INNOVATION PHARMACEUTICALS INC.

Corporate Overview

April 2018

100 Cummings Center, Beverly, MA

Ticker: IPIX

(u)

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," "hopes," "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

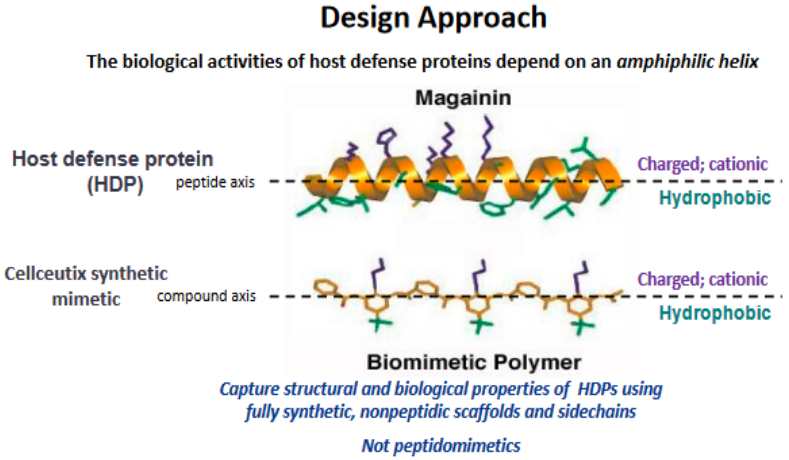
INNOVATIVE SCIENCE AT THE CORE OF THE COMPANY

AN EXCEPTIONALLY STRONG CLINICAL PIPELINE

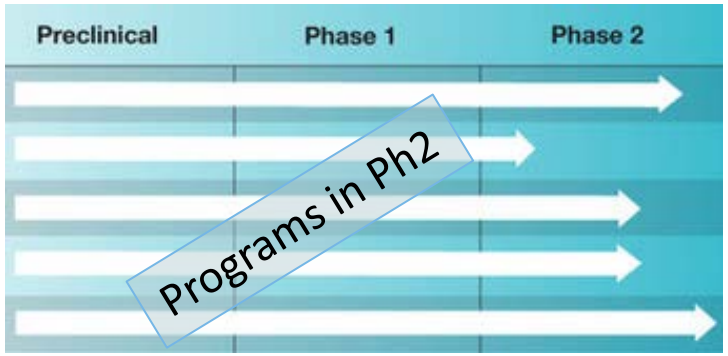
ADDRESSING $BILLION MARKET OPPORTUNITIES

Novel Mechanisms of Action

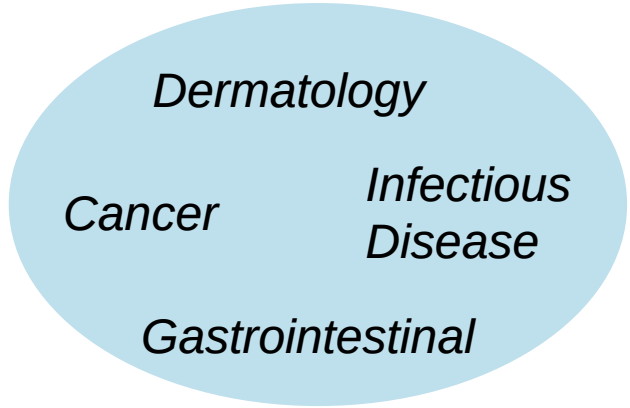
e.g., Brilacidin



Mid-Late Stage Candidates



Multiple Therapeutic Areas

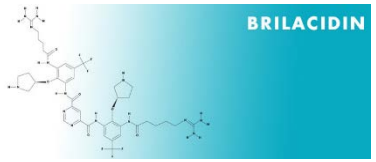


Innovation Pharmaceuticals Pipeline

Drug Candidates

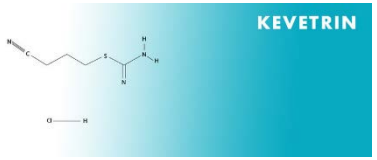
Innovation has **three drug candidates**, each with first-in-class potential, advancing in clinical trials under various special FDA designations.

Brilacidin



*Drug candidate in a **new immunomodulatory class** with anti-inflammatory and antibiotic properties advancing in multiple development programs under Fast Track designations*

Kevetrin



*p53-modulating drug candidate with three Orphan Drug designations recently completed a Phase 2a trial for **ovarian cancer***

Prurisol

*Orally-delivered **psoriasis** drug candidate recently completed a Phase 2b trial utilizing advantages of the 505(b)(2) development approach*

Company Highlights

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

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

KEY RECENT MILESTONES

Brilacidin

Oral Mucositis- Positive Ph2 trial (reduced incidence and delayed onset of Severe Oral Mucositis)

Inflammatory Bowel Disease (UP/UPS)- Positive Ph2a trial (clinical remission in > 50% of patients)

Kevetrin

Ovarian Cancer- Positive Ph2a trial (preliminary results in first patients showed modulation of p53)

Prurisol

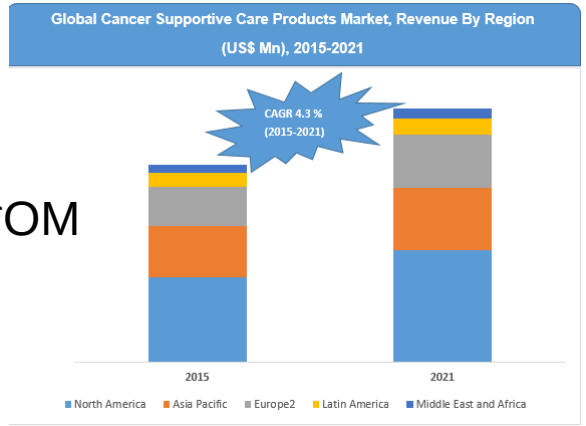
Psoriasis- Completed Ph2b trial (topline results anticipated 2Q2018)

Multi-Billion Market Opportunity

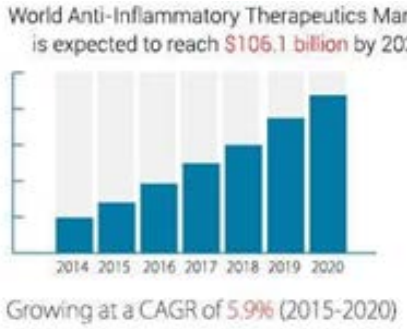
Innovative Products Will Merit Higher Premiums

