pharmaxis

Annual General Meeting

29 November 2016

Chairman's Address

Malcolm McComas

Chief Executive Officer's Address

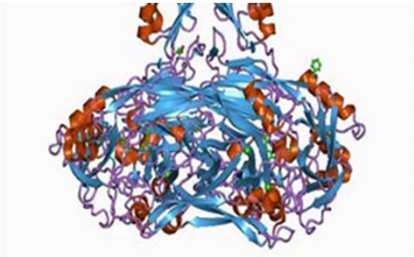
Gary Phillips

Forward looking statement

This document contains forward-looking statements, including statements concerning Pharmaxis' future financial position, plans, and the potential of its products and product candidates, which are based on information and assumptions available to Pharmaxis as of the date of this document. 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 information, future events or otherwise.

Business overview

Built to deliver value



Drug development

- Focus on fibrosis and inflammation
- Strong Pharma interest in validated small molecule technology platform
- Three additional drugs acting on high value targets approaching the clinic over next 24 months

Management

- Management and Board with global experience & Pharma network
- Proven capability of executing global BD with major partners
- In house capability to run multi-centre international trials

Partnerships

Boehringer Ingelheim

Chiesi

People and ideas for innovation in healthcare

- First drug out licensed to Boehringer Ingelheim in globally competitive deal - total potential deal >A$750m
- Significant value milestones from existing partner deals near term
- Pipeline providing multiple future opportunities
- Synairgen collaboration developing additional indication

Financial strength

- A$32m cash balance at September 2016; average annual cash usage $1.5m pm
- Boehringer phase 2 initiation milestone expected H1 2017 ~A$25m
- Market cap $84M*
- institutional investor's ~50%
- Increasing Bronchitol sales globally in new and existing markets

* Note: Market Cap as of 25/11/16

Senior management

Significant experience in drug development, commercialisation and partnering

Gary Phillips – CEO

- more than 30 years of operational management experience in the pharmaceutical and healthcare industry in Europe, Asia and Australia
- joined Pharmaxis in 2003 and was appointed Chief Executive Officer in March 2013 at which time he was Chief Operating Officer
- previously held country and regional management roles at Novartis – Hungary, Asia Pacific and Australia

David McGarvey – CFO

- more than thirty years' experience building and funding Australian based companies from inception to globally successful enterprises
- joined Pharmaxis as Chief Financial Officer and Company Secretary in December 2002
- previously Chief Financial Officer of the Filtration and Separations Division of US Filter (1998-2002), and Memtec Limited (1985-1998)
- commenced career at PriceWaterhouseCoopers

Brett Charlton - Medical

- more than 15 years experience in clinical trial design and management
- author of more than 60 scientific papers
- founding Medical Director of the National Health Sciences Centre
- previously held various positions with the Australian National University, Stanford University, the Baxter Centre for Medical Research, Royal Melbourne Hospital, and the Walter and Eliza Hall Institute

Wolfgang Jarolimek – Drug Discovery

- more than 15 years' experience in pharmaceutical drug discovery and published more than 20 peer reviewed articles.
- previously Director of Assay Development and Compound Profiling at the GlaxoSmithKline Centre of Excellence in Drug Discovery in Verona, Italy
- spent 8 years as post-doc at the Max-Plank Institute in Munich, Germany; Baylor College of Medicine, Houston, Texas; Rammelkamp Centre, Cleveland Ohio; and University of Heidelberg, Germany

