XORTX Signs LOI for Co-Development and Licensing Agreement with Japan's Teijin Pharma Limited

● Phase 2B Clinical Study in Diabetic Nephropathy Planned in 2019 ●

CALGARY, AB – March 12, 2019 **–** XORTX Therapeutics Inc. ("**XORTX**" or the "**Company**") (CSE: XRX; OTCQB: XRTXF), a biopharmaceutical company focused on developing innovative therapies to treat progressive kidney disease, is pleased to announce that on March 11, 2019, the Company signed a non-binding Letter of Intent (the "**LOI**") with Japan's Teijin Pharma Limited ("**Teijin**") for the exclusive global rights (excluding Japan) to develop TMX-049, a new generation of xanthine oxidoreductase inhibitor, for the treatment of progressive kidney disease. XORTX's near term focus for the promising TMX-049 molecule is to test the safety and effectiveness of TMX-049 in a Phase 2b Study in patients with progressing kidney disease due to type 2 diabetic nephropathy ("**T2DN**"). At present, there are no approved drugs to treat progressive kidney disease in the nearly 10 million individuals with diabetic nephropathy in the United States and greater than 100 million people worldwide. Current projections suggest that in the next 15 years the population of individuals with diabetes will grow from ~350 million today to nearly 550 million by 2035. Similarly the population of individuals with diabetic nephropathy is expected to rise proportionately to ~175 million individuals.[1] Both companies recognize the substantial unmet medical need and the opportunity to bring a potentially best-in-class therapeutic treatment to patients with T2DN. Several features of TMX-049 make this molecule an ideal candidate for development as a therapy to treat T2DN, including an advanced clinical status, high potency, extensive patent protection and an excellent safety profile.

The LOI is the result of extensive discussions between XORTX and Teijin over the past year. The overall goal of this LOI recognizes the mutual interest of Teijin and XORTX to advance together to a definitive license agreement which will grant XORTX the exclusive global rights to develop TMX-049 for progressive kidney disease and the option to use this molecule for other therapeutic programs (the "Definitive Agreement"). Teijin will retain the rights to the Japanese market and Teijin and XORTX will share future development costs. Teijin has already devoted considerable time, funding and resources to the development of TMX-049 that is currently under development in an ongoing Phase 2a study in T2DN patients in the US with reporting expected in Q1 2020. Teijin and XORTX are arm's length parties and no finder's fees are payable in respect to this transaction.

Dr. Allen Davidoff, CEO of XORTX, stated, *"We are very pleased to have entered into this LOI with Teijin. The two companies recognize the mutual business benefit that could be achieved through collaboration under the proposed definitive license agreement and, most importantly, to advance a best-in-class therapy for patients suffering from T2DN. By working together, we have the opportunity to redefine how kidney disease is treated in the future and positively affect the quality of life of tens of millions of patients."*

The Definitive Agreement contemplated by the LOI will include several milestone payments to Teijin to be defined at the time of signing of the Definitive Agreement. These milestone payments will be based on key value creating clinical milestones and represent checkpoints where the TMX-049 program is further de-

[1] Gheith O_Diabetic Kidney Disease- Worldwide difference of prevalence and risk factors - _JNephropharmacol_2016_5_1_49-56

risked and advanced toward marketing approval. After signing the LOI and once the phase 2b clinical trial protocol in T2DN is finalized, XORTX will make an initial payment to Teijin to accelerate manufacturing of a clinical supply of drug for this study. This payment will underscore the commitment of both parties to prioritize the development of this phase 2b clinical program for the treatment of T2DN.

Mr. Akihisa Nabeshima, President of Teijin Pharma Limited commented,*" We are delighted to enter into this LOI with XORTX. We understand progressive kidney diseases need effective treatments. By collaboration with XORTX, we hope to accelerate the development of TMX-049 and wish to offer a new medication for treating kidney disease in patients with T2DN."*

About Teijin Pharma Limited

Teijin Pharma Limited, is the core company of the Teijin Group's healthcare business. Teijin Group (TSE: 3401) is a technology-driven global group offering advanced solutions in the areas of environmental value; safety, security and disaster mitigation; and demographic change and increased health consciousness. Its main fields of operation are high-performance fibers such as aramid, carbon fibers and composites, healthcare, films, resin and plastic processing, polyester fibers, products converting and IT. The Teijin Group has some 170 companies and around 19,000 employees spread out over 20 countries worldwide. It posted consolidated sales of JPY835 billion and total assets of JPY 986.2 billion in the fiscal year ending March 31, 2018. For more information on Teijin, please visit http://www.teijin.com/.

About XORTX Therapeutics Inc.

XORTX Therapeutics Inc. is a biopharmaceutical company focused on developing innovative therapies to treat progressive kidney disease. XORTX has lead programs to develop treatments for progressive kidney disease due to diabetes, diabetic nephropathy and polycystic kidney disease. Secondary programs focus on developing therapies for health consequences that accompany pre-diabetes, diabetes and cardiovascular disease. Additional information on XORTX Therapeutics is available at www.xortx.com.

For further information, please contact:

Allen Davidoff, CEO
adavidoff@xortx.com or +1 403 455 7727

or Erik Matthews, Corporate Communications & Investor Relations
erik@xortx.com or +1 747 203 5240

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