



ASX Release

30 January 2023

Quarterly Activities Report and Appendix 4C

Melbourne, Australia: Acrux Limited (ASX:ACR, “**Acrux**” or the “**Company**”) is pleased to provide its Appendix 4C and a quarterly update for the period ended 31 December 2022.

The Company reports positive cash generated from operating activities of \$1.070 million and an increase in cash and cash equivalents of \$1.021 million for the quarter ended 31 December 2022. Whilst the primary driver of this positive cashflow for the December quarter was receipt of FY22 Research and Development Tax Incentive Rebates ('RDTI') from the Australian Taxation Office, quarterly receipts from customers were up by \$0.400 million to \$0.840 million relative to the previous reported period and operational payments were also lower.

Outlook

Earlier this month Acrux announced that it had concluded an agreement with Gedeon Richter Plc., one of its manufacturing and distribution partners, for Gedeon Richter to buy out the future royalties of Lenzetto® for contracted territories for EUR4.10 million, equating to A\$6.41 million.¹ Royalty payments from the existing agreement were due to conclude early in 2026.

These funds are due to be received in full at the beginning of February and this transaction will provide the additional Working Capital to fund Acrux's current development and commercialisation projects whilst avoiding any imminent requirement to implement alternate capital raising strategies.

Material Events

Prilocaine and lidocaine cream was launched by our commercial partner, Padagis, in the United States in December 2022 and strong launch volumes have been reported. Prilocaine and lidocaine cream was Acrux's third ANDA product to be approved by the FDA. The product is a topical anesthetic and a generic version of Emla® Cream.

In December it was announced that the development and commercialisation agreement of a generic topical product with Amring was mutually terminated. Acrux continues to progress this commercially attractive project that is in an advanced stage of development with an ANDA submission targeted for late in 2023. Negotiations are underway with a new commercial partner that will be appointed to support expected future launch.

¹ 1.0000 EUR = 1.5640 AUD



December Quarter Cashflows

Customer receipts related to product licensing have grown as the number of commercialised products expands and market share increases. Growth of customer receipts over the prior quarter was 210%.

Total operating payments disclosed at Item 1.2 totalled \$2.495 million for the current quarter and \$6.289 million for the year to date.

As our primary focus is on later stage development projects that will achieve commercialisation in the short term, the expenditure on research and development was lower than in previous financial years. This is primarily due to the stages of development achieved in the individual projects. The current project-based development activities involve a greater use of internal resources, including the demonstration of bioequivalence and dossier preparation, rather than the development of manufacturing methods and production of exhibit batches by external contract manufacturers.

Product manufacturing and operating costs is a new reported expense category and reflects purchases of Active Pharmaceutical Ingredients (APIs) which are used in the commercial manufacture of prilocaine and lidocaine cream that was launched by Padagis in the reported period.

Staff costs reflect the employment-related expenses for the Company's employees and Non-executive directors. Cash payments and superannuation related to the remuneration of Non-executive directors is additionally disclosed as a related party payment at Item 6.

In September \$0.983 million was received from the Australian Tax Office in relation to RDTI for FY22 and a further \$2.747 million was received in the December, bringing the total RDTI funds received to \$3.371 million.

Conclusion

The Board and Management are very excited about the company's commercial progress. We thank shareholders for their continued support and look forward to sharing significant progress with our development projects in future, including receipt of FDA and comparable regulatory approvals for products which are currently under evaluation and which are a prerequisite for future product launches.

Approved for release by the Acrux Board of Directors

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About Acrux

Acrux is a specialty pharma company with a successful track record of developing and commercialising a pipeline of topically applied pharmaceutical products. Drawing on 25 years of experience, Acrux has successfully marketed through licensees a number of products worldwide with emphasis on the United States. Acrux is formulating and developing a range of topical generic products by leveraging its highly skilled workforce, on-site laboratories, GMP manufacturing suite, technical, clinical and commercial experience to bring affordable products to market. Acrux encourages collaboration and is well positioned to discuss commercial partnering and product development opportunities.

For further information on Acrux, visit www.acrux.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity : Acrux Ltd

ABN

72 082 001 152

Quarter ended ("current quarter")

December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	840	1,240
1.2 Payments for		
(a) research and development	(749)	(2,481)
(b) product manufacturing and operating costs	(177)	(199)
(c) advertising and marketing	(27)	(40)
(d) leased assets	(13)	(26)
(e) staff costs	(1,160)	(2,725)
(f) administration and corporate costs	(369)	(818)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	25
1.5 Interest and other costs of finance paid	(41)	(83)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,747	3,731
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	1,070	(1,376)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(3)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(3)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(47)	(93)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(47)	(93)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,329	5,831
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,070	(1,376)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(47)	(93)
4.5	Effect of movement in exchange rates on cash held	(2)	(9)
4.6	Cash and cash equivalents at end of period	4,350	4,350

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,348	1,327
5.2	Call deposits	3,000	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	2	2
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,350	3,329

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other	120	3
7.4	Total financing facilities	120	3
7.5	Unused financing facilities available at quarter end		117
7.6	<i>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</i>		
	Credit Card facility, ANZ Bank		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,070
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,350
8.3	Unused finance facilities available at quarter end (item 7.5)	117
8.4	Total available funding (item 8.2 + item 8.3)	4,467
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2023

Authorised by: The Board of Directors, Acrux Ltd
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.