Eupraxia Pharmaceuticals Reports Fourth Quarter and 2022 Financial Results

March 23, 2023

VICTORIA, BC, March 23, 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 audited financial results (prepared in accordance with International Financial Reporting Standards or "IFRS") and operational highlights for the fourth quarter and year ended December 31, 2022. All amounts are expressed in Canadian dollars unless otherwise indicated.

"The fourth quarter of 2022 was a period of accelerated progress for Eupraxia," said Dr. James Helliwell, CEO of Eupraxia. "We advanced our innovative drug delivery technology platform during the reporting period with the commencement of a Phase 1b/2a trial of EP-104GI in eosinophilic esophagitis. This open-label study is on track to generate interim data readouts in the second quarter of 2023, with complete top-line data anticipated in the second half of 2023. We also continued to make strong progress with our Phase 2 trial of EP-104AR in osteoarthritis, with top-line data readout expected in the second quarter of this year. In parallel with our ongoing pipeline progress, we recently announced the appointment of Paul Brennan as Chief Business Officer as we look to fully resource and fund each of our high-potential clinical programs."

Going forward, the Company intends to use "EP-104IAR" when referring to the product intended for intraarticular injections for indications such as osteoarthritis, "EP-104GI" when referring to the product intended for submucosal injections in the GI tract for indications such as eosinophilic esophagitis, and simply "EP-104" when referring to disclosure related to both EP-104IAR and EP-104GI.

Selected Operational and Financial Highlights for the Fourth Quarter

- Concluded the quarter ended December 31, 2022, with cash and cash equivalents of $24.7 million. Eupraxia anticipates its current cash is sufficient to fund the Company through to the fourth quarter of 2023.
- Announced the appointment of Paul Brennan, a seasoned business development executive with more than three decades in the healthcare space, to the role of Chief Business Officer. Mr. Brennan is working closely with the executive management team to secure partnership opportunities to help advance the Company's pipeline of drug candidates.
- Announced the completion of Data Safety Monitoring Board reviews for the Phase 2 osteoarthritis ("OA") trial, the inclusion of patients with diabetes into the trial, and the inclusion of Magnetic Resonance Imaging in the trial's protocol.
- Completed enrollment in the Phase 2 OA trial.
- Announced the initiation of a Phase 2 trial of EP-104GI in adult patients afflicted with eosinophilic esophagitis, a rare disease that restricts the ability to swallow food and greatly impacts quality of life.
- Recent developments with Silicon Valley Bank ("SVB") have not impacted the Company's outlook for cash runway. The Company holds no amounts on deposit with SVB and its convertible debt facility with SVB that matures in June 2024 remains in good standing, is fully drawn and is not callable by SVB.

Fourth Quarter and Full Year 2022 Financial Review

The Company continued to enroll and dose patients in its 300-patient Phase 2 clinical trial of EP-104IAR for OA, completing enrollment just prior to year end. Operating expenses for the three months ended December 31, 2022, were $8.8 million, versus $3.4 million in the prior-year period. For the full-year period, operating expenses grew to $23.2 million, versus $18.7 million during the comparative period in 2021. The increase for both periods was primarily driven by increased costs associated with its Phase 2 OA clinical trial.

The Company incurred a net loss of $9.1 million for the three months ended December 31, 2022, versus $3.8 million for the three months ended December 31, 2021. For the year ended December 31, 2022, the Company incurred a net loss of $23.9 million compared to a net loss of $23.4 million for the year ended December 31, 2021. The increase in net loss was primarily driven by increased costs associated with its Phase 2 OA clinical trial.

The Company had cash and cash equivalents of $24.7 million as of December 31, 2022. Management believes its current cash is sufficient to fund the Company through to the fourth quarter of 2023.

As of December 31, 2022, the Company had 21,593,145 common shares issued and outstanding.

Financial Statements and Management Discussion & Analysis

Please see the audited consolidated financial statements and related Management's Discussion & Analysis ("MD&A") for more details. The audited consolidated financial statements for the year ended December 31, 2022, 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 www.sedar.com 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 alternatives to currently approved drugs. Each of Eupraxia's product candidates has the potential to address therapeutic areas with high unmet medical need and strives to provide improved patient benefit by delivering targeted, long-lasting activity with fewer side effects.

Eupraxia's lead product candidate, EP-104IAR, is currently in Phase 2 development for the treatment of pain due to osteoarthritis of the knee. The EP-104 platform has expanded into gastrointestinal disease with the launch of a Phase 1b/2a program to treat eosinophilic esophagitis. 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 resourcing and funding of programs; the expectations regarding Mr. Brennan and his role as Chief Business Officer; the securing of potential partnership opportunities; expected availability of data; expected trial timelines for interim and top-line data readout; the potential of Eupraxia's product candidates; the Company's expectations regarding its product designs, including with respect to patient benefit, duration and effectiveness; 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; and other risks and uncertainties described in more detail in Eupraxia's public filings on SEDAR (www.sedar.com). 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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