Brilacidin

**OM



IBD



*ABSSSI

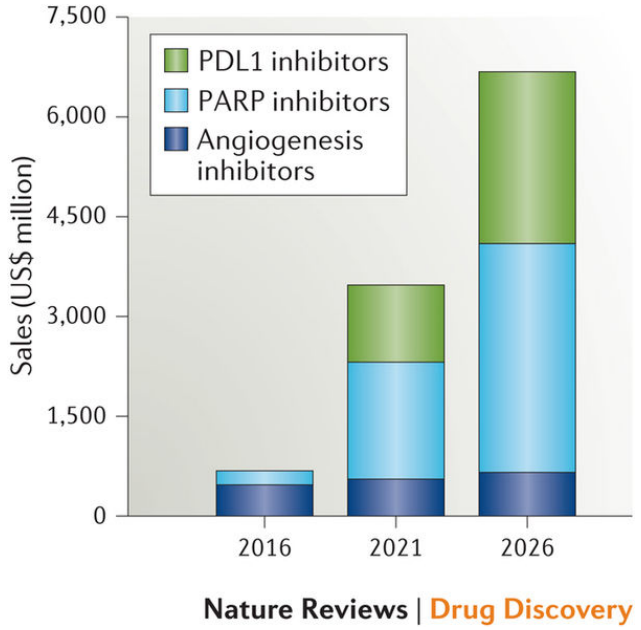
Table 10: Estimates of Total Market Size, by Indication (in $ Million)

ESTIMATE	ABOM	ABSSSI	CABP	CIAI	CUTI	HABP/VABP
1	$2,720	$3,070	$2,290	$2,530	$5,760	$1,780
2	$2,950	$6,590	$7,970	$4,660	$6,540	$3,470
3	$9,230	$9,230	$9,230	$9,230	$9,230	$9,230

Source: (IMS Health, 2012)

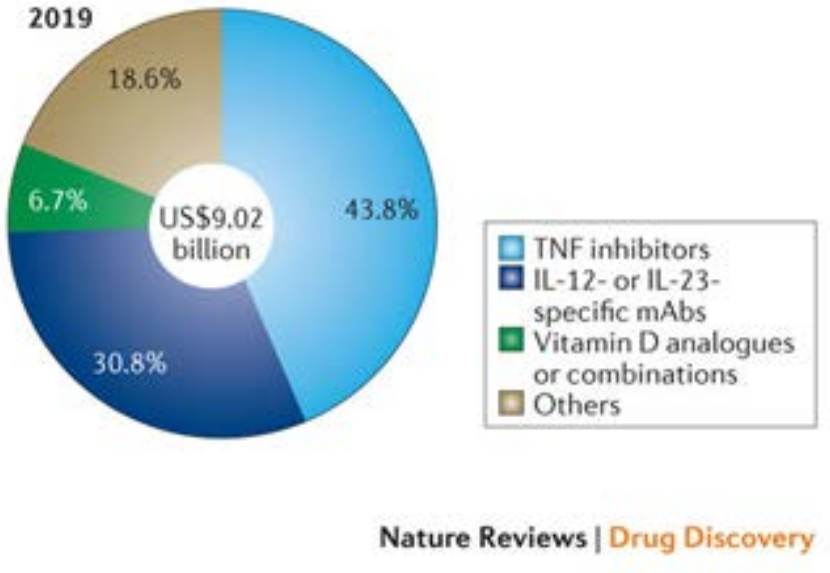
Kevetrin

Ovarian Cancer



Prurisol

Psoriasis



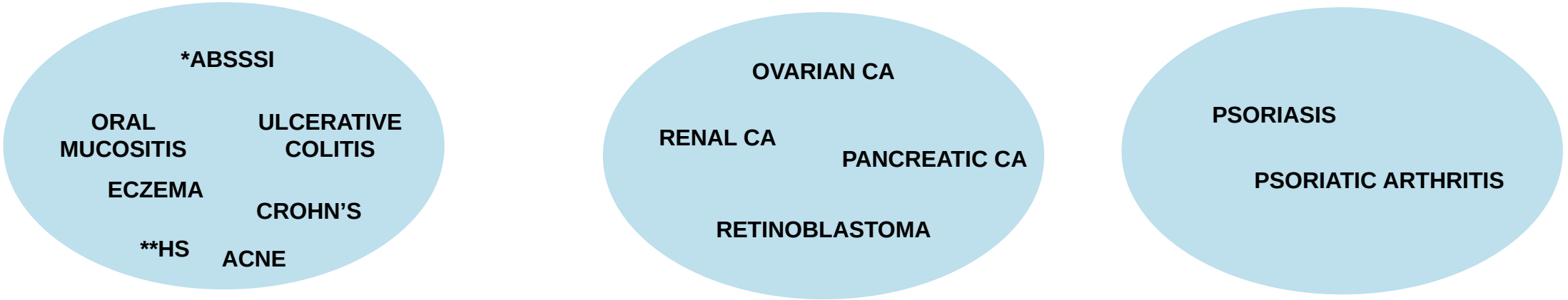
* ABSSSI = Acute Bacterial Skin and Skin Structure Infection

** Oral Mucositis

How We're Different

Innovative Drug Candidates with Multi-Indication Potential

BRILACIDIN	KEVETRIN	PRURISOL



POTENTIAL FOR LIFE-CHANGING, LIFE-SAVING TREATMENTS

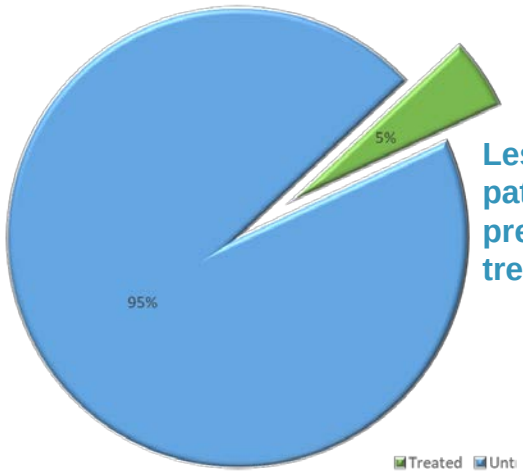
* ABSSSI - Acute Bacterial Skin and Skin Structure Infection ** HS - Hidradenitis suppurativa

