ASX/Media Release

18 September 2018

Acrux investor presentation

Melbourne, Australia; 18 September 2018: Acrux Limited (ASX:ACR, "**Acrux**" or the "**Company**") is pleased to release a new investor presentation.

Investment highlights

- Diverse portfolio of 13 topical generic products, with an addressable market of US$1.4bn+
- First ANDA submission to the FDA for a generic version of Julia® in June which was accepted for review in early August
- Multiple upcoming value catalysts, first revenues expected in 2019
- Topical market is worth ~US$18b in the US alone
- Generic product development is faster and lower risk when compared to branded products

For more information, please contact:

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About Acrux

Acrux (ASX: ACR) is a pharmaceutical company dedicated to developing and commercialising topical pharmaceuticals. Incorporated in 1998 and using in house facilities and capabilities, Acrux has successfully developed and commercialised through licensees a number of topically applied pharmaceutical products in the US and Europe. Acrux is currently developing of a range of generic products for the US market by leveraging its on-site laboratories, GMP manufacturing suite, clinical and commercial experience to bring affordable products to market. Acrux encourages collaboration and is well positioned to discuss partnering and product development.

For further information on Acrux, visit www.acrux.com.au

ACRUX INVESTOR PRESENTATION (ASX: ACR)

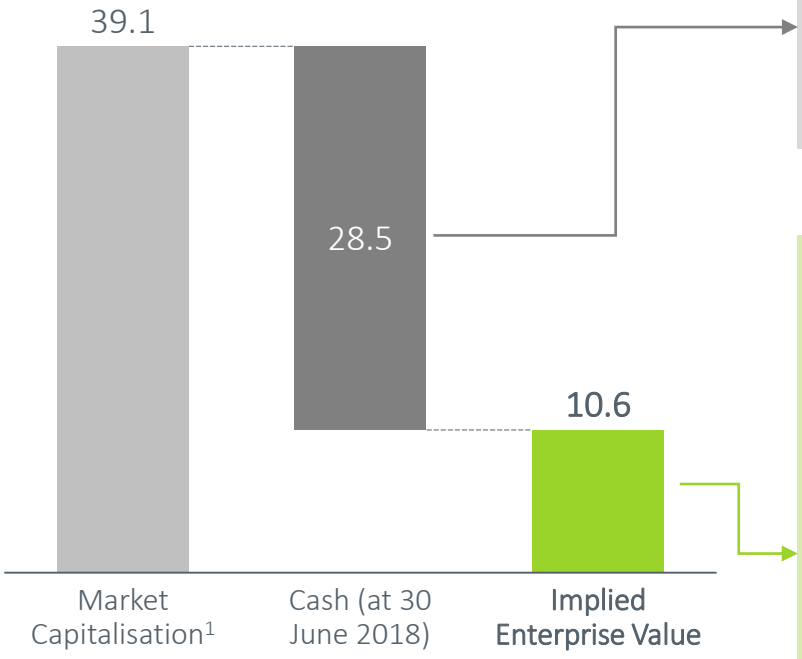
September 2018

INVESTMENT HIGHLIGHTS

High potential topical generic portfolio	• **13 products** in the generic topical portfolio, up from **7** in October 2017 • Addressable market of pipeline assets is **>US$1.4bn**
Delivering on strategy	• **Strong execution building the topical generic pipeline since 2015, submitting first product in 2018** • First submission to FDA in June, with acceptance for review in August, **in line with guidance**
Attractive $18bn market	• Generic products have **low development risk** and are typically **faster to develop** than branded products • Topical generic market in the US alone worth **~US$18bn** • Generic manufacturers typically achieve **excellent EBITDA margins (+25%)**
Multiple value catalysts	• **First revenues expected in calendar year 2019** • Multiple new FDA ANDA submissions in **FY19** and beyond
Commercialisation in progress	• Generic pharma companies place high value on generic portfolios • Licensing interest received from several parties
Enterprise value of <$11m	• Cash balance of $28.5m at 30 June 2018 • Current market cap. of $39.1m as at 14 September 2018 • Implied enterprise value of $10.6m