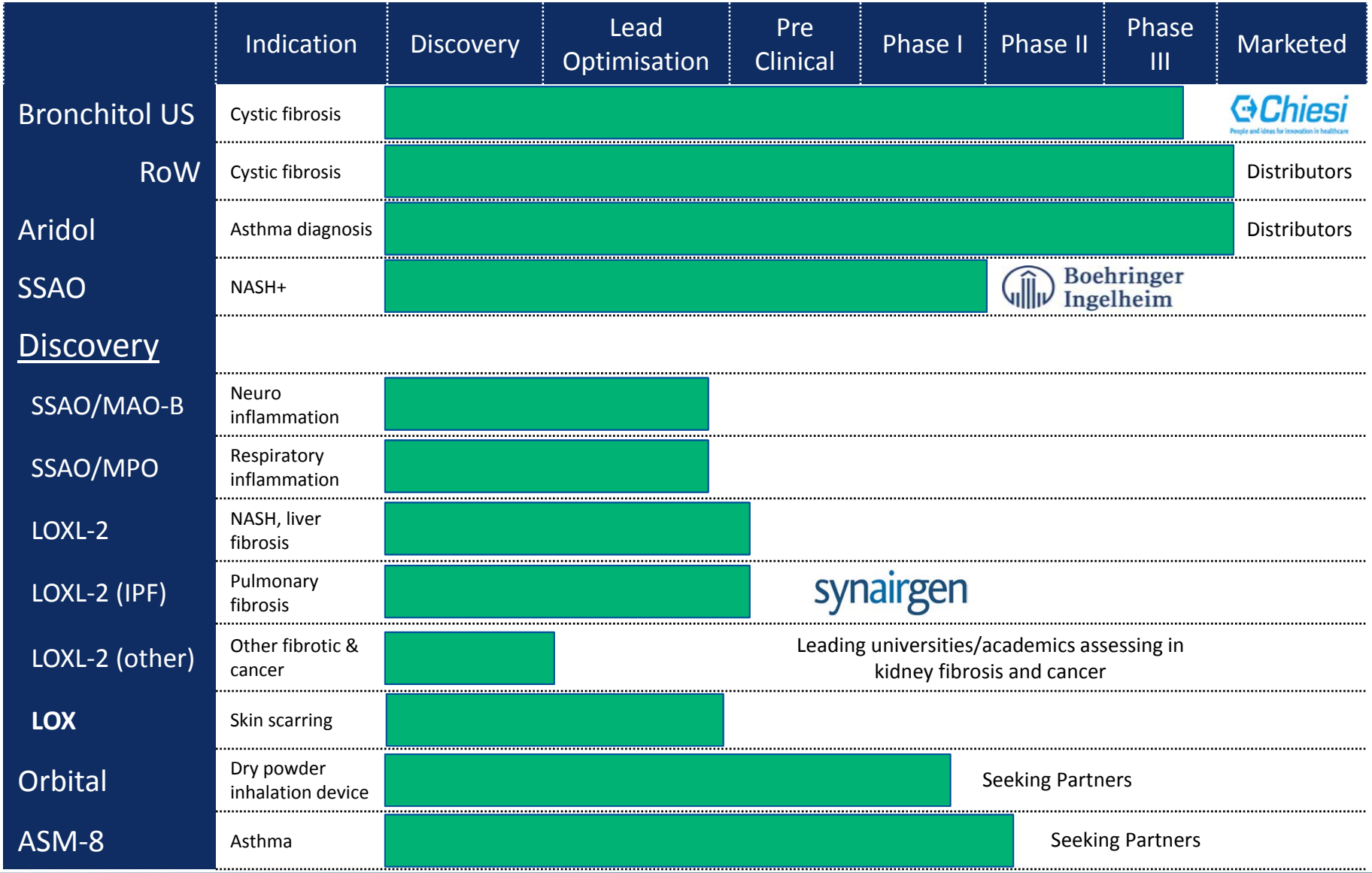
Kristen Morgan – Alliance Management

- responsibility for alliance management and medical and regulatory affairs
- more than 19 years' experience in the pharmaceutical industry having previously held a senior role in medical affairs at Sanofi-Aventis, and a commercial sales role at GlaxoSmithKline.

Board of Directors

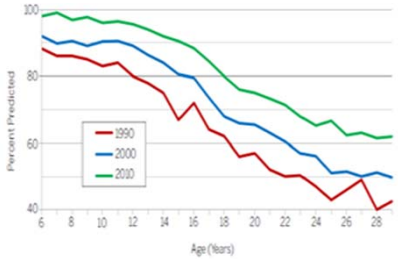
- **Malcolm McComas** – *Chair*
  - former investment banker at Grant Samuel, County Natwest and Morgan Grenfell
- **Gary Phillips** – *Managing director*
- **Will Delaat** – *Non executive director*
  - former CEO of Merck Australia
  - former chair of Medicines Australia
- **Simon Buckingham** – *Non executive director*
  - former President Global Corporate and Business Development at Actellon

Pharmaxis product portfolio

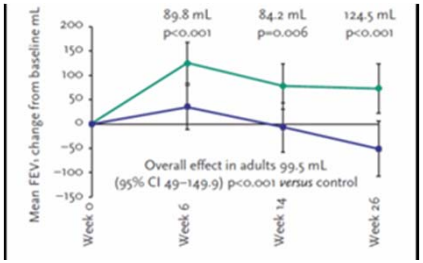


Bronchitol for cystic fibrosis

Overview



Median FEV_1 % Predicted versus Age



Pooled adult data from CF301 and CF302

Cystic fibrosis

- Patients
  - US: 30,000;
  - Europe: 37,000;
  - Rest of world: 21,000
- Disease characterised by poorly hydrated, tenacious, thick mucus
- Rapid decline in lung function
- Frequent infections

Bronchitol

- Active ingredient mannitol delivered as an inhalable dry powder
- Restores airway surface liquid
- Mucus clearance enhanced
- Improves lung function
- Reduces incidence of lung infections

CF301/2 trial (adult)

- Total 317 adults
- FEV1
  - CF301; p=0.001
  - CF302; p=0.038
  - Pooled; p=0.001
    rel % change = 4.7%
- Exacerbations
  - Pooled data
  - 26% reduction
  - 60% reduction in Bronchitol responders

CF204 trial results

- Paediatric age 6-17
  - Placebo-controlled
  - 8 weeks crossover design
  - standard therapy continued
- Primary endpoint:
  - Absolute change in FEV1: 3.42%; p=0.004
- Key secondaries
  - Absolute change in FEF25-75: 5.75% (p=0.005)
- Acceptable safety profile
  - Exacerbations and lung infection reduced by˜25%

pharmaxis

Bronchitol for cystic fibrosis

Partnering for success

Chiesi
People and ideas for innovation in healthcare

US market

- Largest CF market by value
- 28,103 CF patients
- 49.7% adults
- Bronchitol price target US$20k per patient / year
- 7 year post launch market exclusivity

US partner: Chiesi

- Fund CF303 up to US$22m
- ~A$13m milestone payment on launch, plus sales milestones
- High mid teens royalty % on in-market sales
- Mid teens % uplift on COGs
- Chiesi responsible for regulatory filing & commercialisation