Pipeline Potential

Targeting Major Therapeutic Areas: Brilacidin

ORAL MUCOSITIS

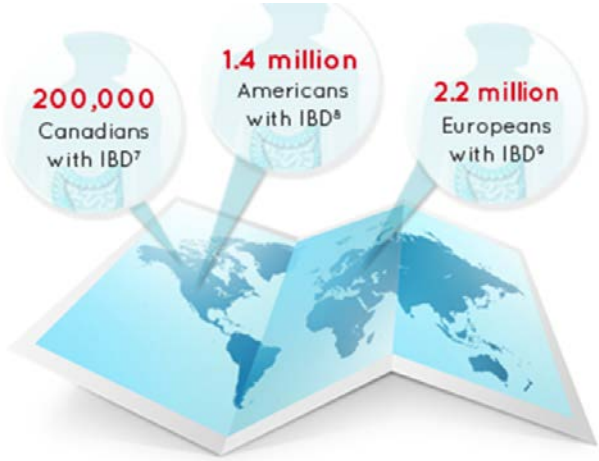
~450,000 patients/year in U.S. alone



Less than 5% of patients currently prescribed any OM treatment

Product	Company	Phase	Indication	Comment / Issue
Kepivance	Amgen	Approved (drug)	Prevent OM-HSCT	Inconvenient IV dosing 3x pre + 3x post chemo, 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	Poor reimbursement, poor data
Episil	Camurus	Approved (device)	Palliation	
Mugard	Access	Approved (device)	Palliation	Poor reimbursement; recent controlled study confirmed activity as a palliative agent

INFLAMMATORY BOWEL DISEASE



Recent Deals / Market Potential

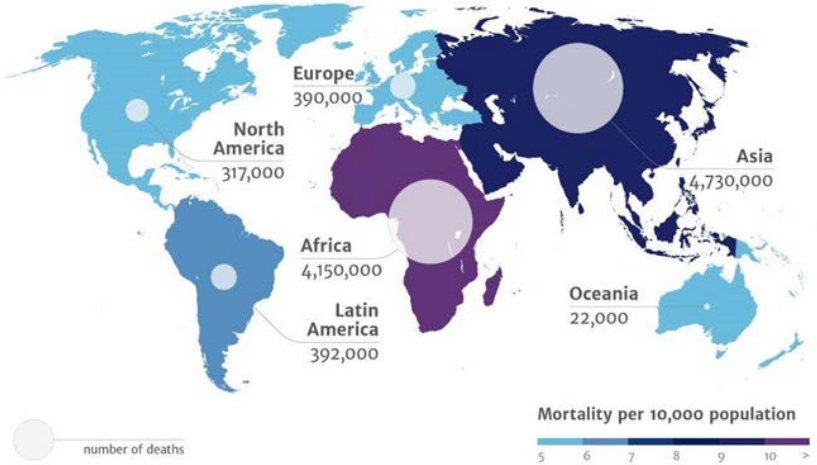
$7.2bn — Celgene / receptos — S1P modulation

$2.5bn — Celgene / nographarma — Smad7 inhibition

$2.075bn — GILEAD / Galápagos — JAK1 inhibition

$2.6bn — Salix / SANTARUS — corticosteroids (budesonide)

