.
- Record Adjusted EBITDA\* of \$16.1 million in fiscal year 2023, a year-over-year increase of \$20.0 million. This represents the strongest annual Adjusted EBITDA in Medexus's history. The increases in net sales mentioned above, a reduction in research and development costs, and an increase in gross margin were the primary contributors to this substantial year-over-year improvement.
- Adjusted EBITDA\* of \$4.8 million in fiscal Q4 2023, a year-over-year increase of \$3.7 million. The substantial improvement over the same quarter in the previous year was primarily attributable to increases in net sales of IXINITY and Rasuvo and a decrease in research and development costs, partially offset by an increase in selling and administrative expense.
- Operating profit of \$7.6 million in fiscal year 2023 and \$2.7 million in fiscal Q4 2023, compared to \$(15.0) million in fiscal year 2022 and \$(2.5) million in fiscal Q4 2022.
- Net income of \$1.2 million in fiscal year 2023 and \$6.9 million in fiscal Q4 2023, compared to \$(2.9) million in fiscal year 2022 and \$(5.3) million in fiscal Q4 2022.
- Adjusted Net Income\* of \$(1.3) million in fiscal year 2023 and \$6.0 million in fiscal Q4

2023, compared to \$(24.0) million in fiscal year 2022 and \$(4.6) million in fiscal Q4 2022.

- Cash and cash equivalents (and total available liquidity) of \$13.1 million at March 31, 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 with the performance we have seen in our base business, which has demonstrated continued growth. We have continued to see strong sales for IXINITY, Rupall, and Rasuvo. Revenues have been further propelled this fiscal year by the addition of Gleolan sales in the United States. We are proud to note that this has translated into positive net income, an increase in cash, and record positive Adjusted EBITDA\* for fiscal year 2023."

Marcel Konrad, Chief Financial Officer of Medexus, further noted, "Our cash position has improved this quarter, increasing from \$9.3 million at December 31, 2022 to \$13.1 million at March 31, 2023. We see our cash balance continuing to increase and expect to have approximately \$20 million of total cash at September 30, not including any additional amounts that may become available under the \$20 million uncommitted accordion facility that was put in place at the time of the non-dilutive debt financing we completed with BMO in March. We are pleased that diligent pursuit of our business objectives together with careful monitoring of our capital structure has put the company in a strong yearend position, with four consecutive quarters of positive operating income and six consecutive quarters of positive Adjusted EBITDA\*."

Mr d'Entremont concluded, "We are excited about several products in our pipeline that we continue to advance. We recently secured the Canadian rights for terbinafine hydrochloride, a dermatology product, which is an excellent strategic fit with our market leading product Rupall. We remain optimistic about treosulfan's prospects in the United States as our licensing partner works toward a resubmission to the US Food and Drug Administration. Princess Margaret Hospital's retrospective analysis found a 30% improvement (83.2% vs 53.2%) in one-year overall survival for patients treated with treosulfan, which we find extremely encouraging and relevant to the US population as well."

### Operational highlights

- **IXINITY (US):** Unit demand in the United States remained strong during the 12-month period ended March 31, 2023, with the fourth financial quarter 2023 reflecting the best quarter of financial year 2023 for new patient conversions, on top of a stable, existing base of patients. (Source: customer-reported dispensing data.) Medexus's sales and marketing initiatives also benefited from resumption of in-person selling earlier in financial year 2023. Medexus has also continued to invest moderately in its IXINITY manufacturing process improvement initiative, which has had a positive impact on manufacturing costs, expected to be offset by increases in direct costs of Medexus's third-party contract manufacturing arrangements.
- **Rasuvo (US):** Medexus maintained its market leading position during the 12-month period ended March 31, 2023, with an estimated >80% unit share, as unit demand for

Rasuvo remained strong in the moderately-growing and competitive US branded methotrexate market with a highly efficient allocation of sales force resources. (Source: Symphony Sub National 3/31/2023 Data & Chargebacks, PAP). Medexus implemented effective unit-level price reductions to defend and grow its strong market position.

