

# CHITOGENX REPORTS SECOND QUARTER 2024 RESULTS

- **Concluded enrollment of Phase I/II clinical trial for rotator cuff tear repair**
- **Received Notice of allowance for key patent in the U.S. and Canada, increasing attractiveness for the Company's scaffold in regenerative medicine**
- **Balance sheet significantly deleveraged following debt conversion and funds raised through non-brokered private placements**

MONTREAL, Sept. 29, 2023 /CNW/ - [ChitogenX](#) Inc., (CSE: CHGX) (OTCQB: CHNXF) ("**ChitogenX**" or the "**Company**"), a clinical-stage regenerative medicine company, today reported its financial results and highlights for the second quarter of fiscal year 2024 ended on July 31, 2023.

"The attractiveness of our proprietary scaffold for use in regenerative medicine continues to grow. The recent grant of a key patent in the U.S. and in Canada, has extended our proprietary properties well beyond orthopedic applications. We intend to leverage our proprietary leadership in regenerative medicine by combining our technology platform with biologics, therapeutic agents and other blood products applications", said Philippe Deschamps, President, and CEO. "Leveraging our proprietary platform to secure strategic development partnership agreements remains our top priority at the moment while continuing to advance our clinical and other R&D initiatives", continued Deschamps.

Commenting on the second quarter 2024 results, Luc Mainville, ChitogenX' Senior Vice-President, and Chief Financial Officer, said; "The debt conversion and funds raised during the quarter have contributed to significantly deleveraged our balance sheet and improved our working capital. The conclusion of enrollment of our Phase I/II rotator cuff trial and other initiatives have led to a significant reduction of our expenses and financial charges. We anticipate continued control over our expenses over the coming quarters but material R&D progress as we take full advantage of our 3-yr \$3.4 million R&D grant".

## Second Quarter 2024 Corporate Highlights

- In June 2023, the Company entered into an agreement with Bruder Consulting & Venture Group ("BCVG") to serve as their exclusive advisory firm for the pursuit of new strategic development partnerships and to accelerate ongoing partnership discussions for the Company's ORTHO-R proprietary regenerative medicine platform and associated assets;
- In June 2023, the Company closed a \$288,000 second tranche of its previously announced non-brokered private placement offering of units. The second tranche of the Offering consists of gross cash proceeds of \$41,250 and \$247,141 in debt conversions from holders of convertible debentures which matured on May 1, 2023. The Company issued 1,922,608 Units at a price of \$0.15 per Unit for a total consideration of \$288,391.40; and
- In May 2023, the Company closed a first tranche of its amended non-brokered private placement offering of units for \$3.86 million, including \$1.8 million of Insiders' subscriptions and issued 25,708,988 Units at a price of \$0.15 per Unit. Holders of debentures that matured on May 1, 2023, also opted to reinvest \$2.1 million of principal and accrued interest into the Private Placement.

## Subsequent Events

- In September 2023, the Company concluded subjects' enrollment at 20 in its U.S. Phase I/II rotator cuff tear repair phase I/II clinical trial. All study activities will be completed by June 2024

as per clinical trial protocol following completion of the clinical follow-up and safety analysis for the 20 recruited subjects;

- In September 2023, the Company received a notice of allowance for a key patent in the US and Canada. The patents make the Chitosan based biopolymer scaffold proprietary without the need for it to be combined with Plasma Rich Platelets or other blood products as was previously the case; and
- In August 2023, the Company announced the voting results from its Annual General Meeting of Shareholders ("AGM") held via videoconference on July 19, 2023. The following seven (7) nominees were elected as Directors of the Company to hold office until the next Annual Meeting of Shareholders or until their successors are elected or appointed: Mr. Tim Cunningham, Mr. Philippe Deschamps, Mr. Pierre Laurin, Dr. Brent Norton, Mr. Patrick O'Donnell, Mr. Steve Saviuk, and Mr. Howard P. Walthall. Guimond Lavallée, Chartered Professional Accountants Corporation were also appointed as auditor of the Company.

### **Closing of third tranche of non-brokered private placement offering**

The Company also announces that it has closed on September 29, 2023, a third tranche of its previously announced non-brokered private placement offering of units. The third tranche of the offering consists of gross cash proceeds of \$390,000 and \$248,271.45 in debt conversion from holders of convertible debentures which matured on May 1, 2023. The company issued 4,255,138 units at a price of \$0.15 per unit for a total consideration of \$638,271.45.

Each Unit consist of one class A share of the Company (each, a "Share") and one share purchase warrant of the Company (each whole share purchase warrant, a "Warrant"). Each Warrant entitles the holder to purchase one Share of the Company (each, a "Warrant Share") at a price of \$0.35 per Warrant Share for a period of 36 months from closing (the "Closing Date"), subject to adjustment in certain events. If, at any time following the Closing Date, the daily volume weighted average trading price of the Shares on the Canadian Securities Exchange is greater than \$0.50 per Share for the preceding 10 consecutive trading days, the Company shall have the right to accelerate the expiry date of the Warrants to a date that is at least 30 days following the date of such notice to holders of Warrants.

Participation of insiders of the Company in the Private Placement constitutes a "related party transaction" as defined under Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions ("Regulation 61-101"). The Company intends to rely on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(g) and 5.7(e) of Regulation 61-101 on the basis of the Company's financial difficulties as it attempts to reduce debt and facilitate the implementation of a recovery plan. The Company's board of directors, including all independent directors, acting in good faith, believes that the financial difficulties of the Company justify relying on such exemptions and that the terms and conditions of the Private Placement are reasonable in the circumstances. A material change report was not filed in connection with the participation of the insiders at least 21 days in advance of the closing of the Private Placement, which the Company deemed reasonable in the circumstances, in order to close the transaction as soon as practicable to enable it to use the funds.

### **Second Quarter 2024 Financial Statements and MD&A**

ChitogenX's financial statements and Management's Discussion and Analysis for the three- and six-month period ended July 31, 2023, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About ChitogenX Inc.**

ChitogenX Inc. (formally Ortho Regenerative Technologies Inc.) is a clinical stage regenerative medicine company dedicated to the development of novel therapeutic tissue repair technologies to improve tissue healing. The Company is committed to the clinical development of its proprietary

RESTORE technology platform, a muco-adhesive CHITOSAN based biopolymer matrix, specifically designed to deliver biologics such as platelet-rich plasma (PRP) or bone marrow aspirate concentrate (BMAC), to enhance healing in various regenerative medicine applications.


Other formulations are being developed to leverage the technology's performance characteristics such as tissue adhesion, pliability, and ability to deliver biologics or therapeutics to various tissues damaged by trauma or disease. Further information about ChitogenX is available on the Company's website at [www.chitogenx.com](http://www.chitogenx.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Statements**

This news release may contain certain forward-looking statements regarding the Company's expectations for future events. Such expectations are based on certain assumptions that are founded on currently available information. If these assumptions prove incorrect, actual results may differ materially from those contemplated by the forward-looking statements contained in this press release. Factors that could cause actual results to differ include, amongst others, uncertainty as to the final result and other risks. The Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by security laws.

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