INFECTIOUS DISEASE



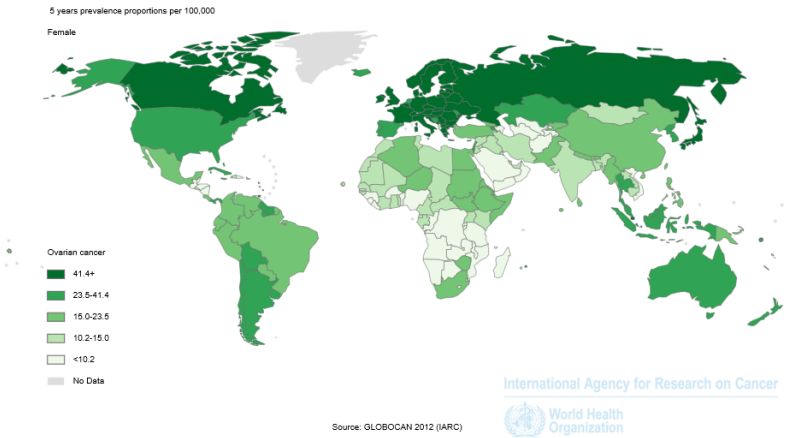
Recent Deals / Market Potential

CUBICIN® (daptomycin for injection) 500 mg — **$1.087bn sales in 2016**

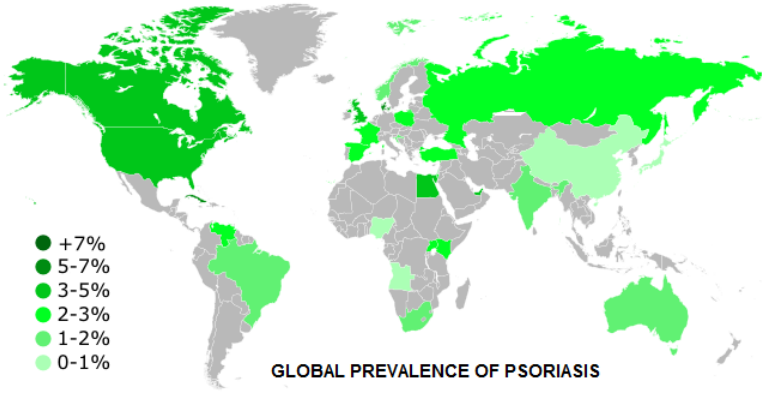
Pipeline Potential

Targeting Major Therapeutic Areas: Kevetrin and Prurisol

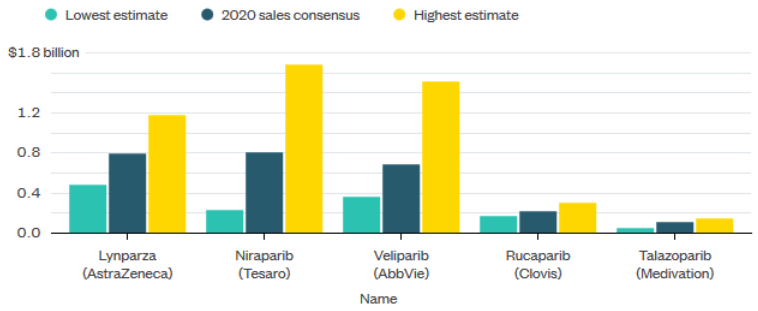
OVARIAN CANCER



PSORIASIS



Recent Deals / Market Potential



Source: Bloomberg

CLOVIS ONCOLOGY

TESARO

Recent Deals / Market Potential

$640 million

Allergan

vitae Pharmaceuticals

RORγt IL-17 modulation

$490 million

Dr.Reddy's

XenoPort

Monomethylfumarate prodrug

$790 million

PURDUE

exicure

SNA-based therapeutics

$595 million

Boehringer Ingelheim

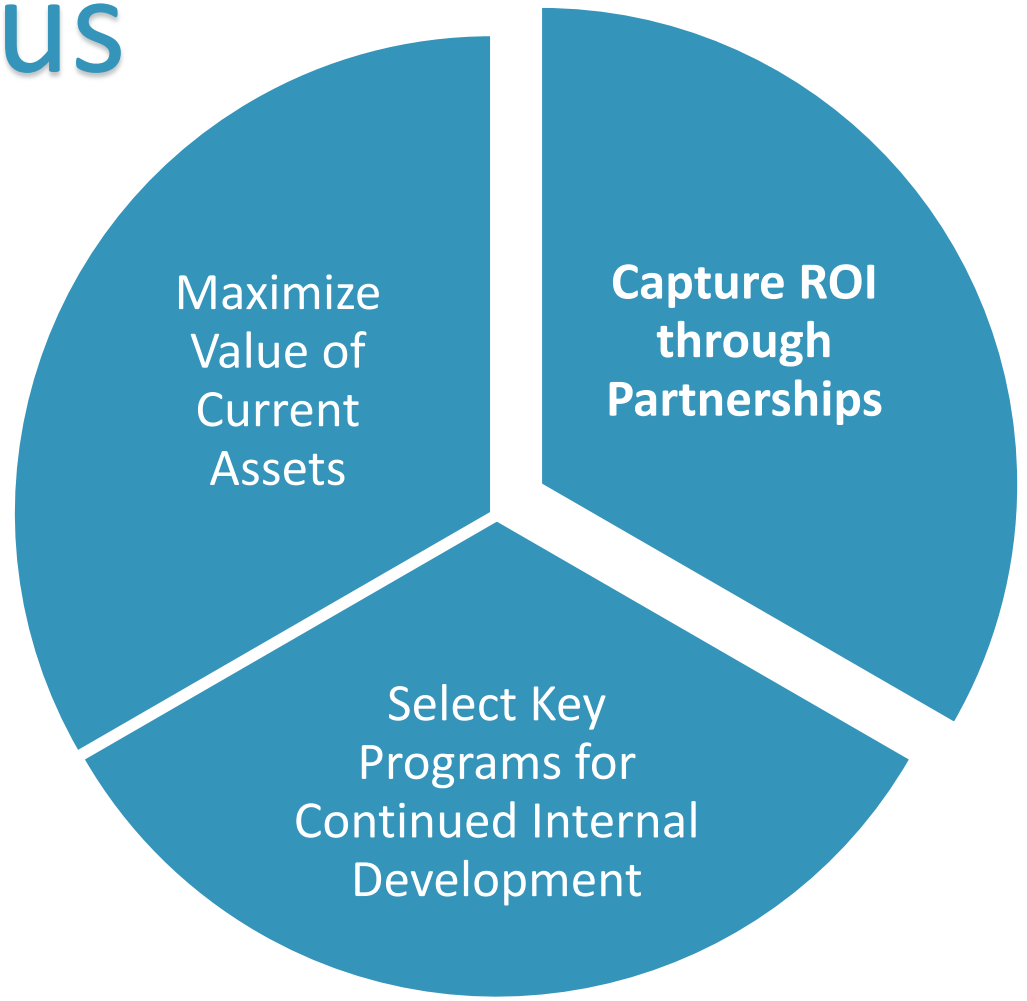
abbvie

Anti-IL-23 mAb

INNOVATION PHARMACEUTICALS INC.

Our Approach

Strategic Focus

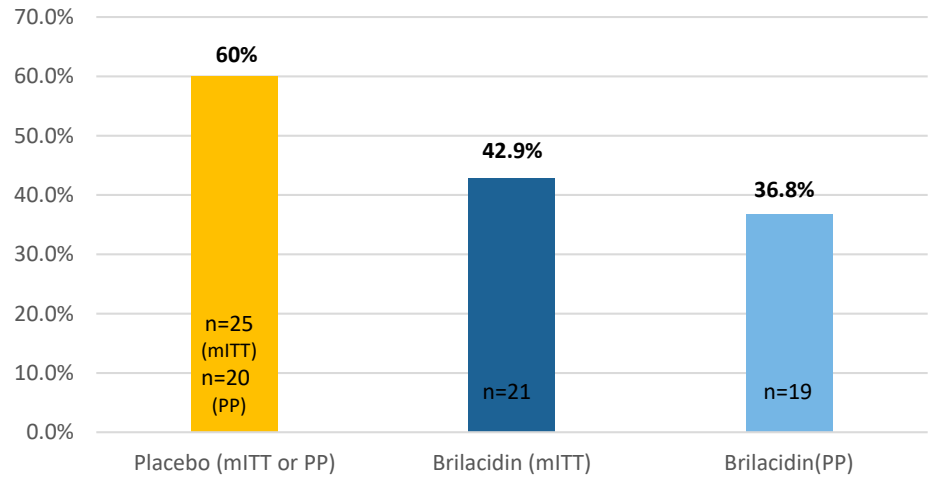


Brilacidin: Phase 2 Oral Mucositis Trial

***Positive Results: Reduced Incidence** of Severe Oral Mucositis*

Brilacidin clearly reduced the Incidence of Severe OM (WHO Grade ≥ 3) experienced during chemoradiation therapy by patients with Head and Neck Cancer

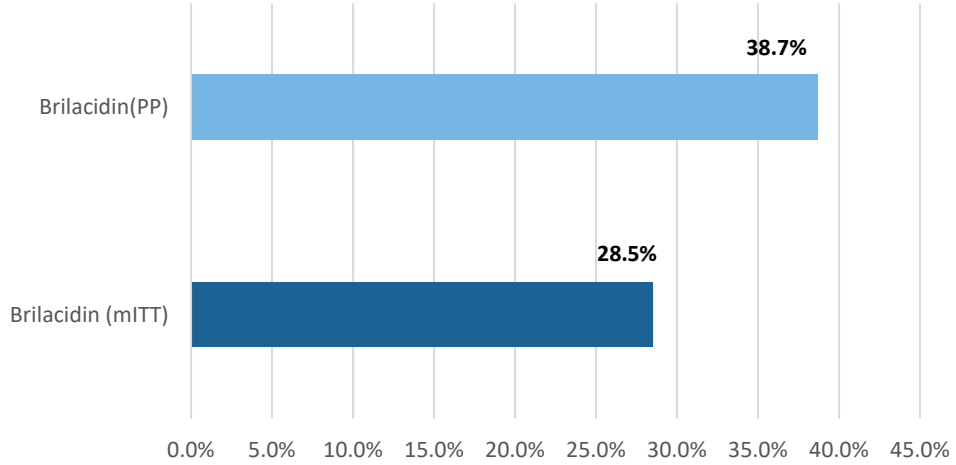
Incidence of Severe OM (WHO Grade ≥3)