- **Rupall (Canada):** Unit demand in Canada remained strong during the 12-month period ended March 31, 2023, which was reflected in the unit demand growth of 25% over that period. (Source: IQVIA CDH units - Drugstores and hospitals purchases, MAT March 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.
- **Gleolan (US):** Unit demand in the United States continues to be in line with expectations, with the fourth financial quarter 2023 having included the best month of US unit sales of financial year 2023. (Source: customer-reported dispensing data.) This strong performance reflects successful execution of the company's 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 2022, 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 in the company's total revenue.
- **Metoject (Canada):** Unit demand increased by 10% in the trailing 12-month period ended March 31, 2023 in spite of direct generic competition. (Source: IQVIA - TSA database.) Medexus implemented effective unit-level price reductions to defend and grow its strong market position. The trial in Medexus's defense of the Canadian patent for Metoject in Canada's Federal Court concluded in January 2023. Medexus anticipates that the court will issue its decision later in calendar year 2023.

### Product pipeline highlights

- **Treosulfan (United States):** medac, licensor of Medexus's commercialization rights to treosulfan and the party responsible for regulatory matters, continues to work toward resubmission of the new drug application (NDA) for treosulfan. Based on Medexus's assessment of the FDA's feedback and discussions with medac, Medexus expects that it will take medac up to a year to collect and submit the information requested by the FDA. In light of the ongoing delay in medac's response to the FDA's requests in respect of the treosulfan NDA, the FDA's review of the treosulfan NDA has now continued beyond the agreed outside date for FDA approval set out in the treosulfan license agreement, which provides that milestone payment amounts are subject to renegotiation and adjustment during an agreed negotiation period.
- **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. The product, which Medexus will submit for Health Canada approval later in calendar year 2023, has been widely used in other markets to treat fungal nail infections. Medexus estimates the total value of the Canadian fungicides market to be C\$88 million annually. 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.

### **Additional information**

Medexus's financial statements and management's discussion and analysis for the fiscal year ended March 31, 2023 are available on Medexus's corporate website at [www.medexus.com](http://www.medexus.com) and in the company's corporate filings on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Conference call details**

Medexus will host a conference call at 8:00 AM Eastern time on Thursday, June 22, 2023, to discuss the company's operating and financial results and corporate updates for fiscal Q4 2023 and fiscal year 2023.

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: 199383

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/2010/48579>

A replay of the call will be available approximately one hour following the end of the call through Thursday, June 29, 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: 48579

A replay of the webcast will be available on the Investors section of Medexus's corporate website until Saturday, June 22, 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](http://www.medexus.com) and its filings on SEDAR at [www.sedar.com](http://www.sedar.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, and the potential availability of the uncommitted accordion facility under the BMO credit agreement discussed in this news release); the occurrence, timing, and expected outcome of the FDA review process for treosulfan and any related collection and submission of information by medac; the timing of a trial court decision in respect of, and any outcome of, the Metoject litigation matter; 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 12-month periods ended March 31, 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.

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(Amounts in \$ '000s)

	Quarter ended		Financial year	
	March 31,		ended	
	2023	2022	2023	2022
Net income (loss)	\$ 6,856	\$ (5,287)	\$ 1,221	\$ (2,879)
Add back:				
Unrealized loss (gain) on fair value of derivatives	(827)	668	(2,533)	(21,097)

Adjusted Net Income (Loss)	\$	6,029	\$	(4,619)	\$	(1,312)	\$	(23,976)
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(Amounts in \$ '000s)

	Quarter ended March 31,		Financial year ended March 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 6,856	\$ (5,287)	\$ 1,221	\$ (2,879)
Add back:				
Depreciation and amortization (property, equipment, intangible assets)	1,487	1,517	6,081	6,145
Interest expense	3,612	3,107	13,606	12,223
Income tax expense (recovery)	(6,844)	1,678	(6,262)	(941)
EBITDA	5,111	1,015	14,646	14,548
Add back:				
Share-based compensation	509	265	1,579	2,300
Transaction fees	93	53	265	86
Termination benefits	-	-	610	784
Foreign exchange loss (gain)	44	(214)	1,689	154
Unrealized loss (gain) on fair value of derivatives	(827)	668	(2,533)	(21,079)
Unrealized gain on fair value of business combination payables	(107)	(2,456)	(107)	(2,456)
Impairment loss	-	1,750	-	1,750
Adjusted EBITDA	4,823	1,081	16,149	(3,931)



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