US trial: CF303

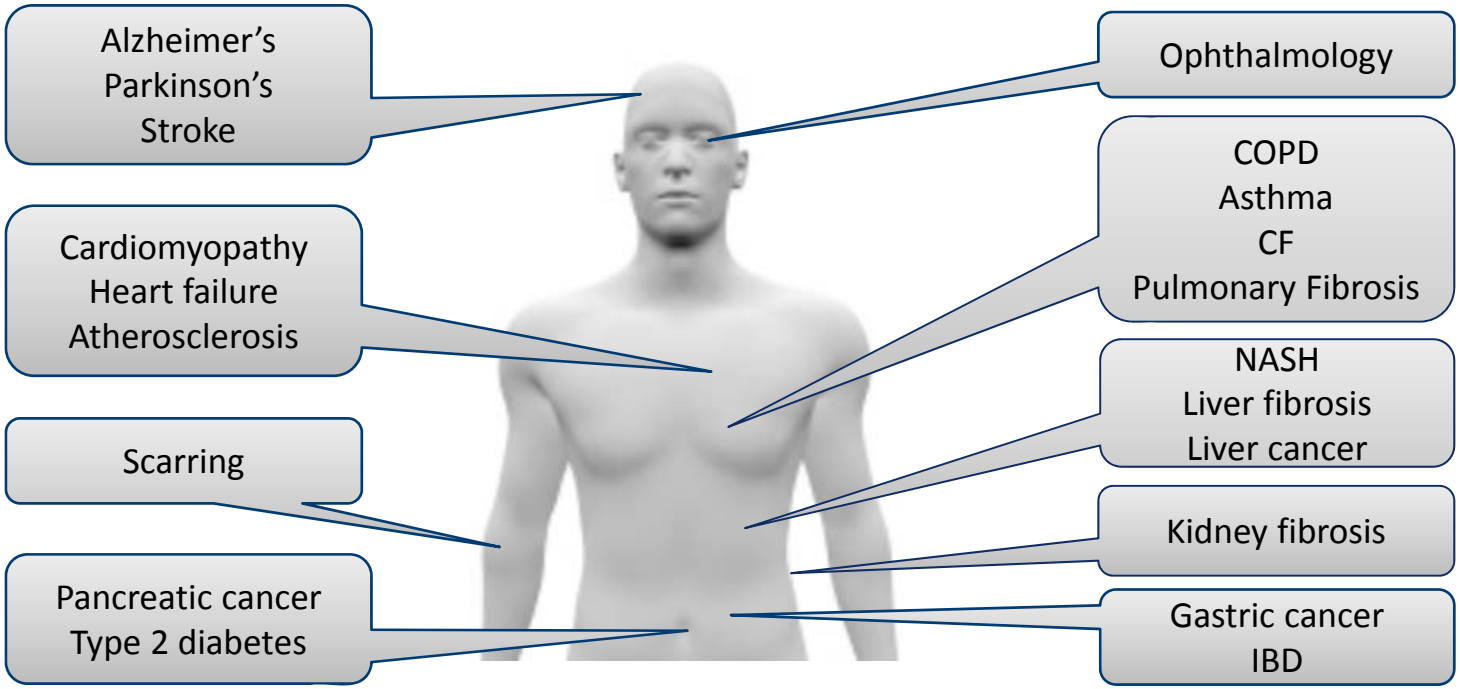
- Tie-breaker phase 3 trial commenced Q4 2014, managed by PXS
- 423 adult patients
  - 21 countries
  - 126 sites
- Design
  - Full consultation with FDA
  - Similar design to CF301/2
- Fully recruited July 2016
- Results H1 2017

Rest of world

- Sold by Chiesi in UK & Germany
- Sold by PXS in Australia & Denmark
- Russian approval received Oct 2016 – first order received Nov
- Pending approval/pricing/distributor appointments in Israel, Turkey, Brazil, Eastern Europe countries

Drug discovery

Applying amine oxidase chemistry to inflammation and fibrosis



Amine oxidase enzymes are well validated as targets in diseases with a high unmet medical need

pharmaxis

Drug discovery

Our therapeutic focus is inflammation and fibrosis

Pharmaxis drug discovery

- NASH & liver fibrosis (LOXL2)
- Respiratory – COPD, asthma, cystic fibrosis (SSAO/MPO)
- Neuro inflammation – Alzheimer's, Parkinson's, stroke (SSAO/MAO-b)