- **60% of patients in the placebo treatment arm** experienced at least one score of WHO Grade ≥3 [15 of 25 patients (mITT) or 12 of 20 (PP)]
- **42.9% of patients in the Brilacidin treatment arm (mITT)** experienced at least one score of WHO Grade ≥3 [9 of 21 patients (mITT)]
- **36.8% of patients in the Brilacidin treatment arm (PP)** experienced at least one score of WHO Grade ≥3 [7 of 19 patients (PP)]

A Painful and Common Complication of Chemoradiation

Severe OM *Risk Reduction (%) from Placebo



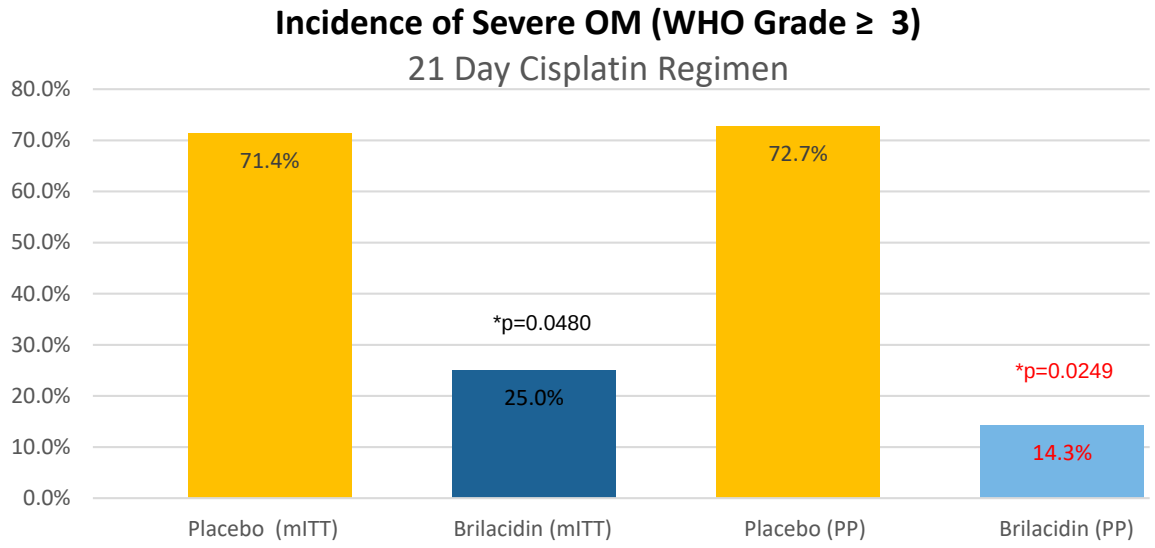
***Risk Reduction**= [incidence Placebo- incidence Brilacidin]/incidence Placebo

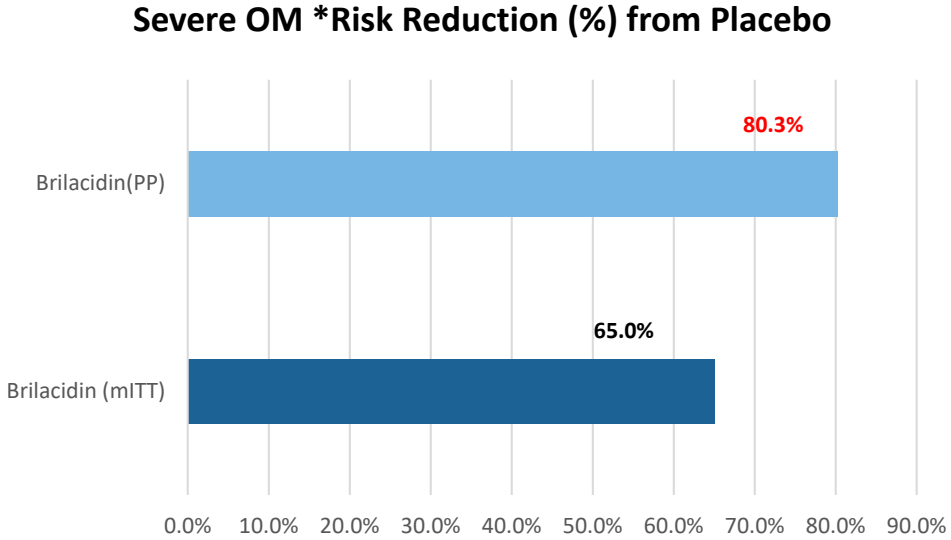
mITT- Modified Intent to Treat Population
PP- Per Protocol Population

Brilacidin: Phase 2 Oral Mucositis Trial

Positive Results: Brilacidin More Effective in Aggressive Chemotherapy Regimen *(Subgroup Analysis)*

Brilacidin more effective in 21 Day Cisplatin Regimen in Reducing the Incidence of Severe OM (WHO Grade ≥ 3) experienced during chemoradiation therapy by patients with Head and Neck Cancer





