Company Presentation
September 8, 2017

FIRST-IN-CLASS DRUG CANDIDATES
With dermatology, oncology, anti-inflammatory, and antibiotic applications
Safe Harbor; Forward-Looking Statements

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and assumptions that could cause Innovation’s actual results and experience to differ materially from anticipated results and expectations expressed in these forward-looking statements. Innovation Pharmaceuticals has in some cases identified forward-looking statements by using words such as “anticipates,” “believes,” “estimates,” “looks,” “expects,” “plans,” “intends,” “goal,” “potential,” “may,” “suggest,” and similar expressions. These forward-looking statements include, but are not limited to, statements concerning future drug development plans and projected timelines for the initiation and completion of preclinical and clinical trials; the potential for the results of ongoing preclinical or clinical trials and the efficacy of Innovation Pharmaceuticals’ drug candidates; the potential market opportunities and value of drug candidates; other statements regarding future product development and regulatory strategies, including with respect to specific indications; any statements regarding Innovation Pharmaceuticals’ future financial performance, results of operations or sufficiency of capital resources to fund its operating requirements; any statements relating to Innovation Pharmaceuticals planned uplisting or use of proceeds; and any other statements that are not statements of historical fact. Forward-looking statements involve risks and uncertainties, which may cause Innovation’s actual results, performance or achievements to be materially different from those expressed or implied by forward-looking statements. Such forward-looking statements are based upon current expectations that involve risks, changes in circumstances, assumptions and uncertainties. Among other factors that could cause actual results to differ materially from those expressed in forward-looking statements are Innovation Pharmaceuticals’ need for, and the availability of, substantial capital in the future to fund its operations and research and development, including the amount and timing of the sale of shares of common stock to Aspire Capital; Innovation Pharmaceuticals’ ability to continue to fund and successfully progress internal research and development efforts and to create effective, commercially-viable drugs; and the fact that Innovation’s compounds may not successfully complete pre-clinical or clinical testing, or be granted regulatory approval to be sold and marketed in the United States or elsewhere. A more complete description of these risk factors is included in Innovation Pharmaceuticals’ filings with the Securities and Exchange Commission. You should not place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date on which they are made. Innovation Pharmaceuticals undertakes no obligation to release publicly the results of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by applicable law or regulation.
Innovation Pharmaceuticals Overview

Value Proposition

INNOVATIVE SCIENCE AT THE CORE OF THE COMPANY

AN EXCEPTIONALLY STRONG CLINICAL PIPELINE

ADDRESSING $BILLION MARKET OPPORTUNITIES

Novel Mechanisms of Action

e.g., Brilacidin

Mid-Late Stage Candidates

Multiple Therapeutic Areas

Dermatology
Cancer
Infectious Disease
Gastrointestinal
Innovation has **three drug candidates**, each with first-in-class potential, advancing in clinical trials under various special FDA designations.

<table>
<thead>
<tr>
<th>Drug Candidate</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Brilacidin</strong></td>
<td>Drug candidate in a <strong>new immunomodulatory class</strong> with anti-inflammatory and antibiotic properties advancing in clinical trials under Fast Track designations</td>
</tr>
<tr>
<td><strong>Prurisol</strong></td>
<td>Orally-delivered <strong>psoriasis</strong> drug candidate in a <strong>Phase 2b trial</strong> utilizing advantages of the 505(b)(2) development approach</td>
</tr>
<tr>
<td><strong>Kevetrin</strong></td>
<td>p53-modulating drug candidate with three Orphan Drug designations in a <strong>Phase 2a trial</strong> for <strong>ovarian cancer</strong></td>
</tr>
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Company Highlights

COMPANY APPROACHING KEY INFLATION POINTS

Brilacidin, a Novel Immunomodulatory Agent...
Prurisol an Oral Psoriasis Medicine... and;
Kevetrin, a p53-Modulating Drug Candidate

All three Clinical Assets targeting Multi-Billion Markets in numerous therapeutic areas, across multiple clinical indications

Near-Term Catalysts by Year-End—trial completion, results reporting; collaboration/partnership opportunities
Pipeline Potential

