

## **Aytu BioScience Completes Acquisition of Innovus Pharmaceuticals**

***Aytu BioScience Enters Consumer Healthcare Market with a Portfolio of Over 35 Products that Generated \$24M in Revenue During Past Four Quarters***

***Combination Creates Specialty Rx and Consumer Pharma Company with LTM Revenue of Approximately \$43M***

**ENGLEWOOD, CO & SAN DIEGO, CA / February 18, 2020** / Aytu BioScience, Inc. (NASDAQ:AYTU), a specialty pharmaceutical company focused on commercializing novel products that address significant patient needs and Innovus Pharmaceuticals, Inc., a specialty pharmaceutical company commercializing, licensing and developing safe and effective consumer health products, today announced that the companies have closed the acquisition of Innovus by Aytu. Through this transaction Aytu has retired all outstanding common stock of Innovus and certain Innovus warrants for consideration consisting of approximately 3.8 million shares of Aytu common stock and approximately 2 million shares of preferred stock (convertible on a 1:1 basis into common stock) and the forgiveness of \$1.35 million of debt previously owed to Aytu. On a consolidated basis, Aytu will also assume \$3.2 million in unsecured debt of Innovus.

Additional consideration for up to \$16 million in milestone payments in the form of contingent value rights (CVRs) were issued to Innovus shareholders at the time of closing. The CVR's represent the right to be paid, in cash or Aytu common stock, up to a potential \$16 million over the next five years if certain annual revenue and profitability milestones are achieved. The initial \$2 million CVR payment is expected to be made, pending final independent auditor procedures, based on Innovus generating more than \$24 million in revenue for the year-ended December 31, 2019.

Through this combined entity, Aytu expands into the \$40 billion consumer healthcare market with a portfolio of over thirty-five consumer products competing in large therapeutic categories including diabetes, men's health, sexual wellness and respiratory health. This expanded product line broadens Aytu's portfolio beyond its \$20 million prescription therapeutic portfolio to enable wider revenue distribution and consumer reach, reduced seasonality associated with Aytu's seasonal antitussive product line, and higher revenue from an expanded base of proprietary products.

Combined, Aytu and Innovus generated approximately \$43 million in revenue over the preceding four quarters ended December 31, 2019. This business combination provides increased scale and enables operational synergies that can be leveraged to accelerate the combined company's growth and path to profitability.

Josh Disbrow, Chief Executive Officer of Aytu BioScience, commented, "This is an exciting day

in the history of Aytu BioScience and Innovus Pharmaceuticals. As we combine our two companies, we expand our collective product portfolio and create a diversified commercial platform from which we plan to expand. With the recent expansion of our Rx portfolio and this acquisition of Innovus and its proprietary sales and marketing platform, we now have substantial revenue scale to make possible a faster path to profitability. We look forward now to getting to work to increase sales while leveraging the efficiencies we expect to gain. We're a stronger company today as a result of this business combination, and I'm proud of the work both companies' teams have done to bring this exciting transaction to a close."

Initially, the company expects to operate the commercial aspects of the Innovus consumer business separately from Aytu's prescription business, while rationalizing general and administrative expenses through the removal of Innovus' public company costs and redundant administrative and operational processes, along with the reduction in overhead, administrative and facilities costs.

The prescription product portfolio will continue to be primarily commercialized through the existing Aytu sales force, while the consumer health products will continue to be primarily commercialized via Innovus' proprietary Beyond Human® marketing platform. However, both lines of business are expected to benefit from opportunistic cross-selling such that some consumer products may be marketed in the professional market by Aytu's Rx commercial team, while the marketing of the prescription products may be bolstered through various online and direct-to-consumer marketing initiatives.

### **About Aytu BioScience, Inc.**

Aytu BioScience is a commercial-stage specialty pharmaceutical company focused on commercializing novel products that address significant patient needs. The company currently markets Natesto®, the only FDA-approved nasal formulation of testosterone for men with hypogonadism (low testosterone, or "Low T"). Aytu also has exclusive U.S. and Canadian rights to ZolpiMist™, the only FDA-approved oral spray prescription sleep aid. ZolpiMist is indicated for the short-term treatment of insomnia characterized by difficulties with sleep initiation. Aytu acquired exclusive U.S. commercial rights to Tuzistra® XR, the only FDA-approved 12-hour codeine-based antitussive syrup. Tuzistra XR is a prescription antitussive consisting of codeine polistirex and chlorpheniramine polistirex in an extended-release oral suspension. Aytu recently acquired a portfolio of six Pediatric Rx products from Cerecor. Additionally, Aytu is developing MiOXSYS®, a novel, rapid semen-analysis system with the potential to become a standard of care for the diagnosis and management of male infertility caused by oxidative stress. MiOXSYS is commercialized outside of the U.S. where it is a CE Marked, Health Canada cleared, Australian TGA approved, Mexican COFEPRAS approved product. Aytu is planning U.S.-based clinical trials in pursuit of 510k de novo medical device clearance by the FDA. Aytu's strategy is to continue building its portfolio of revenue-generating products, leveraging its focused commercial team and expertise to build

leading brands within large therapeutic markets. For more information visit [aytubio.com](http://aytubio.com).

### **About Innovus Pharmaceuticals, Inc.**

Headquartered in San Diego, Innovus Pharmaceuticals is an emerging over the counter (“OTC”) consumer goods and specialty pharmaceutical company commercializing, licensing and developing safe and effective non-prescription medicine and consumer care products to improve men’s and women’s health and vitality. The Company is dedicated to being a leader in developing and marketing new OTC medicines and branded Abbreviated New Drug Application (“ANDA”) products. The Company is actively pursuing opportunities where existing prescription drugs have recently, or are expected to, change from prescription to OTC.

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