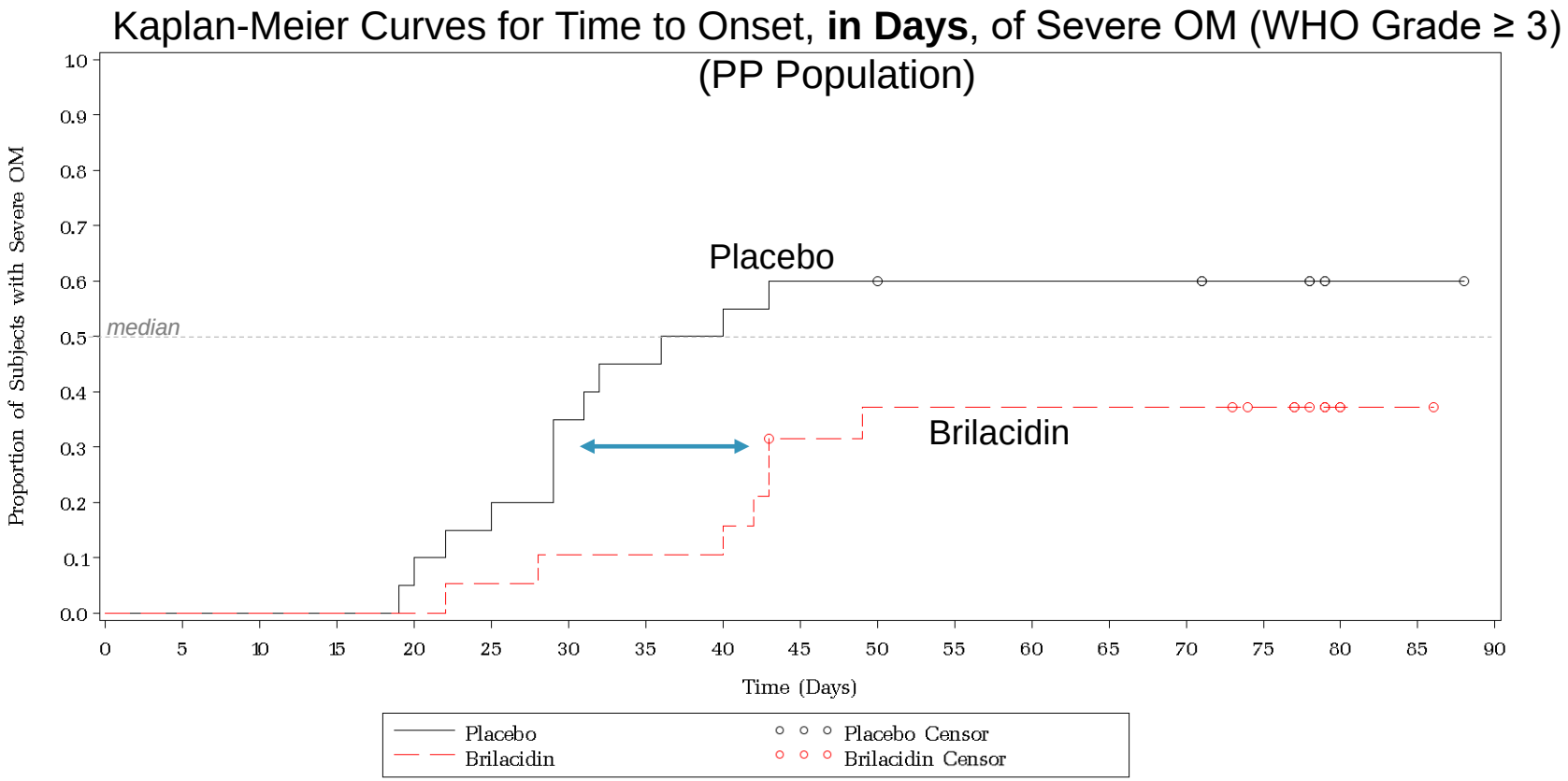
***Risk Reduction**= [incidence Placebo- incidence Brilacidin]/incidence Placebo

- **Approx. 72% of patients in the placebo treatment arms** experienced at least one score of WHO Grade ≥3 [10 of 14 patients (mITT) or 8 of 11 (PP)]
- **25.0% of patients in the Brilacidin treatment arm (mITT)** experienced at least one score of WHO Grade ≥3 [2 of 8 patients (mITT)]
- **14.3% of patients in the Brilacidin treatment arm (PP)** experienced at least one score of WHO Grade ≥3 [1 of 7 patients (PP)]

mITT- Modified Intent to Treat Population
PP- Per Protocol Population

Brilacidin: Phase 2 Oral Mucositis Trial

***Positive Results: Delayed Time to Onset** of Severe Oral Mucositis*



Note the period from approximately **28-42 days** during which SOM incidence rises strikingly in Placebo while not in the Brilacidin group (Double arrow)

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

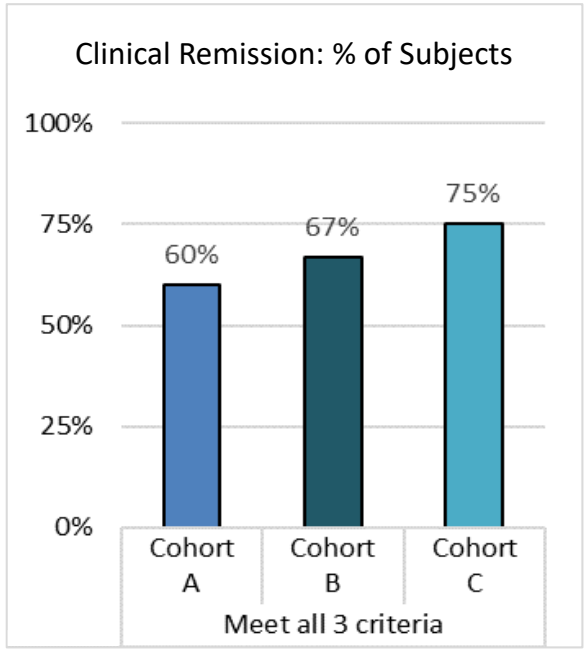
***Positive Results: Primary Efficacy Endpoint Met**, Supported by Endoscopic Improvement*

Clinical Remission in > 50% patients (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 patients in Cohort A and one patient in Cohort C are not included due to no Day 42 endoscopy (patients declined)

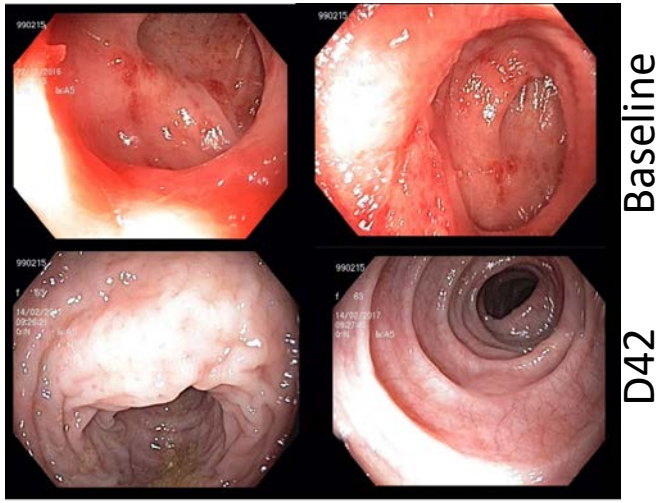


Examples Clinical Remission

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

Clinical Remission is defined as:

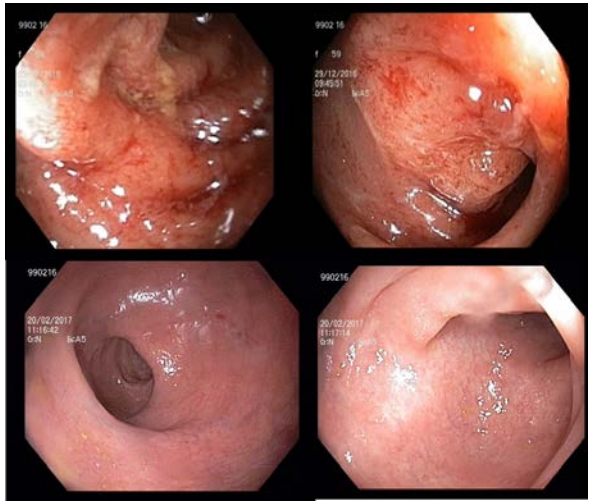
- Endoscopy subscore ≤ 1
- Rectal Bleeding subscore of 0
- Stool Frequency subscore improvement or no change from baseline