Collaborations allow us to leverage our platform without losing focus

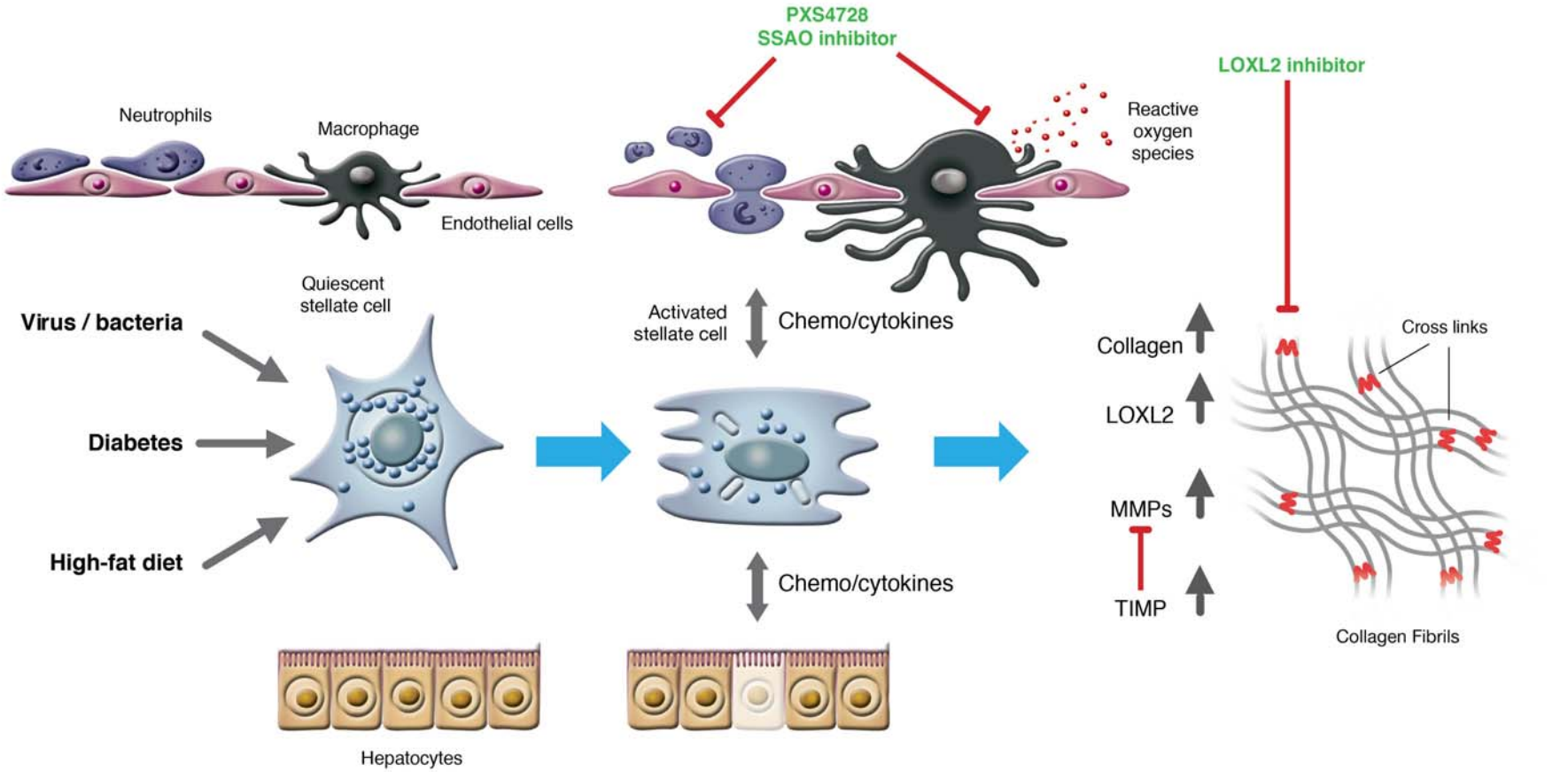
Collaboration with Synairgen

- Pulmonary fibrosis (LOXL2)

Exploratory academic collaborations (LOX/LOXL2)

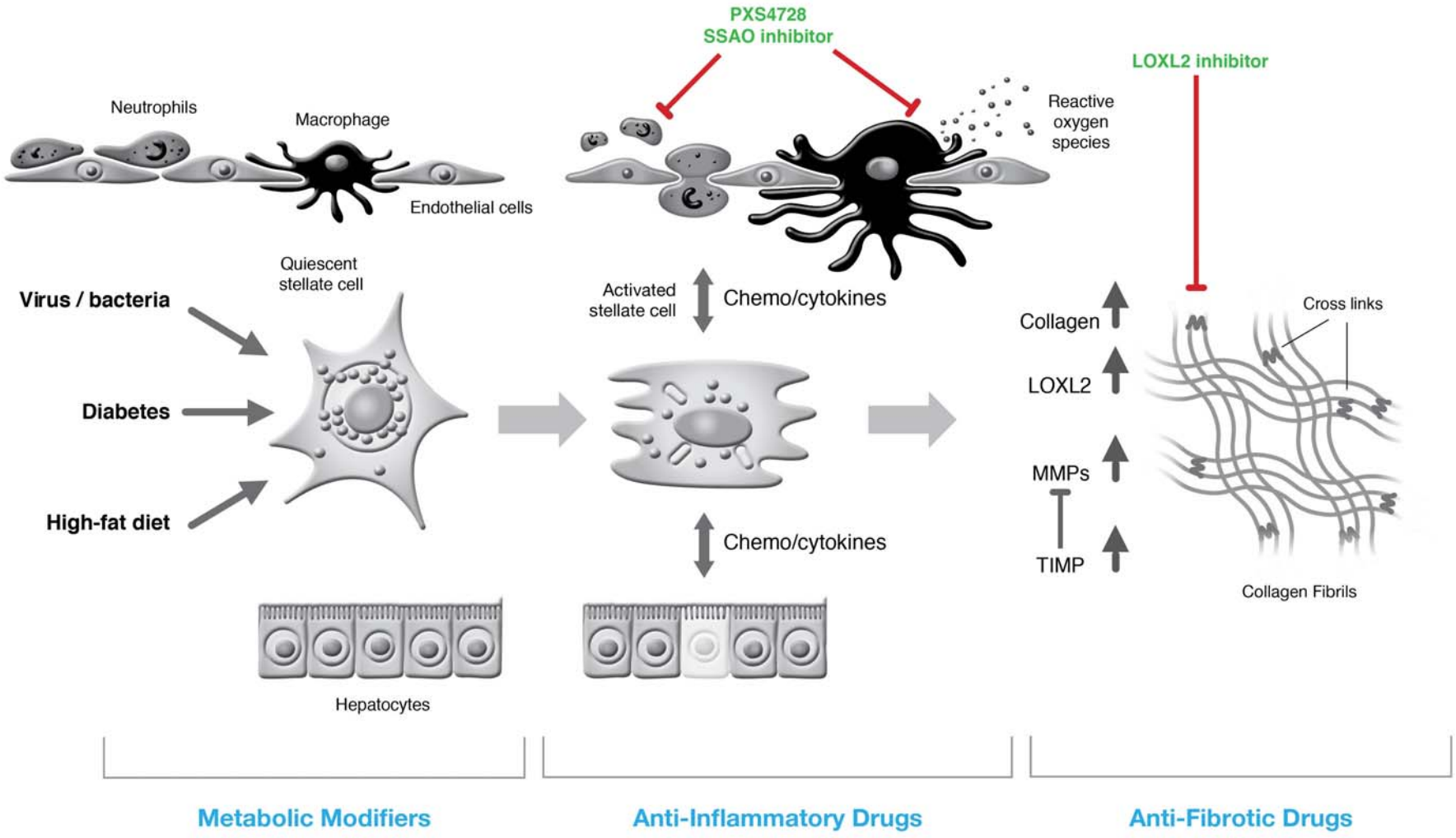
- Scarring
- Kidney fibrosis
- Some cancers