HIGH VALUE PIPELINE OF 13 PRODUCTS – IMPLIED ENTERPRISE VALUE OF <$11M

Implied enterprise value breakdown (A$m)



EV <$11m despite pipeline of 13 drugs that has been developed over 3+ years

With $28.5m cash as at 30 June, management reasonably expects there to be sufficient funding to progress the current pipeline through to launch

- Typical costs for commercialisation of a generic product between ~$3-4m
- Typical time to develop a generic product is ~3 years

The Board is of the view that Acrux's topical generic portfolio is being undervalued by the market

Overview of Acrux's generic equivalent to Julia®[2] (1 of 13 products)

- Accepted for review by the FDA (announced August 2nd 2018)
- Management believe it will be granted shared 'First-to-File' status, granting it shared sales exclusivity for 180 days
- Historically, generic products with 'First-to-File' status rapidly achieve ~50%+ market share[3]
- Addressable market - annual sales of Julia® are ~US$280m[4]
- Based on past experience management believes that significant double digit royalty rates are achievable[5]
- Several parties have already expressed interest in licensing agreements

1. Market capitalisation as at 14 September 2018
2. Julia® (efinaconazole) Topical Solution, 10% is a prescription antifungal medicine indicated for the topical treatment of onychomycosis of the toenail(s).
3. Citi Research – Generics Landscape Chart Pack (Jan 2017);
4. Twelve months sales to end March 2018 based on IQVIA (Quintiles and IMS Health) sales data;
5. Management estimates

Acrux is developing a diversified portfolio of topically applied generic products

OUR APPROACH

IDENTIFY

Market screening to **identify** high potential prescription topical products

165
identified molecules, each with >US$10m in sales

DEVELOP

R&D team with highly specific topical expertise drive development

13
molecules in development

LAUNCH

1 product already under FDA review, with several related commercial partnering discussions ongoing

MULTIPLE ADVANTAGES FOR GENERIC PRESCRIPTION PRODUCT DEVELOPMENT

	Traditional development	Acrux's generic development portfolio
Market size 	A new drug may have a significant market opportunity, however…	**Attractive market and licensee terms** • Market value of drugs in pipeline >US$1.4bn • Future revenue derived from milestones and royalties
Speed 	…it takes **~10 years**[1] to develop a new drug, involving **multiple expensive trials**…	**Fast development and low cost** • ~3 years to submission from project initiation • ~$3-4m (on average) to develop each generic
Risk 	…and typically less than **12% of drug candidates** make it into Phase I clinical trials[1]	**Lower risk than branded development** • Efficacy of drug has already been demonstrated

1. Pharmaceutical Research and Manufacturers of America (PhRMA 2015): https://www.phrma.org/graphic/the-biopharmaceutical-research-and-development-process

ACRUX IS MAKING EXCELLENT PROGRESS ACROSS ITS GENERIC TOPICAL PORTFOLIO

In FY19, Acrux intends to:

- ✓ Submit 2 additional dossiers to the FDA for review
- ✓ Scale up 6 projects from Acrux laboratory to CMOs[1]
- ✓ Add additional products to the ACR generic portfolio

