



Eupraxia Pharmaceuticals Reports Third Quarter 2023 Financial Results

November 14, 2023

VICTORIA, BC, Nov. 14, 2023 /CNW/ - Eupraxia Pharmaceuticals Inc. ("Eupraxia" or the "Company") (TSX: EPRX), a Phase 2 clinical-stage biotechnology company with an innovative drug delivery technology platform, today announced its financial results (prepared in accordance with International Financial Reporting Standards) and operational highlights for the third quarter ended September 30, 2023. All amounts are expressed in Canadian dollars unless otherwise indicated.

"We made substantial progress during the quarter in the development of our lead product candidates EP-104IAR for pain associated with knee osteoarthritis, and EP-104GI in eosinophilic esophagitis," said Dr. James Helliwell, CEO of Eupraxia. "These advancements supported our successful financing, which closed during the quarter, and provide a base for the Company to continue building out its innovative drug delivery technology platform, which underpins EP-104IAR and EP-104GI."

Restatement of Financial Statements and Management's Discussion and Analysis ("MD&A")

As a result of certain accounting analysis and valuation positions taken with respect to previous periods, and after consultation with Eupraxia's newly appointed auditor KPMG LLP, the Company is restating its audited condensed consolidated financial statements and related MD&A for the years ended December 31, 2022, and 2021. The restatements caused an increase in net loss for 2022 to be restated as \$25.0 million (previously \$23.9 million), and an increase in net loss for 2021 to be restated as \$24.3 million (previously \$23.4 million). The restatements had no effect on the Company's cash and cash equivalents balance at year end for 2021 and 2022.

Selected Operational and Financial Highlights for the Third Quarter

- Continued to make substantial progress in the development of EP-104IAR for pain associated with knee osteoarthritis ("OA") with preparations ongoing for its upcoming end-of-phase 2 meeting with the U.S. Food and Drug Administration (the "FDA"), and with EP-104GI in eosinophilic esophagitis ("EoE"), as recruitment continues for its Phase 1b/2a trial.
- On August 18, 2023, closed a private placement for gross proceeds of \$22.3 million.
- On September 8, 2023, presented a poster and an oral presentation at PAINWeek 2023, a national conference on pain for healthcare professionals in Las Vegas, NV.
- Concluded the quarter ended September 30, 2023, with cash and cash equivalents of \$33.2 million.
- Subsequent to quarter end, on October 11, 2023, announced Cohort 1 safety results and the initiation, including dose escalation, for the second cohort for its Phase 1b/2a clinical trial in EoE.
- Subsequent to quarter end, on October 11, 2023, announced the appointment of KPMG LLP as auditor of the Company, effective August 30, 2023.
- Subsequent to quarter end, on November 1, 2023, announced late-breaking acceptance of the Company's abstract for a poster presentation at the 2023 Annual Meeting of the American College of Rheumatology.

Third Quarter 2023 Financial Review

The Company incurred a net loss of \$6.5 million for the three months ended September 30, 2023, versus \$5.4 million for the three months ended September 30, 2022. The increase in net loss was primarily driven by higher costs associated with the conduct of clinical trials.

The Company had cash and cash equivalents of \$33.2 million as of September 30, 2023, up from \$19.1 million at the end of the second quarter of 2023. Management believes its current cash is sufficient to fund the Company through to the second quarter of 2024.

As of September 30, 2023, the Company had 27,263,165 common shares issued and outstanding.

Financial Statements and Management Discussion & Analysis

Please see the unaudited interim condensed consolidated financial statements and related MD&A for more details. The unaudited interim condensed consolidated financial statements for the quarter ended September 30, 2023, and related MD&A have been reviewed and approved by Eupraxia's Audit Committee and Board of Directors. For a more detailed explanation and analysis, please refer to the MD&A that has been filed under the Company's profile on SEDAR+ at [sedarplus.ca](https://www.sedarplus.ca) and is also available on the Company's website at www.eupraxiapharma.com.

About Eupraxia Pharmaceuticals Inc.

