Media Release

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PHARMAXIS ACQUIRES FULL CONTROL AND INCREASES ITS STAKE IN PHASE 1 ANTIFIBROTIC LOXL2 PROGRAM

Pharmaceutical research company Pharmaxis Ltd (ASX: PXS) today announced it had taken full scientific and commercial control of the collaboration between Pharmaxis and UK biotech company Synairgen plc (AIM: SNG). Pharmaxis has expanded the scientific program on LOXL2 inhibitors to maximise its value to potential partners and at the same time substantially increased its interest in the program in return for a payment of £5 million to Synairgen.

The changes can be summarised as follows:

- Pharmaxis has immediately doubled the program scope to encompass two lead candidates with unique properties that it intends to take to the end of phase 1 trials with additional toxicology data delivered in parallel to enable them to be phase 2 ready by mid-2018.
- Pharmaxis has assumed full control of the ongoing partnering process and is targeting to conclude a deal after the phase 1 studies have reported.
- Changes in the collaboration financial arrangements include:
  - Pharmaxis has significantly increased its share of any partnering deal for the LOXL2 program in fibrotic diseases to over 80%.
  - Synairgen has retained a reduced but fixed percentage share of all future partnering revenues.
  - Pharmaxis has assumed full funding responsibility for the ongoing collaboration program.
  - Pharmaxis will make a cash payment to Synairgen of £5 million (approximately A$9m).

The LOXL2 enzyme is fundamental to the progression of fibrosis in the liver disease NASH, as well as fibrotic disease in organs such as the heart, kidney, and lung where idiopathic pulmonary fibrosis (IPF) remains a high unmet need. The collaboration between Pharmaxis and Synairgen commenced in August 2015 with the aim of developing and partnering a small molecule inhibitor of the LOXL2 enzyme at the end of phase 1 trials. The collaboration agreement prescribed sharing of partnering revenue based on the partnered indication(s) and the relative investments by Pharmaxis and Synairgen.

An extensive pre-clinical program identified two compounds that have all the characteristics of successful once a day, oral drugs, showing excellent efficacy in several different in vivo fibrosis models. In regulatory toxicity studies, the two compounds have been well-tolerated and shown good safety profiles.

The LOXL2 inhibitor program has been the subject of discussions with large Pharma companies since the beginning of 2016, and Pharmaxis expects that interest to intensify as the two compounds progress through phase 1 clinical trials and report in mid-2018. In parallel with the commencement of phase 1 clinical trials, Pharmaxis will therefore enable scientific due diligence of the program by select large Pharma companies interested in subsequent partnering discussions.

Commenting on the changes Pharmaxis CEO Gary Phillips said, “I am delighted that Pharmaxis has taken control of this extremely promising clinical stage program. The collaboration with Synairgen in the program’s pre-clinical stage has served its purpose very well, however, the increased interest in NASH together with Pharmaxis’ progress over the last few years, its track record of delivering significant partnering deals and enhanced financial position, means we are now in a position to develop this product under our control with our own resources so that we can maximise shareholder value.”

Mr Phillips added, “Ongoing discussions with multinational Pharma companies suggest that there is a significant opportunity for an oral once a day LOXL2 inhibitor in a number of fibrotic diseases with a high unmet need. To realise that opportunity in a competitive market we need to deliver convincing proof of concept in multiple disease models and a phase 1 / toxicology data package that both clears the phase 1 hurdle and makes this asset phase 2 ready. We will use our strong cash position to fully meet the needs of our potential partners. We are already making good on that promise by recently commencing phase 1 studies with two compounds that have different profiles that may lend themselves to different indications.”

Although Pharmaxis’ intention is to secure a partnering deal after phase 1 trials are complete, the amended agreement also includes measures to compensate Synairgen and/or Pharmaxis in the event that development and commercialisation activities do not proceed as intended, including in the event that Pharmaxis decides to independently advance the LOXL2 program into a Phase 2b study or is itself acquired prior to the program being partnered.

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About Pharmaxis

Pharmaxis (ACN 082 811 630) is an Australian pharmaceutical research company focused on inflammation and fibrosis with a portfolio of products at various stages of development and approval. Its product Bronchitol® for cystic fibrosis is marketed in Europe, Russia and Australia. Its product Aridol® for the assessment of asthma is sold in Europe, Australia and Asia. The company’s development pipeline is centred on its expertise in amine oxidase chemistry and includes a series of Lysyl Oxidase Inhibitors that will enter clinical development in 2017 targeting fibrotic diseases of the heart, kidney, liver and lung. In May 2015, Boehringer Ingelheim acquired the Pharmaxis investigational drug PXS-4728A, a potent inhibitor of Semicarbazide-Sensitive Amine Oxidase (SSAO), and is developing it for the treatment of the liver-related condition Non-alcoholic Steatohepatitis (NASH) and diabetic retinopathy. Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company’s head office, manufacturing and research facilities are located in Sydney, Australia. For more information about Pharmaxis, please see www.pharmaxis.com.au

Forward-Looking Statements

Forward-looking statements in this media release include statements regarding our expectations, beliefs, hopes, goals, intentions, initiatives or strategies, including statements regarding the potential of products and drug candidates. All forward-looking statements included in this media release are based upon information available to us as of the date hereof. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. These forward-looking statements are not guarantees or predictions of future results, levels of performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this document. Except as required by law we undertake no obligation to update these forward-looking statements as a result of new informbation, future events or otherwise.