



Eupraxia Pharmaceuticals Inc. Reports Third Quarter 2021 Financial Results

November 10, 2021

VICTORIA, BC, Nov. 10, 2021 /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, 2021. All amounts are expressed in Canadian dollars unless otherwise noted.

Selected Operational and Financial Highlights

- Announced receipt of advisory services and funding of up to \$700,000 from the National Research Council of Canada Industrial Research Assistance Program ("NRC-IRAP") to support a research and development project to further develop the Company's polymer-based proprietary drug delivery technology.
- Announced the start of patient screening for inclusion into its Phase 2 trial, which is evaluating EP-104IAR's efficacy and safety as a treatment for knee osteoarthritis ("OA"). The Company continues to expect to receive top-line results from the trial in late 2022.
- Received authorization of its Clinical Trial Application by the Danish Medicines Agency, which is required to initiate the Company's Phase 2 clinical trial for its lead candidate EP-104IAR as a potential treatment for pain from OA of the knee.
- Announced the publication of its Phase 1 EP-104IAR results in highly regarded, peer-reviewed journal *Osteoarthritis and Cartilage Open*.
- Received a Notice of Allowance from the Israel Patent Office with respect to its patent application *Injectable Sustained Release Composition and Method of using the Same for Treating Inflammation in Joints and Pain Associated Therewith*.

"By starting patient screening, we continued to execute on our plan to derive top-line data results by late 2022 from our ongoing Phase 2 trial, which is evaluating EP-104IAR's efficacy and safety as a treatment for knee osteoarthritis," said Dr. James Helliwell, CEO of Eupraxia. "In addition, the funding provided by NRC- IRAP will provide further support for pipeline development opportunities with the company's platform technology. We look forward to sharing an update on additional pipeline candidates when the Company completes its preliminary evaluation."

Third Quarter 2021 Financial Review

Operating expenses for the three months ended September 30, 2021 was \$5.1 million, versus \$0.5 million in the prior year period. For the year-to-date period, operating expenses grew to \$15.2 million, versus \$2.2 million during the comparative period in 2020. The increase for both periods was primarily driven by higher costs relating to the upcoming Phase 2 clinical trial for EP-104IAR.

The Company incurred a net loss of \$5.1 million for the three months ended September 30, 2021 and \$19.6 million for the nine months ended September 30, 2021, with the increase driven primarily by the Phase 2 clinical trial preparations mentioned above.

The Company had a cash balance of \$33.7 million at September 30, 2021, and has a covenant with Silicon Valley Bank to secure net new capital of \$10 million by June 30, 2022. Management believes it has sufficient resources to fund the Company into early 2023.

As at September 30, 2021 the Company had 14,242,595 common shares issued and outstanding, and 23,165,252 common shares on a fully diluted basis.

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 three and nine months ended September 30, 2021 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 EP-104IAR

Eupraxia's lead product candidate, EP-104IAR, is designed to meet the significant unmet medical need and market demand for long-lasting pain relief for knee OA. The U.S. Centers for Disease Control and Prevention estimates that knee OA affects more than 30 million people in the U.S. alone. This includes 14 million that suffer with knee pain or some form of disability. Knee OA is also associated with depression and loss of sleep, which can greatly affect quality of life.

With EP-104IAR, Eupraxia hopes to change the way knee OA pain is treated. Current therapies are challenged by poor safety, inadequate efficacy and/or limited duration of activity. Corticosteroids are one of only two drug classes strongly recommended by the American College of Rheumatology and the Arthritis Foundation for the treatment of knee OA pain. Currently approved corticosteroids are very effective at reducing pain for a short duration late in the disease, but can expose the body to unwanted local and systemic side effects.

EP-104IAR endeavours to provide long-term pain relief with fewer unwanted side effects. It encapsulates a highly potent corticosteroid (fluticasone propionate) within a microns-thin polymer membrane part of Eupraxia's patented technology platform.

Injected into the knee, EP-104IAR is intended to diffuse drug slowly into the knee joint providing therapeutic concentrations for up to six months. This has the potential dual advantage of providing long-duration pain relief with fewer systemic side effects. An enhanced safety profile would also benefit the estimated 70% of knee OA patients that experience pain in both knees by allowing simultaneous treatment of both affected joints.

EP-104IAR's delivery within the joint using Eupraxia's technology platform confers a cartilage sparing advantage ideally allowing for repeat dosing allowing for treatment of chronic OA symptoms. EP-104IAR also offers convenience advantages to care providers by using existing techniques for delivery, with a long shelf life and no refrigeration required.

About Eupraxia

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 OA of the knee. In addition to EP-104IAR, Eupraxia is developing a pipeline of earlier-stage long-acting formulations. Potential pipeline candidates include a range of drugs for indications such as post-surgical pain (EP-105), and post-surgical site infections (EP-201), each designed to improve on the activity and tolerability of approved drugs. Eupraxia is also developing a formulation of EP-104IAR for use in canine and equine OA.

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 development of our underlying platform technology with the support from the NRC-IRAP, the Company's business strategies and objectives, including current and future plans, expectations and intentions, statements regarding the Company's Phase 2 clinical trial, including the Company's expected timing for obtaining top-line data results from the Phase 2 clinical trial, the ability of the Company to execute on its business strategy, the Company having sufficient resources, the expansion of enrollment in the Company's Phase 2 clinical trial, the potential 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, the Company's estimation of potential product markets and the demand and market acceptance for products developed by the Company. 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 nonclinical 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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