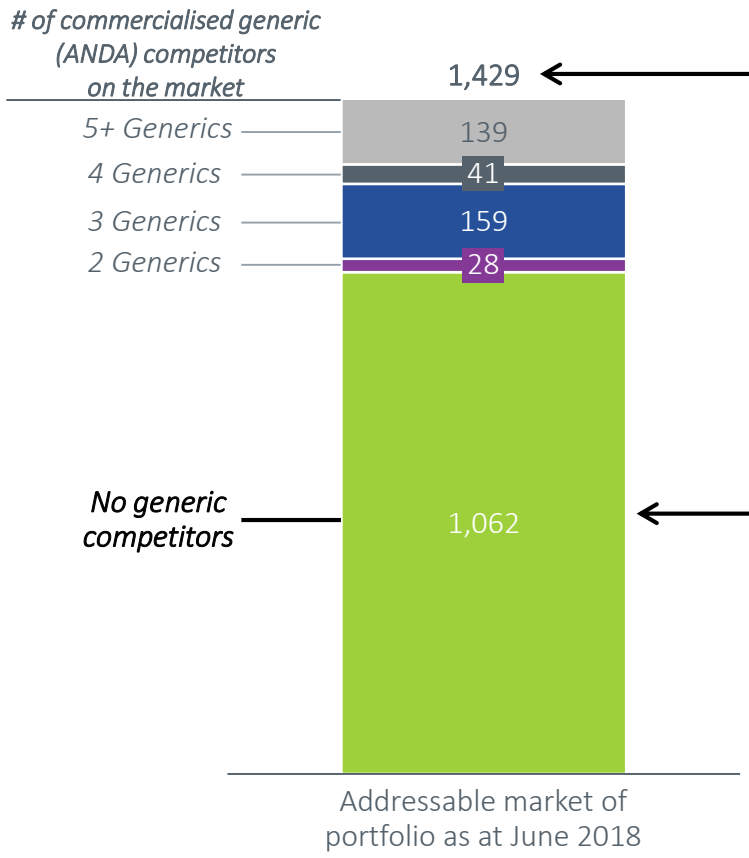
Acrux expects to generate first revenues from its generic portfolio in CY19

Overview of Acrux's current generic topical portfolio of 13 assets

1. CMO: Contract Manufacturing Organisations; 2. Based on FDA guidance, a number of products in the Acrux generic pipeline do not require a clinical study for product approval

ACRUX PIPELINE REPRESENTS A LARGE MARKET WITH RELATIVELY LOW COMPETITION

Acrux topical generic pipeline addressable market value [1] ($USm)



Acrux's portfolio (13 products) is targeting a significant addressable market

- ✓ Addressable market of +US$1.4 billion (based on 13 products currently in the Acrux topical generic pipeline)
- ✓ Portfolio has increased from 7 products and addressable market of +US$1.0 billion in October 2017

Fewer generic products on the market creates favourable economics for Acrux

- ✓ Addressable market with no approved and commercialised generics exceeds **US$1bn**
- ✓ FDA priority for review is given to applications with three or less approved generics
- ✓ Acrux expects to capture higher market share for products with lower competition and more than half of its portfolio has **no commercialised generics**

1. June 2018 pipeline addressable market based on twelve months sales to end March 2018 based on IQVIA (Quintiles and IMS Health) sales data ($US)

FIRST GENERIC TOPICAL PRODUCT TO REACH 'FDA REVIEW' IS TARGETING A ~US$280m MARKET

What is Jublia®?

Jublia® (efinaconazole) Topical Solution, 10% is a prescription antifungal medicine used to **treat fungal infections of the toenails** (Onychomycosis)

Development timeline overview

FEB-16: development program initiated

JUN-18: dossier submitted to FDA

NOTE: Acrux has submitted a 'Paragraph IV' filing, indicating that a patent litigation process is likely

APR-17: CMO[1] transfer

AUG-18: application accepted for review

Several parties already expressed interest in licensing agreements

Product and market highlights

US$280m
addressable market[2]

~10%
of population affected[3]

First-to-File
180 days sales exclusivity on approval by FDA[4]

1. CMO: Contract Manufacturing Organisation
2. Twelve months sales to end March 2018 based on IQVIA (Quintiles and IMS Health) sales data
3. Westerberg DP, Voyack MJ (Dec 1, 2013). "Onychomycosis: current trends in diagnosis and treatment". American Family Physician. 88 (11): 762–70. PMID 24364524.
4. Market exclusivity is shared with any other companies that submitted a generic dossier (ANDA with Paragraph IV certification) on the same day with the FDA, and are also granted First-To-File Status