Innovation: The Challenge and The Opportunity in Drug Development

<table>
<thead>
<tr>
<th>DRUG SAFETY</th>
<th>DRUG EFFICACY</th>
<th>DRUG DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are there adverse side-effects?</td>
<td>What is the therapeutic effect?</td>
<td>Is there a preferable way to administer?</td>
</tr>
<tr>
<td>Could drug be Safer?</td>
<td>Could drug be Better?</td>
<td>Could drug be Easier?</td>
</tr>
<tr>
<td>Even at Higher Doses</td>
<td>Improved Response Rates</td>
<td>Optimal Formulation</td>
</tr>
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</table>
How We’re Different
Innovative Drug Candidates with Multi-Indication Potential

<table>
<thead>
<tr>
<th>BRILACIDIN</th>
<th>PRURISOL</th>
<th>KEVETRIN</th>
</tr>
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<tbody>
<tr>
<td>*ABSSSI</td>
<td>PSORIASIS</td>
<td>OVARIAN CA</td>
</tr>
<tr>
<td>ORAL MUCOSITIS</td>
<td>PSORIATIC ARTHRITIS</td>
<td>RENAL CA</td>
</tr>
<tr>
<td>ECZEMA</td>
<td>CROHN’S</td>
<td>PANCREATIC CA</td>
</tr>
<tr>
<td>**HS</td>
<td>ACNE</td>
<td>RETINOBLASTOMA</td>
</tr>
</tbody>
</table>

POTENTIAL FOR LIFE-CHANGING, LIFE-SAVING TREATMENTS

* ABSSSI - Acute Bacterial Skin and Skin Structure Infection  ** HS - Hidradenitis suppurativa
Multi-Billion Market Opportunity
Innovative Products Will Merit Higher Premiums

Brilacidin

**OM

Psoriasis

Prurisol

** ABSSSI = Acute Bacterial Skin and Skin Structure Infection

*ABSSSI

** Oral Mucositis

Kevetrin

Ovarian Cancer
Pipeline Potential
Targeting Major Therapeutic Areas

INFLAMMATORY BOWEL DISEASE

Recent Deals / Market Potential

$7.2bn
Gilead
SHP inhibition

$2.6bn
Biogen
Small T inhibition

$2.875bn
Galapagos
JAK1 inhibition

corticosteroids (budesonide)

$2.6bn
Salix

$640 million

Allergan
Pharmacogenetics

Dr. Reddy’s
Monomethylauranate prodrug

$540 million

Roche
IL-17 modulation

$790 million

EXICURE
SNA-based therapeutics

$5595 million

Boehringer Ingelheim
Anti-IL-23 mAb

PSORIASIS

GLOBAL PREVALENCE OF PSORIASIS

OVARIAN CANCER

Source: Bloomberg

INNOVATION
PNEUMATICALIA, LTD.
Recent Deals / Market Potential

**INFECTIOUS DISEASE**

- Recent Deals / Market Potential
- ~450,000 patients/year in U.S. alone
- Less than 5% of patients currently prescribed any OM treatment
- ORAL MUCOSITIS

**Recent Deals**

- **Reframine**: Amgen, approved (drug), prevents OM-HER2, inconvenient IV dosing 3x per + 3x post chem, over priced
- **Gelclair**: DARA, approved (device), palliation, poor reimbursement, poor data
- **Mucotrol**: Edwards Pharmaceutical, approved (device), palliation, poor reimbursement, poor data
- **Caphosol**: EUSA, approved (device), palliation
- **Epitol**: Camurus, approved (device), palliation
- **Mupad**: Access, approved (device), palliation

**Market Potential**

- $1.087bn sales in 2016

**Image Credit:** Photographers: Stanislaw Niewiarowski/Pixabay via Getty Images
Our Approach

Strategic Focus

- Capture ROI through Partnerships
- Maximize value of current Assets
- Select Key Programs for Continued Internal Development
Prurisol: Phase 2a Mild-Moderate Plaque Psoriasis Trial