Drugs targeting NASH → Cirrhosis



pharmaxis

Drugs targeting NASH → Cirrhosis



pharmaxis

Drugs in the clinic targeting NASH

Several large Pharma companies seeking to build competitive portfolios

	Metabolic modifiers	Anti-inflammatory	Anti-fibrotic
Intercept	Ph 3		
Genfit	Ph 3		
Galmed	Ph 2/3		
Allergan	Ph 2	Ph 2	
Gilead	Ph 2 x 2	Ph 2	
BMS	Ph 2		Ph 1
Galectin			Ph 2
Immuron		Ph 2	
Shire	Ph 2		
Boehringer Ingelheim		Ph 1	
Other	Ph 2 x 3	Ph 2 x 3	

SSAO for NASH

SSAO inhibitor PXS4728A sold to Boehringer Ingelheim in May 2015

PXS-4728A

- Mechanism based inhibitor of SSAO
  - Small molecule inhibitor of SSAO (VAP-1)
  - Important inflammatory pathway in several diseases including NASH and COPD
- Development status
  - Pharmaxis discovery – patent filed 2012
  - Effective in pre clinical models of NASH and airway inflammation
  - Phase 1 study reported
    - orally bioavailable
    - long lasting enzyme inhibition after single dose
    - progressive dose response
  - Phase 2 scheduled H1 2017

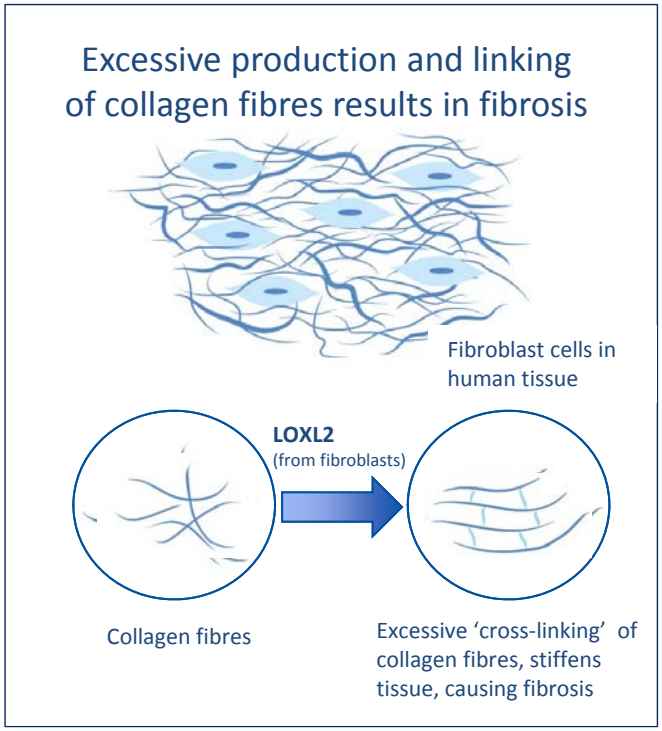
Competitive deal with Boehringer

- Total potential payments to approval for 2 indications: €418.5m (~A$600m)
  - Upfront (May 2015): €27.5m (~A$39m)
  - Commencement of phase 2 and 3: up to total €55m (~A$80m)
  - Filing, regulatory & pricing approvals: up to total €140m(~A$200m)
  - Second indication: additional total milestone payments (€195m)
- Earn-out payments on annual net sales
  - Tiered percentages increasing from high single digits
  - Plus potential sales milestones

External validation of PXS drug discovery and ability to negotiate valuable global deals

LOXL2 inhibition for NASH & other fibrotic diseases

An attractive target and development program



- Potential indications:
  - NASH / Liver Fibrosis
  - Pulmonary fibrosis (IPF)
  - Cancer
  - Wound healing / Scarring

  Significant market opportunity

- Development status:
  - Pharmaxis discovery – patent filed 2016
  - Effective in pre clinical models of fibrosis and cancer
  - Lead candidate compounds identified
  - Preclinical toxicity studies scheduled Q4 2016 (significant de-risking step)

- Competitive profile:
  - Novel target and mechanism of action
  - Once daily oral drug
  - Complete inhibition of LOXL2 versus partial inhibition by antibody
  - Selective inhibition over other amine oxidases
  - Low cost of goods

