

Media Release

Boehringer Ingelheim acquires Pharmaxis' phase 1 anti-inflammatory drug candidate

- Boehringer Ingelheim exercises option and acquires global ownership of Pharmaxis' investigational anti-inflammatory drug candidate PXS4728A, including associated intellectual property rights.
- PXS4728A is a highly selective oral small molecule inhibitor of vascular adhesion protein-1 that has shown activity in pre-clinical investigation in non-alcoholic steatohepatitis (NASH).
- Drug candidate will be investigated for the treatment of NASH and has further potential in chronic obstructive pulmonary disease (COPD) and other diseases with high medical need.
- The acquisition of this investigational anti-inflammatory drug-candidate adds a highly innovative approach to Boehringer Ingelheim's clinical development portfolio.
- Pharmaxis is transformed by significant deal size and recognition of its drug discovery expertise.

FRENCHS FOREST, Australia and INGELHEIM, Germany – May 18, 2015 – Boehringer Ingelheim and pharmaceutical company Pharmaxis (ASX: PXS) announce that Boehringer Ingelheim has exercised its option and acquired the investigational drug PXS4728A, to develop it for the treatment of the liver-related condition NASH and to prevent its consequences. PXS4728A is a Semicarbazide-Sensitive Amine Oxidase/Vascular Adhesion Protein-1 (SSAO/VAP-1) Inhibitor discovered by Pharmaxis that works by blocking leucocyte adhesion and tissue infiltration in inflammatory processes. Pharmaxis has developed it through to phase 1 clinical studies, demonstrating oral bioavailability, long-lasting target inhibition and good tolerability and safety.

NASH is the progressive form of non-alcoholic fatty liver disease (NAFLD), the most common liver disorder in Western industrialized nations. It is regarded as a major cause of fibrosis and cirrhosis of the liver and is an area of high unmet clinical need. The high prevalence of type 2 diabetes and obesity, which can lead to NASH and its long term consequences, is considered to make NASH one of the most common causes of advanced liver disorders in coming decades.

Pharmaxis CEO Mr Gary Phillips said, "This is a transformational event for Pharmaxis. With a total potential value in excess of \$A750 million, it is a globally competitive deal and significant for the Australian biotech sector. We are delighted that Boehringer Ingelheim, a leader in cardiometabolic research and development, has acquired PXS4728A. Boehringer Ingelheim's clinical expertise will now be applied to the development of this drug which has the potential to make a real difference in the treatment of diseases with high unmet clinical need."

Glyn Parkin, Corporate SVP and Metabolism Head at Boehringer Ingelheim commented, "We have ambitious strategic goals in diabetes and metabolism and this Phase 1 asset acquisition fits well into our development portfolio. We are pleased to have achieved access to Pharmaxis' research excellence and innovative approach to treatments for NASH. We will continue to build our portfolio through both internal and external innovation so that we are able to bring much needed medications to the patients we serve."

Pharmaxis will receive an upfront payment of €27.5 million (approximately A\$39m) and, subject to the continuing successful development and commercialisation of the PXS4728A program, the following payments:

- up to a total of €55 million in development milestone payments tied to the commencement of phase 2 and 3 clinical trials
- up to a total of €140 million in regulatory milestone payments upon filing of applications for marketing approval and receipt of regulatory and pricing approvals for a PXS4728A program product in the major pharmaceutical markets (*i.e.*, USA, EU, and China or Japan) for the first indication
- additional milestone payments similar in total to those set forth above upon achievement of the same development and regulatory milestone events by a PXS4728A program product for a second indication

- earn-out payments on annual net sales of PXS4728A program products at tiered percentages starting in the high single digits
- commercialisation milestone payments upon achievement of specified levels of annual net sales of PXS4728A program products

Boehringer will be responsible for all development, regulatory, manufacturing and commercialisation activities. Under the agreement, Boehringer has also acquired other SSAO/VAP-1 inhibitor molecules related to PXS4728A and associated patents.

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Contact:

Pharmaxis

Felicity Moffatt

Phone: +61 418 677 701

felicity.moffatt@pharmaxis.com.au

Contact:

Boehringer Ingelheim

Dr. Reinhard Malin

Director Corporate Communications – Oncology and Pipeline

Phone: +49 (6132) 77-90815

reinhard.malin@boehringer-ingelheim.com

About Pharmaxis

Pharmaxis (ACN 082 811 630) is a specialist pharmaceutical company with a portfolio of products at various stages of development and approval. Its product Bronchitol® for cystic fibrosis is marketed in Europe and Australia and a phase 3 trial to enable completion of an NDA for the US market is underway. Its product Aridol® for the assessment of asthma is sold in Europe, Australia and Asia. The company's development pipeline is centred around its expertise in amine oxidase chemistry and includes Semicarbazide-Sensitive Amine Oxidase Inhibitors (SSAO) for Non-alcoholic Steatohepatitis (NASH) and inflammatory diseases including Chronic Obstructive Pulmonary Disease (COPD), and Lysyl Oxidase Inhibitors (LOX) targeting fibrotic diseases including pulmonary fibrosis and some cancers. Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company's head office, research and manufacturing facilities are located in Sydney, Australia.

About Boehringer Ingelheim

The Boehringer Ingelheim group is one of the world's 20 leading pharmaceutical companies. Headquartered in Ingelheim, Germany, Boehringer Ingelheim operates globally with 146 affiliates and a total of more than 47,700 employees. The focus of the family-owned company, founded in 1885, is researching, developing, manufacturing and marketing new medications of high therapeutic value for human and veterinary medicine.

Social responsibility is an important element of the corporate culture at Boehringer Ingelheim. This includes worldwide involvement in social projects, such as the initiative "Making more Health" and caring for the employees. Respect, equal opportunities and reconciling career and family form the foundation of the mutual cooperation. In everything it does, the company focuses on environmental protection and sustainability.

In 2014, Boehringer Ingelheim achieved net sales of about 13.3 billion euros. R&D expenditure corresponds to 19.9 per cent of its net sales.

About NASH

NASH is the progressive form of non-alcoholic fatty liver disease (NAFLD) which is the most common liver disorder in Western industrialized nations with an estimated 30% prevalence in the United States for NAFLD and 3-5% for NASH. NASH is regarded as a major cause of cirrhosis of the liver and is an area of high unmet clinical need. The high prevalence of type 2 diabetes and obesity, which can lead to NASH and other non-alcoholic fatty liver diseases, is expected to make NASH potentially the most common cause of advanced liver conditions in coming decades and the market has been estimated to exceed \$3.5 billion by 2025.

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 PXS4728A. All forward-looking statements included in this media release are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. We cannot guarantee that any product candidate will receive regulatory approval or that we will seek any such approval.