Subject 990216 (rectum)

Baseline

D42



Subject 990215 (rectum)

Brilacidin: Phase 2b *ABSSSI Trial

Positive Results: *As an Antibacterial* ***Performed Favorably to a Current Market Leader***

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

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

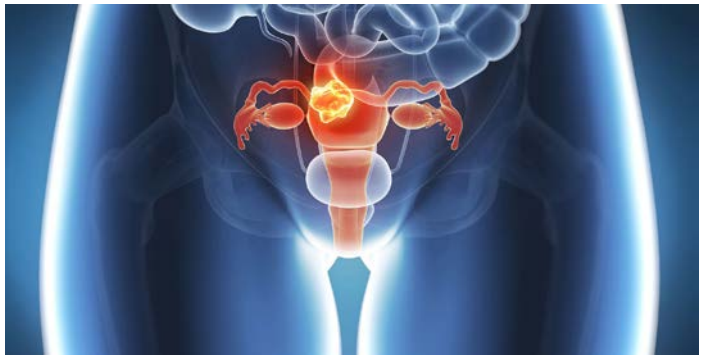
Active Skin Infection

*Acute Bacterial Skin and Skin Structure Infection

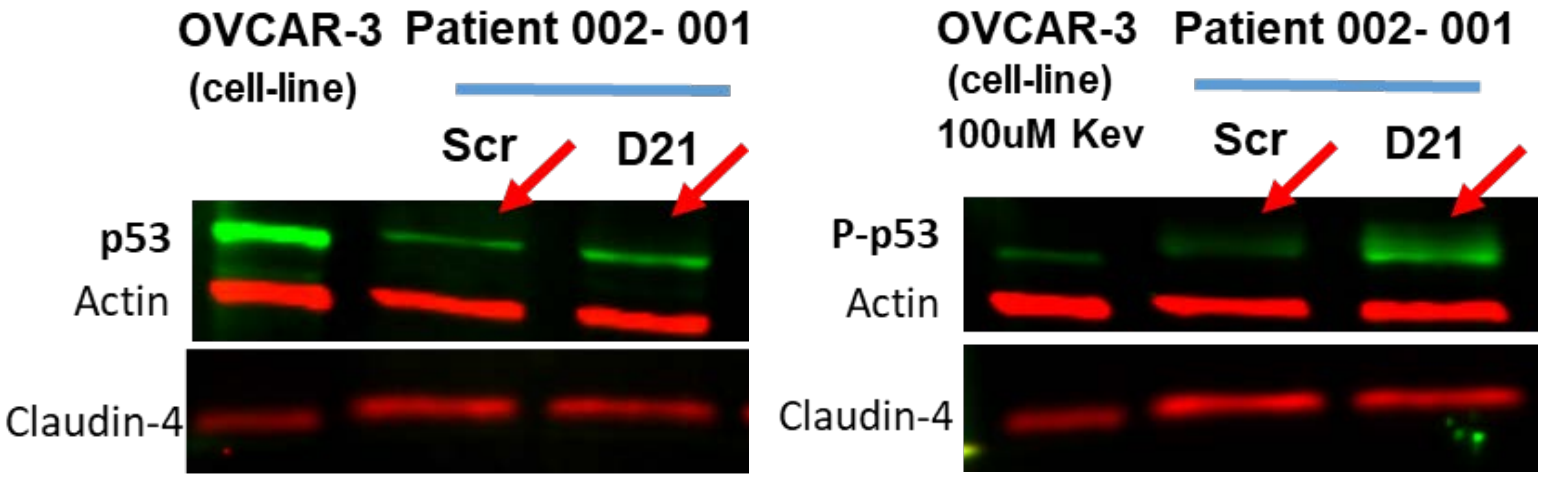
Kevetrin Ph2a Trial for Ovarian Cancer

***Positive Results: p53 Modulation Demonstrated** in analysis of First Patients*

Western Blot shows modulation of p53 and Phospho-p53 proteins in patient tumor tissue in response to Kevetrin treatment