ILLUSTRATIVE VIEW OF COMMERCIALISATION PATH FOR ACRUX'S GENERIC VERSION OF JUBLIA®

Submit dossier to FDA for filing *[COMPLETE]*	Secure licensing agreement *[ONGOING]*	Launch product *[TIMING TBD]*	Generate ongoing revenue stream
✓ Acrux submitted dossier for review in June ✓ In August the FDA accepted the dossier for review ✓ Acrux believe the product will receive First-to-File status[1] ***Note: A number of other parties have also submitted dossiers to the FDA***	✓ Acrux will seek to partner with a large generic company who will market and sell the product in the US ✓ Several parties already expressed interest in licensing agreements	✓ Acrux likely to undergo legal proceedings initiated by the current patent holder ✓ FDA target review period is less than 12 months. Following FDA review and Tentative Approval, Final Approval is linked to shorter of: • legal outcome • 30 month stay	▪ Market size is currently ~US$280m p.a.[2] ▪ Historically, generic products with First-to-File status can rapidly achieve 50% market share[3] (see slide 10) ▪ Royalty rates in the generic market are typically higher than branded pharma royalty rates [4] ▪ Acrux's ongoing costs upon Final Approval are expected to be minimal ▪ *Note: Revenues will also be impacted by the number of other generic companies that submitted dossiers for review and also receive First-to-File status (currently this number is not clear)*

Acrux is confident that it's generic version of Jublia® can generate a profitable revenue stream

1. First-to-File status grants Acrux with 180 days exclusivity on approval by the FDA. First-to-file status and subsequent exclusivity period can be shared with other Paragraph IV ANDAs filed on same day
2. Twelve months sales to end March 2018 based on IQVIA (Quintiles and IMS Health) sales data (US$)
3. Citi Research – Generics Landscape Chart Pack (Jan 2017);
4. Management estimates

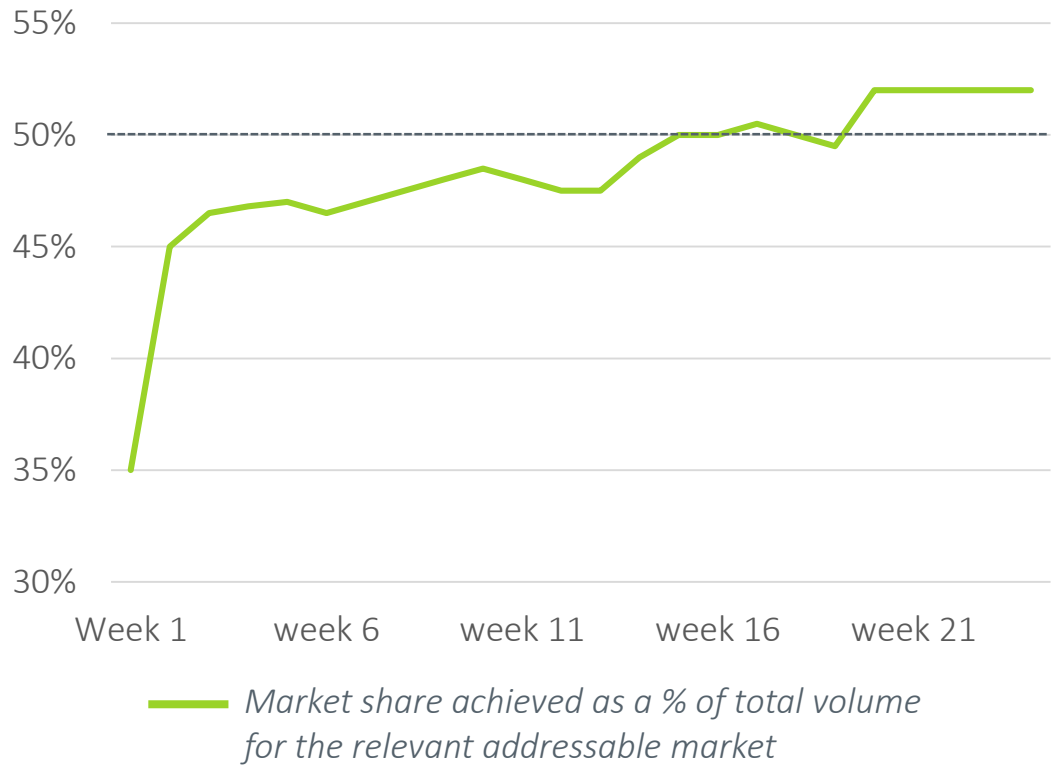
ACRUX

RAPID MARKET SHARE GAINS TYPICALLY ACHIEVED BY NEW GENERIC PRODUCTS

Acrux's generic version of Julia® is expected to be granted First-to-File status and benefit from exclusivity