Fibrosis and NASH M&A

Attractive deal values for phase 1 and phase 2 clinical assets

Acquirer	Company	Indication	Deal Type	Stage	Upfront (US$M)	Potential (US$M)
< 2 years ago						
Gilead	Nimbus	NASH - metabolic	Partnership	P1	400	1,200
Gilead	Phenex	NASH – metabolic	Asset Aqun	P2	U	470
Allergan	Tobira	NASH - inflammatory	Acquisition	P2	400	800
Allergan	Akarna	NASH - metabolic	Acquisition	Pre	50	U
BMS	Promedior	IPF+	Acquisition	P2	150	1,250
BMS	Galecto	IPF	License	P1	U	444
BMS	Nitto Denko	NASH - fibrotic	License	P1	100	U
Boehringer	Inventiva	IPF+	License	Discovery	U	€189+
Boehringer	Pharmaxis	NASH - inflammation	Asset Aqun	P1	A$40	A$750+
> 2 years ago						
BMS	Amira	IPF	Acquisition	P1	325	150
Gilead	Arresto	NASH – fibrosis +	Acquisition	P1	225	225
Biogen Idec	Stromedix	IPF	Acquisition	P2	75	487
Shire	Lumena	NASH – inflammatory	License	P1	260	U
Shire	Fibrotech	Diabetic nephropathy	Acquistion	P1b	75	482
AZ	Regulus	NASH- metabolic +	License + equity	Pre	U	500

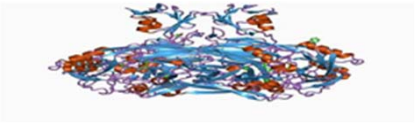
News flow

	CY 2016	CY 2017	CY 2018
Boehringer Ingelheim		PXS4728A Phase 2 commences & ~A$25M milestone payable (H1)	
pharmaxis Bronchitol – RoW		EU Paediatric label extension application (H1) First Russian sales	
Chiesi People and Ideas for Innovation in healthcare		CF303 – trial completion and report (H1)	Bronchitol approval
pharmaxis New drug development			
LOXL-2	Nominate LOXL2 candidate(s) and commence full preclinical studies ≥1 programs	Commence ≥1 phase 1 studies Complete 1 phase 1 study	Partner ≥1 compound
SSAO/MAO-B	Selection of indication	Selection of indication	
SSAO/MPO	Select compound to move into preclinical studies	Commence GLP tox program	Commence phase 1 study
LOX	Select compound to move into preclinical studies	Commence GLP tox program	Commence phase 1 study
LOXL-2	Leading universities/academics assessing in kidney fibrosis, cancer and wound healing	Select ≥1 compound to move into preclinical studies	

Pharmaxis opportunities for growth

Building a biotech powerhouse in fibrosis and inflammation

Boehringer Ingelheim synairgen



SSAO program for NASH (fatty liver)

- NASH: US$35B market by 2025
- Acquired by BI at phase 1 for A$39m upfront, total >A$750m
- BI to develop for NASH and other inflammatory indications (eg. kidney fibrosis, COPD)
- Next milestone: ~A$25m at start of phase 2 – H1 2017

LOXL2 program for pulmonary fibrosis

- Pulmonary fibrosis: market >$1B
- Collaborate to phase 1 or 2 then seek partner
- Revenue share for phase 1 partnering deal: 50/50
- Next step – commencement of formal preclinical program H2 2016

LOXL2 for NASH and other diseases

- NASH market >$35B
- Strong big Pharma interest in LOXL2 and PXS chemistry
- Complimentary to SSAO program acquired by BI
- Next step – commencement of formal preclinical program H2 CY 2016

Bronchitol for CF

- Access large US CF market with Chiesi
  - Chiesi funding CF303 to a cap of US$22m
  - ~A$13m milestone payments on launch
- High teens % share of in-market sales
- Growth from existing markets
- New markets opening over next 24 months, including large Russian market

Financial Overview

David McGarvey CFO

Financials – highlights

30 June 2016

A$'000	2016	2015	2014
Income Statements			
Sales revenue	6,135	5,999	5,036
Other revenue	12,885	53,248	5,450
Total revenue	**19,020**	**59,247**	**10,486**
Expenses	(35,476)	(40,739)	(62,201)
Net profit (loss) before tax	(16,456)	18,508	(51,715)
Net profit (loss) after tax	**(16,463)**	**18,466**	**(51,818)**
Segment results - adjusted EBITDA			
Bronchitol & Aridol	(8,228)	(10,045)	(22,555)
New drug development	(2,625)	35,068	(1,620)
Corporate	(3,988)	(3,532)	(6,226)
	(14,841)	**21,491**	**(30,401)**
Cash flow			
Operations	(11,989)	21,780	(28,132)
Investing activities	(1,381)	(264)	(313)
Financing activities	(1,714)	(1,791)	(1,357)
	(15,084)	**19,725**	**(29,802)**
Cash at bank	**39,209**	**54,138**	**34,182**

Highlights of 2016:

- Sales revenue maintained after appointment of distributors
- Other revenue continues to fund the business plan
- Reduction in expenses – see subsequent slides
- Business segments tracking to plan
- Cash flow tracking to plan
- 2016 investing included:
  - Additional R&D equipment
  - Manufacturing energy saving initiatives

Financials – income statement revenue

30 June 2016

A$'000	2016	2015	2014
Revenue			
Sales revenue			
Bronchitol	4,302	4,243	3,275
Aridol	1,833	1,715	1,752
Other products		41	9
	6,135	5,999	5,036
Other revenue			
Sale of drug candidate		40,603	
Clinical trial cost reimbursements	8,200	11,139	
Interest	1,213	721	1,735
R&D tax incentive	2,100	164	3,539
Other income	1,372	621	176
	19,020	**59,247**	**10,486**

Highlights of 2016:

- Bronchitol sales maintained sharing of revenue with newly appointment distributors. Chiesi building inventory.
- Aridol sales growth without any sales/marketing investment
- 2015 included Boehringer Ingelheim acquisition or PXS4728A for $41
- Clinical trial cost reimbursement (by Chiesi)
- R&D tax incentive available again - $2.1m

