Eupraxia Pharmaceuticals Reports Third Quarter 2022 Financial Results

November 7, 2022

VICTORIA, B.C., Nov. 7, 2022 /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 unaudited financial results (prepared in accordance with International Financial Reporting Standards or "IFRS") and operational highlights for the third quarter ended September 30, 2022. All amounts are expressed in Canadian dollars unless otherwise indicated.

"We continued to advance our innovative drug delivery technology platform in the third quarter with the addition of a Phase 1b/2a trial of EP-104 in eosinophilic esophagitis, or EoE," said Dr. James Helliwell, CEO of Eupraxia. "EoE as a therapeutic target has a potential Orphan Drug development pathway and this first in-patient open-label study could offer interim readouts in advance of our osteoarthritis Phase 2 trial top-line readout expected in Q2 2023."

Dr. Helliwell continued, "In addition, the Company continues to advance additional opportunities for the exploitation of our delivery technology and further expansion of our pipeline, with a primary focus on oncology targets. In parallel with our ongoing pipeline expansion, we recently announced the appointment of Paul Brennan as Chief Business Officer as we look to fully resource and fund each of our advancing programs. We remain confident in the expanding potential of our delivery technology and the design and rigour of our two ongoing Phase 2 trials, and look forward to delivering on our upcoming clinical milestones."

The Company anticipates that top-line data from its Phase 2 osteoarthritis ("OA") study will be available in the second quarter of 2023. Eupraxia anticipates that data from its Phase 1b/2a, open-label eosinophilic esophagitis ("EoE") clinical study, will begin reading out in the first half of 2023.

Selected Operational and Financial Highlights for the Third Quarter

- Advanced the ongoing Phase 2 clinical trial for EP-104 in OA, which is enrolling patients at sites in Poland, the Czech Republic and Denmark to support completion of patient screening.
- Concluded the quarter ended September 30, 2022, with cash and short-term investments of $30.0 million. The Company anticipates its current cash will fund the business through to the fourth quarter of 2023.
- Announced that it was awarded The Emerging Life Sciences Company of the Year Award by Life Sciences British Columbia. The Emerging Life Sciences Company of the Year Award is presented to an early-stage life sciences company which, although not yet achieving commercial success, has demonstrated outstanding performance, and realized significant milestones from April 1st, 2021 – March 31st, 2022, and is positioned well for potential future commercial success.
- Subsequent to quarter end, announced the appointment of Paul Brennan to the role of Chief Business Officer. Mr. Brennan will work closely with the executive management team to secure partnership opportunities to help advance the Company's pipeline of drug candidates.
- Subsequent to quarter end, and relative to the Phase 2 OA trial, announced the completion of Data Safety Monitoring Board reviews; the inclusion of patients with diabetes into the trial; and the inclusion of Magnetic Resonance Imaging in the trial's protocol.
- Subsequent to quarter end, announced the initiation of a Phase 2 trial of EP-104 in adult patients afflicted with EoE, a rare disease that restricts the ability to swallow food and greatly impacts quality of life.

Clinical Pipeline Discussion

Eupraxia now has two distinct clinical development programs, one targeting chronic OA pain in the knee and the second targeting EoE. Both programs are broadly based upon the same drug candidate EP-104IAR. This injectable drug is dispensed together with a "vehicle" specifically designed for the target and co-administered with the active pharmaceutical ingredient ("API"). Although using the same underlying API and extended-release formulation, therapeutic targets may be differentiated by dosing levels, vehicle and delivery methods (e.g intra-articular). All regulatory filings to-date and communication from the Company have been made referencing EP-104IAR. In the interest of providing greater clarity for investors, the Company will drop the suffix IAR and simply refer to the product candidate as EP-104 in conjunction with the specific indication.

Third Quarter 2022 Financial Review

The Company continued to enroll and dose patients in its 300-patient Phase 2 clinical trial of EP-104 for OA. Operating expenses for the three months ended September 30, 2022 were $4.9 million, versus $5.1 million in the prior-year period. The slight decrease for the third quarter, 2022, was primarily driven by lower general and administrative costs during the period.

The Company incurred a net loss of $4.8 million for the three months ended September 30, 2022, versus $5.1 million for the

quarter ended September 30, 2021. The decrease in net loss was driven by lower general and administrative costs incurred during the third quarter, 2022.

The Company had a cash and short-term investments balance of $30.0 million as of September 30, 2022. Management believes it has sufficient resources to fund the Company through to the fourth quarter of 2023.

As of September 30, 2022, the Company had 21,393,145 common shares issued and outstanding.

Financial Statements and Management Discussion & Analysis

Please see the unaudited interim condensed consolidated financial statements and related Management's Discussion & Analysis ("MD&A") for more details. The unaudited interim condensed consolidated financial statements for the quarter ended September 30, 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-104, 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 press 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; potential partnership opportunities; expected availability of data; expected trial timelines for 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; and the translation of the Company's technologies and expansion of its offerings into clinical applications.

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 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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