- ✓ Acrux is confident that if approved, it should be granted First-to-File status which would lead to 180 days of generic market exclusivity[2]
- ✓ Rapid market share gains are usually achieved during this exclusivity period
- ✓ Citi Research suggests that 50% market share is possible within weeks (see graph)

Generics with exclusivity reached a peak market share of >50%[1] on average during the exclusivity period

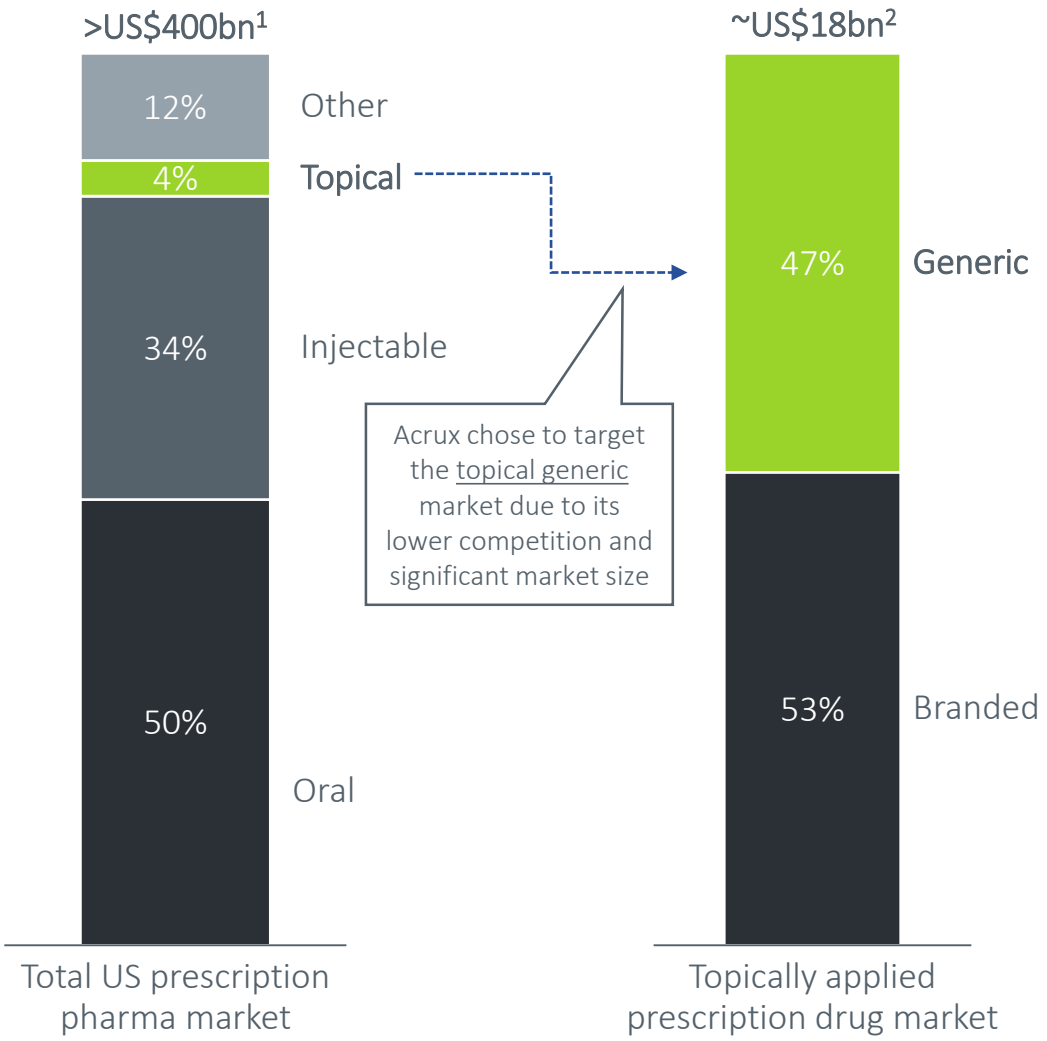


1. Citi Research – Generics Landscape Chart Pack (Jan 2017). Note: Analysis only considers scenarios where only 1 generic product is granted exclusivity
2. Market exclusivity shared with any other companies that submitted an equivalent dossier on the same day with the FDA, and are also granted First-to-File Status