Positive Results

Psoriasis Affects Over 125 million People Worldwide

- ≥ 2-point Investigator Global Assessment (IGA) improvement (200 mg group) at Week 12 was 35.0% subjects (PP)
  [Provided basis to proceed to next study]
**Prurisol: Phase 2b Moderate-Severe Plaque Psoriasis Trial**

*Ongoing*

*Anticipated Completion 4Q2017*

- **Randomized, double-blind, parallel-group, placebo-controlled**

- **Treatment Groups**
  - Prurisol 300 mg: Pbo: Prurisol 400 mg
  - 3:3:1

- **Number of Subjects**
  - ~189

- **Treatment Duration**
  - 12 weeks

- **Number of Sites (U.S.)**
  - ~30

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**Study Design Schematic**

<table>
<thead>
<tr>
<th>Screening</th>
<th>Double Blind, Treatment period</th>
<th>Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prurisol 150 mg bid (n=81)</td>
<td>Placebo (n=81)</td>
<td>Prurisol 200 mg bid (n=27)</td>
</tr>
</tbody>
</table>

*= Randomization*
Brilacidin: Phase 2a IBD Trial (Ulcerative Proctitis/Proctosigmoiditis)

Primary Efficacy Endpoint, Topline Results (Recently Completed)

Clinical Remission in > 50% subjects (Day 42)

Similar across cohorts

- 60% Cohort A (3 of 5)
- 67% Cohort B (4 of 6)
- 75% Cohort C (3 of 4)

Analysis population: Includes subjects with Endoscopy, Rectal Bleeding and Stool Frequency subscores at baseline and Day 42; one subject in Cohort A and one subject in Cohort C are not included due to no Day 42 endoscopy (subjects declined)

**Examples Clinical Remission**

**Treated with Brilacidin 100mg (Cohort B) per retention enema**

Clinical Remission is defined as:

- Endoscopy subscore ≤ 1
- Rectal Bleeding subscore of 0
- Stool Frequency subscore improvement or no change from baseline
Brilacidin: Phase 2 Oral Mucositis Trial
Positive Results: Ad-Hoc Interim Analysis

Anticipated Completion 4Q2017

A Painful and Common Complication of Chemoradiation

- Brilacidin markedly reduced the Incidence of Severe OM (WHO Grade ≥3) experienced during chemoradiation therapy by subjects with Head and Neck Cancer
  - 7 of 10 subjects (70%) in the placebo treatment arm experienced at least one score of WHO Grade ≥3
  - 2 of 9 subjects (22.2%) in the Brilacidin treatment arm experienced at least one score of WHO Grade ≥3
## Brilacidin: Phase 2b *ABSSSI Trial

*Positive Results (Antibacterial; Completed)*

- Single Dose Brilacidin Efficacy comparable to 7-day regimen of robust comparator (Daptomycin x 7 days)

<table>
<thead>
<tr>
<th></th>
<th>Brilacidin 0.6 mg/kg IV x 1 day (N=53)</th>
<th>Brilacidin 0.8 mg/kg IV x 1 day (N=53)</th>
<th>Brilacidin x 3 days (N=53)</th>
<th>Daptomycin x 7 days (N=50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Assessed</td>
<td>51</td>
<td>48</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>Clinical Response (%)</td>
<td>47 (92.2)</td>
<td>46 (95.8)</td>
<td>51 (98.1)</td>
<td>45 (93.8)</td>
</tr>
<tr>
<td>95% C.I.</td>
<td>(84.8, 99.5)</td>
<td>(90.2, 100)</td>
<td>(94.3, 100)</td>
<td>(86.9, 100)</td>
</tr>
</tbody>
</table>

*Acute Bacterial Skin and Skin Structure Infection*
Kevetrin for Ovarian Cancer

Program Summary

A p53-modulating Drug Candidate

• Ovarian Cancer (OC) Indication
  ▪ Supported by Phase 1 solid tumor trial

• Ongoing Phase 2a Trial for Platinum-Resistant Ovarian Cancer
  ▪ p53 pathway modulation being measured in tumors

• Oral Formulation Underway
  ▪ Better aligns with Kevetrin’s PK profile (short half-life)
  ▪ May provide for even better drug exposure and toleration