Financials – income statement expenses

30 June 2016

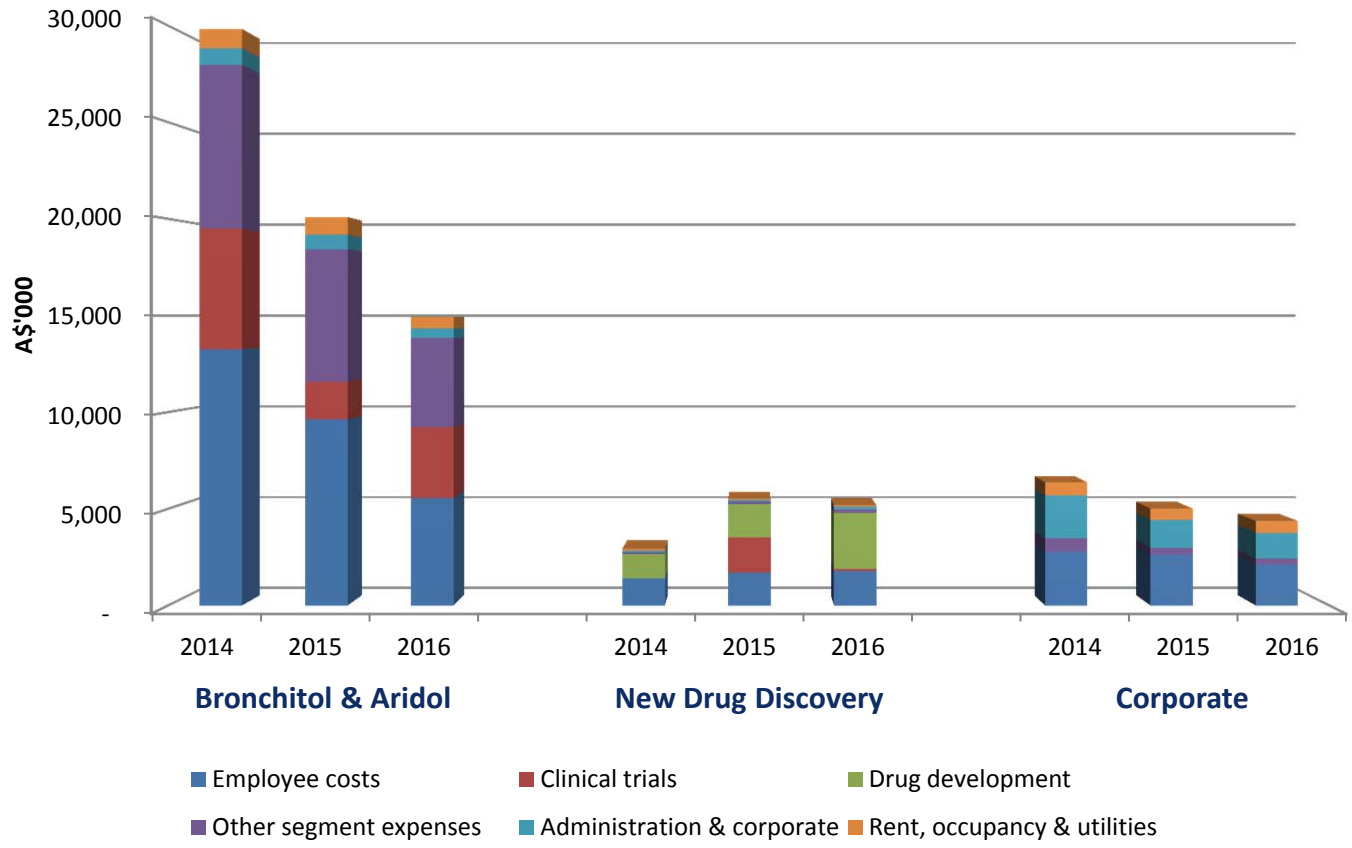
A$'000	2016	2015	2014
Expenses			
Employee costs	(10,529)	(14,111)	(19,376)
Administration & corporate	(2,082)	(3,316)	(3,379)
Rent, occupancy & utilities	(1,296)	(1,593)	(1,767)
Clinical trials	(11,955)	(11,315)	(6,221)
Drug development	(3,915)	(1,695)	(1,256)
Sales, marketing & distribution	(1,101)	(1,962)	(3,376)
Safety, medical and regulatory affairs	(1,707)	(1,723)	(1,852)
Manufacturing purchases	(1,928)	(1,736)	(2,142)
Other	(382)	(1,905)	(1,640)
Depreciation & amortisation	(3,028)	(3,406)	(5,131)
Foreign exchange gains & losses	(843)	(395)	(132)
Finance expenses	2,459	2,696	(7,146)
Impairment expenses	(174)	(277)	(8,783)
	(35,476)	**(40,739)**	**(62,201)**
Net profit (loss) before tax	(16,456)	18,508	(51,715)
Income tax expense	(7)	(42)	(103)
Net profit(loss) after tax	**(16,463)**	**18,466**	**(51,818)**

Highlights of 2016:

- 2016 – first full financial year of new business
- Significant cost reductions from changes to business across most items
- Additional investment in drug development
- Additional investment in clinical trials – where Chiesi is funding US$22m of forecast US$26m cost of CF303
- Finance expense includes capitalised finance lease on 20 Rodborough Road (~$0.7m pa) and credits in relation to the NovaQuest financing agreement in 2015and 2016