Source: publichealthwatch



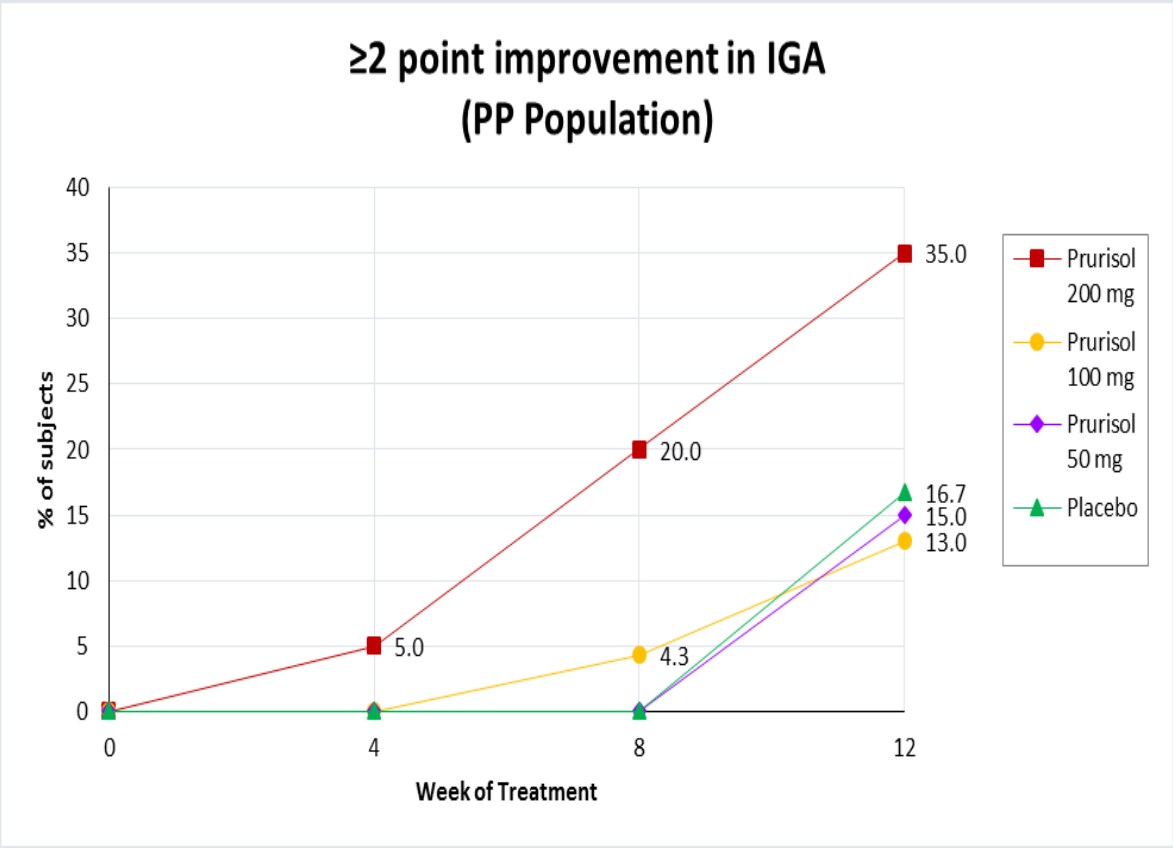
Kevetrin Treatment Regimen

250mg/m^2 iv 3x/week for 3 weeks

Scr- before Kevetrin (screening)
D21- after Kevetrin (day 21)
OVCAR-3- a reference ovarian cancer cell-line

Prurisol: Phase 2a Mild-Moderate Plaque Psoriasis Trial

Positive Results: Primary Efficacy Endpoint Met in 200mg arm (IGA Improvement over 12 weeks)



Source: Table 14.2.1.1.2 and Table 14.2.1.2.4

Psoriasis Affects Over 125 million People Worldwide

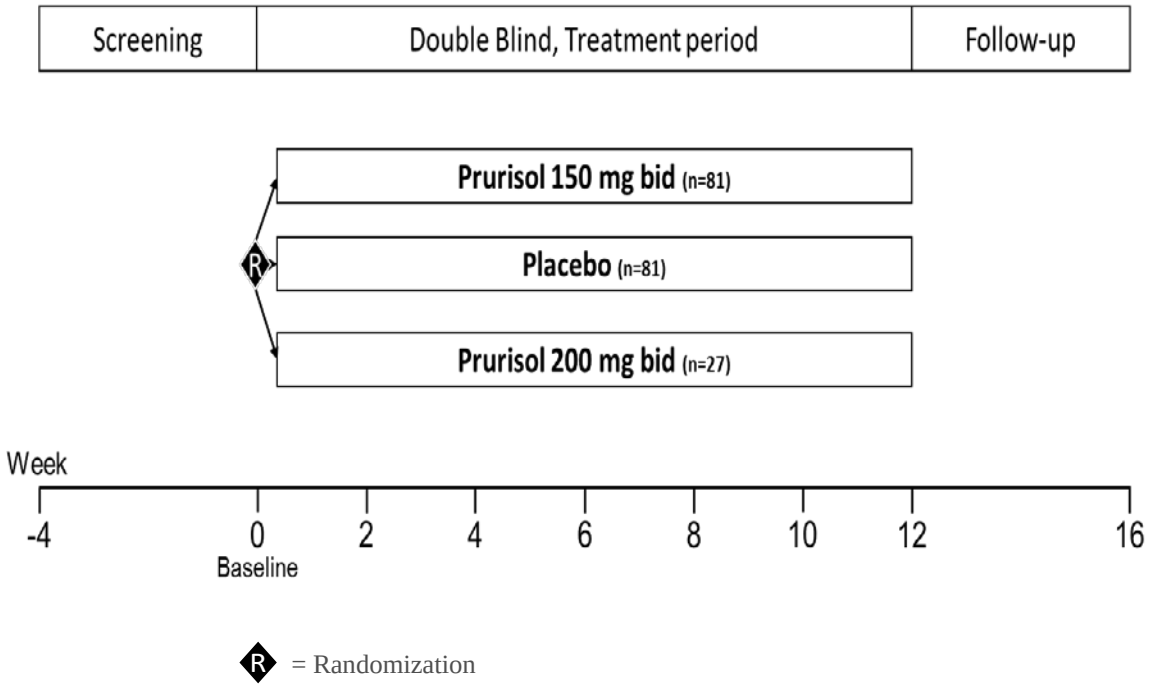
- ≥ 2-point Investigator Global Assessment (IGA) improvement (200 mg group) at Week 12 was 35.0% subjects (PP)
  [Provided basis to proceed to next study]

Prurisol: Phase 2b Moderate-Severe Plaque Psoriasis Trial

Completed: *Awaiting Topline Data (Anticipated 2Q2018)*

- **Randomized, double-blind, parallel-group, placebo-controlled**
- **Treatment Groups**
  - Prurisol 300 mg: Pbo: Prurisol 400 mg
  - 3:3:1
- **Number of Patients**
  - 199
- **Treatment Duration**
  - 12 weeks
- **Number of Sites (U.S.)**
  - 34

Study Design Schematic



Proven Team With Deep Experience

Senior Management, Key Advisors

LEO EHRLICH Co-Founder, CEO, CFO, Board Chairman	• >25 years of executive leadership experience in building and managing emerging growth companies • Multiple C-suite roles at private and public companies
ARTHUR P BERTOLINO, MD, PHD, MBA President and CMO	• >15 years of domestic and global drug development and management experience • Extensive senior leadership (VP of Dermatology at Novartis)
KRISHNA MENON, PHD, VMD Co-Founder, CSO, an Board Member	• >30 years of drug development experience • Key pre-clinical oncology group leader (Gemzar and Alimta)
JANE HARNESS, MS, MP Sr Vice-President, Clinical Sciences and Portfolio Management	• >20 years in domestic and international clinical drug development • Extensive pharma leadership positions across entire career
Francis A Farraye, MD, MSC Scientific Advisor	• Professor of Medicine, Clinical Director, Section of Gastroenterology and Co-Director, Center for Digestive Disorders, at Boston University School of Medicine
Paul Ginsburg, PHD Scientific Advisor	• Patent expert in the pharmaceutical and biotechnology fields; former head of NY-based patent department at Pfizer
Stephen T Sonis, DMD, DMSC Scientific Advisor	• 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

INNOVATION PHARMACEUTICALS INC.

Commercial Expanse and Intellectual Property

Intellectual Property Estate

Prurisol

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

Brilacidin

- # US Patents granted
  - 10
- 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

Innovation Pharmaceuticals Strategic Direction

- Leverage Recent 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

Innovation Pharmaceuticals Inc.

100 Cummings Center

Beverly, MA

April 2018

Ticker: IPIX