• Granted Multiple FDA Orphan Drug Designations
Proven Team With Deep Experience

Senior Management, Key Advisors

<table>
<thead>
<tr>
<th>Name</th>
<th>Expertise</th>
</tr>
</thead>
</table>
| **LEO EHRLICH**                           | • >25 years of executive leadership experience in building and managing emerging growth companies  
                                           | • Multiple C-suite roles at private and public companies                                                                                 |
| Co-Founder, CEO, CFO, Board Chairman      |                                                                                                                                 |
|                                           |                                                                                                                                 |
| **ARTHUR P BERTOLINO, MD, PHD, MBA**      | • >15 years of domestic and global drug development and management experience  
                                           | • Extensive senior leadership (VP of Dermatology at Novartis)                                                                             |
| President and CMO                         |                                                                                                                                 |
|                                           |                                                                                                                                 |
| **KRISHNA MENON, PHD, DVM**               | • >30 years of drug development experience  
                                           | • Key pre-clinical oncology group leader (Gemzar and Alimta)                                                                               |
| Co-Founder, CSO, an Board Member          |                                                                                                                                 |
|                                           |                                                                                                                                 |
| **JANE HARNESS, MS, MP**                  | • >20 years in domestic and international clinical drug development  
                                           | • Extensive pharma leadership positions across entire career                                                                                |
| Sr Vice-President, Clinical Sciences and  |                                                                                                                                 |
|  Portfolio Management                     |                                                                                                                                 |
|                                           |                                                                                                                                 |
| **Francis A Farraye, MD, MSC**            | • Professor of Medicine, Clinical Director, Section of Gastroenterology and Co-Director, Center for Digestive Disorders, at Boston University School of Medicine |
| Scientific Advisor                        |                                                                                                                                 |
|                                           |                                                                                                                                 |
| **Paul Ginsburg, PHD**                    | • Patent expert in the pharmaceutical and biotechnology fields; former head of NY-based patent department at Pfizer                          |
| Scientific Advisor                        |                                                                                                                                 |
|                                           |                                                                                                                                 |
| **Stephen T Sonis, DMD, DMSC**            | • Recognized expert in cancer-related oral mucosal toxicities  
                                           | • Professor of Oral Medicine at Harvard School of Dental Medicine, Senior Surgeon at the Dana-Farber Cancer Institute and Brigham and Women’s Hospital |
| Scientific Advisor                        |                                                                                                                                 |

Expertise

Pharma

- Novartis
- Lilly
- Pfizer
- ReVance Therapeutics
- Ilaris
- Picato
- Cosentyx
- BU
- Dana-Farber Cancer Institute
- NYU
- Harvard School of Dental Medicine
- Johns Hopkins School of Medicine

Academic

- Boston University School of Medicine
- Michigan School of Medicine
- Johns Hopkins School of Medicine
Commercial Expanse and Intellectual Property

Wholly-Owned Global Commercialization Rights

Intellectual Property Estate

**Prurisol**
- #US Patents granted: 1
- Prurisol Mfg method
  - Prov. pending
- Countries Granted
  - Various EU
  - Japan
  - Others

**Brilacidin**
- # US Patents granted: 9
- Brilacidin Mfg method
  - In-process
- Countries Granted
  - Various EU
  - Japan
  - Others

**Kevetrin**
- # US Patents granted: 1
- # Patents pending
  - Others
- Countries Granted
  - Various EU
  - Japan
  - Others
Prurisol

Psoriasis- Complete Ph2b trial

Brilacidin

Oral Mucositis- Complete Ph2 trial

Kevetrin

Ovarian Cancer- Preliminary p53 Modulation Results Ph2a trial
Innovation Pharmaceuticals Strategic Direction

• Leverage 2017 Milestones to Support Partnering Opportunities
  • Multiple CDAs Signed, Ongoing Interactions with Big Pharma and other Global Rx Companies

• Advance Formulation Work to Tailor Drug Delivery

• Continue to Build Value by Addressing Areas of Unmet Medical Need for the Benefit of Patients and Shareholders

• Anchor Each Drug Candidate in Additional Trials to Further Provide Favorable Return-On-Investment