Media Release

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PHARMAXIS RECEIVES $6.2M R&D TAX INCENTIVE AS IT ADVANCES DRUG CANDIDATES INTO CLINICAL DEVELOPMENT

Pharmaceutical research company Pharmaxis Ltd (ASX: PXS) has received a $6.2 million R&D tax incentive in relation to the 2019 financial year. The receipt of this incentive adds to the Company's cash funds, which were $31 million at 30 June 2019.

The 2019 incentive effectively reduces Pharmaxis 2019 expenditure on research and development by more than 40%.

Pharmaxis CEO Gary Phillips said, "The R&D tax incentive provides significant leverage to the Pharmaxis research team's development of new drugs for inflammation and fibrotic diseases. The Pharmaxis research team has taken four in-house compounds to Phase 1 trials in just five years and in the 2019 year alone completed phase 1 trials in two LOXL2 inhibitors, commenced phase 1 trials in a systemic LOX inhibitor compound and advanced a topical LOX inhibitor through preclinical development."

The R&D tax incentive is payable in cash on eligible R&D expenditure for companies with total revenue less than $20 million in the claim year.

In the 2019 financial year Pharmaxis incurred drug discovery employee expenses of $2.8 million and external expenditure of $8.9 million in advancing its new drug pipeline into and through phase 1 clinical trials.

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SOURCE: Pharmaxis Ltd, Sydney, Australia

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About Pharmaxis

Pharmaxis Limited is an Australian pharmaceutical research company and a global leader in drug development for inflammation and fibrotic diseases. The company has a highly productive drug discovery engine, drug candidates in clinical trials and significant future cash flows from partnering deals.

Leveraging its small-molecule expertise and proprietary amine oxidase chemistry platform, Pharmaxis has taken four in-house compounds to Phase 1 trials in just five years. Global pharmaceutical company Boehringer Ingelheim acquired the Pharmaxis anti-inflammatory AOC3 inhibitor in 2015 and is developing it (BI 1467335) for two diseases: the liver condition Non-alcoholic Steatohepatitis (NASH) and diabetic retinopathy (DR). Total potential milestone payments to Pharmaxis from these programs is €419 million ($625 million).

The company's successor amine oxidase program has developed an oral anti-fibrotic LOXL2 inhibitor, aimed at NASH, pulmonary fibrosis (IPF) and other high-value fibrotic heart and kidney diseases, with a commercial partnering process underway. Two further new drugs from the same program are expected to begin proof-of-efficacy trials in 2020. Pharmaxis' Mannitol platform has yielded the products Bronchitol® for cystic fibrosis, which is marketed in Europe, Russia and Australia, with United States FDA approval pending; and Aridol® for the assessment of asthma, which is sold in the United States, Europe, Australia and Asia.

Pharmaxis is listed on the Australian Securities Exchange (PXS). Its head office, manufacturing and research facilities are in Sydney, Australia. http://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. For example, despite our efforts there is no certainty that we will be successful in partnering our LOXL2 program or any of the other products in our pipeline on commercially acceptable terms, in a timely fashion or at all. 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.