

# Medexus Pharmaceuticals Inc

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## Medexus expands US product portfolio by acquiring hematology asset IXINITY

Medexus Pharmaceuticals Inc (CVE:KMDP) (OCTMKTS:PDDPF) said Friday that through its US-based subsidiary, it acquired Aptevo BioTherapeutics LLC, a Delaware company owning the worldwide rights to hematology asset, IXINITY, from Aptevo Therapeutics Inc (NASDAQ:APVO), a biotechnology company developing oncology and hematology drugs.

In a statement, Medexus Pharma said it bought Aptevo BioTherapeutics LLC for up-front cash of approximately \$30 million (inclusive of around \$9.5 million of working capital acquired).

### READ: Medexus Pharmaceuticals posts fiscal 3Q revenue of C\$16.2M on strong demand for its products

This will give Medexus the worldwide rights to IXINITY, an intravenous recombinant factor IX treatment 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, necessary to stop bleeding.

### Key Highlights

- For the first nine months of 2019, IXINITY generated revenue of \$23.4 million, representing year-over-year growth of around 40%;
- The US hemophilia B market is approximately \$734 million and growing, with a highly concentrated prescriber base;
- Acquisition strengthens Medexus' specialty product portfolio and represents a strategic fit with other products in the Medexus business development pipeline;
- Allows Medexus to leverage its US operations for maximum impact through an expanded US product portfolio;
- Expected to be immediately accretive to adjusted EBITDA before acquisition costs
- Acquisition financed entirely with existing cash and a new \$20 million term loan credit facility with MidCap Financial, an affiliate of Apollo Global Management

In a statement, Medexus Pharmaceuticals CEO Ken d'Entremont, said the "transformative acquisition" was for an FDA-approved product with "strong brand equity and a track record of safety, efficacy and growing sales".

### Transformative acquisition

"This acquisition is perfectly aligned with our corporate strategy to license or acquire accretive specialty products that address essential patient needs, while allowing us to leverage our established North American sales force and infrastructure," said d'Entremont.

**Price:** 2.65

**Market Cap:** \$37.25 m

### 1 Year Share Price Graph



### Share Information

**Code:** MDP

**Listing:** TSX-V

<b>52 week</b>	<b>High</b>	<b>Low</b>
	5	1.42

**Sector:** Pharma & Biotech

**Website:** [www.medexusinc.com](http://www.medexusinc.com)

### Company Synopsis:

*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 Pharmaceuticals is focused on the therapeutic areas of auto-immune disease, pediatrics, and specialty oncology.*

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"Moreover, our ability to execute this transaction through a combination of cash on hand and a new credit facility further illustrates the strength of our balance sheet and projected cash flows."

He also said the company appreciated the support provided by MidCap Financial.

Under the purchase agreement, Medexus US forked over up-front cash of approximately \$30 million at closing and is required to make certain deferred payments on net sales of IXINITY in an amount equal to 2% of net sales until the earlier of the completion of the ongoing US pediatric trial in IXINITY, and June 30, 2022, and 5% of net sales thereafter until March 1, 2035.

In addition, the purchase agreement requires Medexus US to make certain milestone payments upon IXINITY's receipt of Canadian and European regulatory approval in Germany, France, Spain, Italy and the United Kingdom and on IXINITY achieving worldwide annual net sales of \$120 million, if achieved by March 1, 2035.

### **New Credit Facility**

Concurrently with the closing of the acquisition, the company entered into a definitive credit agreement with a syndicate of lenders agented by MidCap Financial, to access a \$20 million secured term loan, having a term of 40 months.

The company said the loan was used to fund a portion of the purchase price of the acquisition and to pay transaction fees in connection with the deal.

In connection with the term loan, subject to final acceptance by the TSX Venture Exchange, the company will grant to the lenders warrants to purchase that number of common shares in the capital of the company equal to 2% of the amount funded under the term loan, converted to the Canadian dollar equivalent based on the Bank of Canada noon exchange rate divided by the exercise price. The exercise price will be equal to Friday's closing price on the TSXV. The lender warrants will expire concurrently with maturity of the term loan.

Medexus is a leading specialty pharmaceutical company with a strong North American platform. It is focused on the therapeutic areas of auto-immune disease and pediatrics. The leading products are Rasuvo and Metoject, designed to treat rheumatoid arthritis and other auto-immune diseases; and Rupall, an innovative allergy medication.

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