Segment expenses: 3 year trends

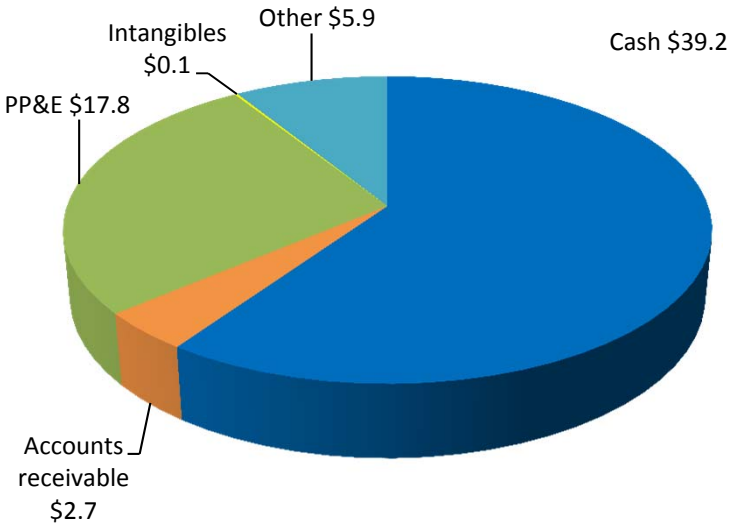
excludes foreign exchange gains/losses and reimbursed clinical trial costs



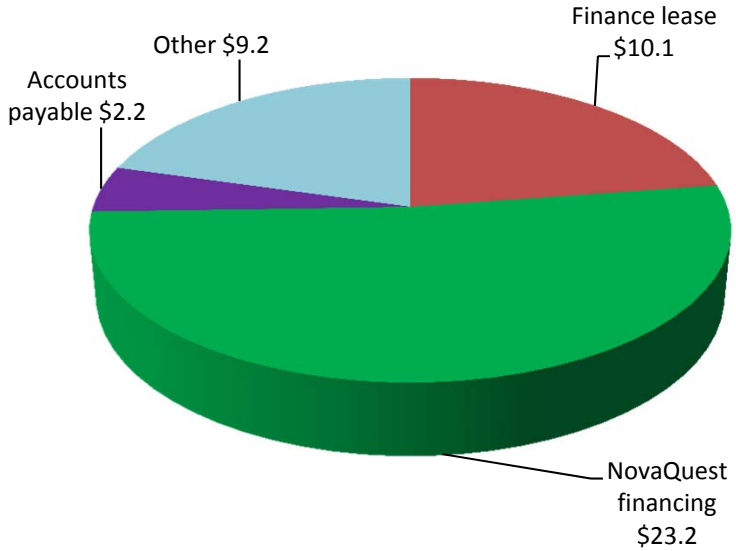
pharmaxis

Balance sheet – 30 June 2016

Assets ($66m)



Liabilities ($45m)



- Finance lease over 20 Rodborough Rd (to 2024, break possible in 2021)
- NovaQuest financing – not repayable other than as % of Bronchitol revenue

Shareholders & trading

ASX code: PXS

Shareholders (30 Sept 16)

- Shares on issue: 319m
- Employee options: 9.9m
- Institutional shareholders ~50%:
  - Australia - Orbis (17%); Australian Ethical (6%); Other (1%)
  - US - BVF Partners (13%)
  - US – other (2%)
  - UK - Montoya Investments (6%)
  - UK – other (3%)

Shares traded to 30 Sept

- Three months: 22m
- Six months: 66m
- Year: 97m

Market capitalisation

- A$84m (30 Sept 16)

Shareholder Questions

pharmaxis

Formal Business

Resolution 1

Financial Report, Directors' Report and the Auditor's Report

No shareholder vote is required

Resolution 2

Adoption of the Remuneration Report

Ordinary resolution:

"That the remuneration report of the Company for the year ended 30 June 2016 is adopted."

Resolution 2

Adoption of the Remuneration Report

The Company has received:

- 150,616,995 proxy votes in favour of the resolution;
- 4,695,817 proxy votes against the resolution;
- 1,396,341 proxy votes abstaining from the resolution;
- 3,520,126 proxy votes excluded from voting;
- 399,224 proxies able to be voted by the chair/board which the chair/board intend to vote in favour of the resolution.

* Voting exclusions apply

Resolution 3

Re-election of Mr Malcolm McComas as a Non-Executive Director

Ordinary resolution:

"That Mr Malcolm McComas, who retires and offers himself for re-election as a director of the Company, is re-elected as a non executive director of the Company."

Resolution 3

Re-election of Mr Malcolm McComas as a Non-Executive Director

The Company has received:

- 155,003,108 proxy votes in favour of the resolution;
- 5,288,837 proxy votes against the resolution;
- 229,834 proxy votes abstaining from the resolution;
- 396,724 proxies able to be voted by the chair/board which the chair/board intend to vote in favour of the resolution.

Resolution 4

Grant of Performance Rights to Mr Gary Phillips

Ordinary resolution:

"That for the purposes of the ASX Listing Rules and for all other purposes, approval is given for the grant of 827,000 zero grant price and zero exercise price employee options (Performance Rights) to Mr Gary Phillips under the Company's performance rights plan, resolved to be granted by the Board in July 2016 and, upon exercise of those Performance Rights, the acquisition of 827,000 ordinary shares underlying those Performance Rights, in accordance with the terms of the performance rights plan and the explanatory statement accompanying the notice of meeting."

Resolution 4

Grant of Performance Rights to Mr Gary Phillips

The Company has received:

- 151,173,182 proxy votes in favour of the resolution;
- 5,102,254 proxy votes against the resolution;
- 1,347,364 proxy votes abstaining from the resolution;
- 2,619,999 proxy votes excluded from voting;
- 285,704 proxies able to be voted by the chair/board which the chair/board intend to vote in favour of the resolution.

- * Voting exclusions apply

pharmaxis

Thank you for your participation

2016 Annual General Meeting