ACRUX IS OPERATING IN AN ATTRACTIVE US$18bn MARKET

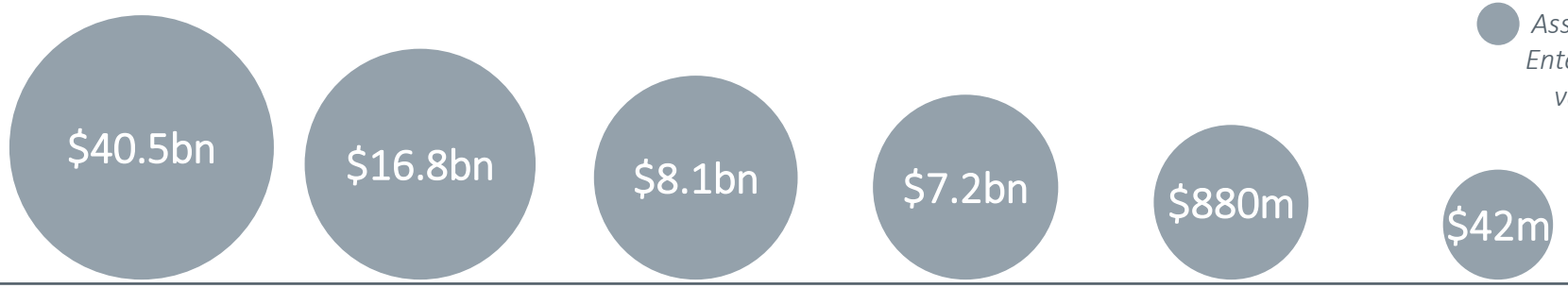
Topical generics represent an attractive and significant market opportunity

- ✓ US$18bn market opportunity
- ✓ Currently, generics make up only 47% of the topical market, this is **expected to grow**
- ✓ **Technical expertise required** to develop and manufacture topicals as products can come in many different forms, **increasing barriers to entry**
- ✓ Acrux has established in-house development capabilities
- ✓ Generic manufacturers achieve **excellent EBITDA margins (+25%)**[3]



1. US market by dosage form, IQVIA Q2, 2015 MAT. US market sales (US$)
2. Market size for topically applied drugs IQVIA Q3, 2017 MAT (US$)
3. Citi Research – Generics Landscape Chart Pack (Jan 2017)

GLOBAL GENERIC COMPANIES PLACE HIGH VALUE ON GENERIC PRODUCTS AND GENERIC PORTFOLIOS



EBITDA multiple[1]	15x	20x	19x	13x	26x	*Not released*
Deal date	Aug 2016	Sep 2015	Sep 2015	Aug 2016	Jul 2015	May 2015
Target	Actavis / Allergan	Hospira	PAR Pharmaceutical	MEDA	Novel Laboratories / Gavis Pharmaceuticals	Silarx Pharmaceuticals, Inc.
Acquirer	Teva Pharmaceutical Industries Ltd.	Pfizer	endo	Mylan	Lupin	Lannett
Summary	Acquisition between two leading generics businesses with cost synergies and tax savings of approx. US$1.4bn	Pfizer see acquisition as way to gain access to US$70bn generic sterile injectables market via Hospira	Par Pharmaceutical was one of the fastest growing generics businesses at the time	Meda developed and manufactured branded, over-the-counter and generic drugs	Deal used to expand Lupin's presence in US generics market	Silarx manufactures liquid generic products. 4 ANDA's with FDA approvals pending

1. Enterprise values and multiples shown assume that the target's enterprise value is equal to the size of the transaction
Source: Company releases; annual reports; literature review; Cogent Valuation Q3, 2017 Pharmaceuticals Generic Report
Note: Analysis not exhaustive

ACRUX

EXPERIENCED MANAGEMENT TEAM WITH A PROVEN HISTORY OF MEETING OPERATIONAL MILESTONES

Management team

Michael Kotsanis BSc, MBus
CEO & Managing Director

Experienced leader in the pharmaceuticals industry with demonstrated success commercialising generic products