Eupraxia is a clinical-stage biotechnology company focused on the development of locally delivered, extended-release products that have the potential to address therapeutic areas with high unmet medical need. The Company strives to provide improved patient benefit and has developed technology that delivers targeted, long-lasting activity with fewer side effects.

Eupraxia's lead product candidate, EP-104IAR, recently completed a Phase 2b clinical trial for the treatment of pain due to knee OA. EP-104IAR met its primary endpoint and three of the four secondary endpoints. The EP-104 platform has expanded into gastrointestinal disease and has initiated its program to treat EoE. Eupraxia is also developing a pipeline of later- and earlier-stage long-acting formulations. Potential pipeline indications include candidates for both other inflammatory joint indications and oncology, each designed to improve on the activity and tolerability of currently approved drugs. For further details about Eupraxia, please visit the Company's website at: www.eupraxiapharma.com.

Notice Regarding Forward-looking Statements and Information

This news release includes forward-looking statements and forward-looking information within the meaning of Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative and grammatical variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements in this news release include statements regarding the Company's business strategies and objectives, including current and future plans and opportunities, expectations and intentions; statements regarding the Company's Phase 2 clinical trials; the ability of the Company to execute on its business strategy; the Company having sufficient resources, including anticipated funding from its current cash; the advancement of opportunities stemming from the Company's delivery technology and expansion of pipeline designs; the Company's preparations for its end-of-phase 2 meeting with the FDA, the Company's presentation at the 2023 Annual Meeting of the American College of Rheumatology, the potential of Eupraxia's product candidates; the Company's expectations regarding its product designs, including with respect to patient benefit, duration, safety, effectiveness and tolerability; the results gathered from studies of Eupraxia's product candidates; the potential for the Company's technology to impact the drug delivery process; the competitive advantages of the Company's technology; the benefits to patients from the Company's drug platforms; the translation of the Company's technologies and expansion of its offerings into clinical applications; and the use of the terms "EP-104IAR", "EP-104GI", and "EP-104" in future disclosure.

Such statements and information are based on the current expectations of Eupraxia's management, and are based on assumptions, including but not limited to: future research and development plans for the Company proceeding substantially as currently envisioned; industry growth trends, including with respect to projected and actual industry sales; the Company's ability to obtain positive results from the Company's research and development activities, including clinical trials; and the Company's ability to protect patents and proprietary rights. Although Eupraxia's management believes that the assumptions underlying these statements and information are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this news release may not occur by certain dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting Eupraxia, including, but not limited to: the Company's limited operating history; the Company's novel technology with uncertain market acceptance; if the Company breaches any of the agreements under which it licenses rights to its product candidates or technology from third parties, the Company could lose license rights that are important to its business; the Company's current license agreement may not provide an adequate remedy for its breach by the licensor; the Company's technology may not be successful for its intended use; the Company's future technology will require regulatory approval, which is costly and the Company may not be able to obtain it; the Company may fail to obtain regulatory approvals or only obtain approvals for limited uses or indications; the Company's clinical trials may fail to demonstrate adequately the safety and efficacy of our product candidates at any stage of clinical development; the Company may be required to suspend or discontinue clinical trials due to side effects or other safety risks; the Company completely relies on third parties to provide supplies and inputs required for its products and services; the Company relies on external contract research organizations to provide clinical and non-clinical research services; the Company may not be able to successfully execute its business strategy; the Company will require additional financing, which may not be available; any therapeutics the Company develops will be subject to extensive, lengthy and uncertain regulatory requirements, which could adversely affect the Company's ability to obtain regulatory approval in a timely manner, or at all; the impact of the COVID-19 pandemic on the Company's operations; the Company's restatement of its consolidated financial statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on the Company's common share price; and other risks and uncertainties described in more detail in Eupraxia's public filings on SEDAR+ (sedarplus.ca). Although Eupraxia has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement or information can be guaranteed. Except as required by applicable securities laws, forward-looking statements and information speak only as of the date on which they are made and Eupraxia undertakes no obligation to publicly update or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise.

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