Felicia Colagrande, BSc(Hons), MBA
Product Development and Technical Affairs Director

Deep experience in pharmaceutical operations, dermal drug development, analytical development and production. Felicia leads and facilitates all technical aspects of pharmaceutical product development including R&D, analytical development, project management and CMC development

Charles O'Sullivan, B. Pharm
Portfolio Director

Experienced healthcare executive with senior and international leadership roles in scientific affairs, medical affairs, health economics and government affairs. Previously Asia Pacific Director of Medical and Government Affairs for Hospira (now Pfizer)

Tim Bateman CA
CFO & Company Secretary

Extensive financial experience and senior finance role. Tim was the Group Chief Financial Officer at Vix Technology for 10 years where his responsibilities included financial management, corporate governance, supporting strategic planning, M&A activities and capital raising

World class topical R&D team

*"I am extremely proud to lead an **expert topical drug development team**. Our in-house skill set provides us with an **unique advantage**, supported by robust processes, competent regulatory acumen and our ability to **deliver products through development to commercialisation.**"*

Felicia Colagrande, Product Development and Technical Affairs Director

25 *researchers with experience in developing pharma products*

350+ *years of combined experience in drug development*

1 *common goal: develop high-value topical generics*

STRATEGIC DIRECTION LED BY A BOARD WITH HIGHLY RELEVANT EXPERTISE

Michael Kotsanis
CEO & Managing Director

- **Experienced leader** in the pharmaceuticals industry with demonstrated success **commercialising generic products**
- Michael was formally the Chief Commercial Officer for Synthon Holding BV, an international pharmaceutical company and a **leader in the field of generic medicines**
- Prior to Synthon Michael was President, Europe for Hospira - the **largest global generic injectable company**

Ross Dobinson
Non-Executive Chairman

Capital markets expert with a wealth of experience advising and establishing life science companies

Simon Green
Non-Executive Director

- Extensive biotech drug development and commercial manufacturing experience
- Formerly senior vice president and general manager, CSL Ltd

Geoff Brooke
Non-Executive Director

- Founded GBS Venture Partners
- Former president of Medvest Inc, a venture capital group he founded with Johnson & Johnson

Tim Oldham
Non-Executive Director

- Former CEO of Cell Therapies Pty Ltd
- Former president of Asia Pacific for Hospira Inc and previously held a variety of senior management roles with Mayne Pharma Ltd

CORPORATE OVERVIEW

Trading Information

Share price (as at 14 September 2018)	A$0.235
Shares outstanding[1]	166.5m
Market capitalisation	A$39.1m
Cash (as at 30 June 2018)	A$28.5m
Implied enterprise value	A$10.6m

Major Shareholders

Shareholder	%
Samuel Terry Asset Management	6.14
Mr Paul Cozzi[2]	3.87
Mr Christopher M Abbott[2]	2.94
Ashwood River Pty Ltd[2]	1.56

Share price performance (last 12 months)

Source: IRESS & Acrux 2018 Appendix 4E & Financial Results

1. Excludes 1m options expiring in July 2019
2. As at 25 July 2018

MULTIPLE UPCOMING VALUE CATALYSTS

Upcoming news flow

Acrux will keep the market updated as it continues development of its current pipeline of 13 generic topical drugs.

Potential news flow includes:

- ✓ Dossier acceptance for review by the FDA
- ✓ Acrux securing a deal with a key partner (licensing, etc.)
- ✓ Litigation initiation by patent holders following Paragraph IV filing[2]
- ✓ Product approvals
- ✓ Product launches

Acrux objectives

FY19

2 additional dossiers

Submit 2 additional dossiers to the FDA for review

6 technical transfers

Scale up 6 projects from Acrux laboratory to CMOs[1]

Additional new products

Add further products to the ACR generic portfolio

CY19

First generic revenues

Acrux expects to generate first revenues from its generic portfolio in CY19

1. CMO: Contract Manufacturing Organisation
2. Acrux pipeline contains products that will not require a Paragraph IV certification

THANK YOU

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