

# Aytu BioScience (NASDAQ: AYTU)

Corporate Overview – December 2019



# Corporate Overview

- AYTU is a specialty pharmaceutical company commercializing best-in-class therapeutics.
- AYTU's strategy is to build a commercial portfolio of products competing in large therapeutic areas through licensing and acquisition.
- AYTU operates an efficient commercial model with a nationwide 100-person sales force leveraging co-promotion partners.

Two recent pivotal transactions that are expected to: (1) expand commercial critical mass, (2) multiply revenue run-rate, (3) accelerate time to + EBITDA



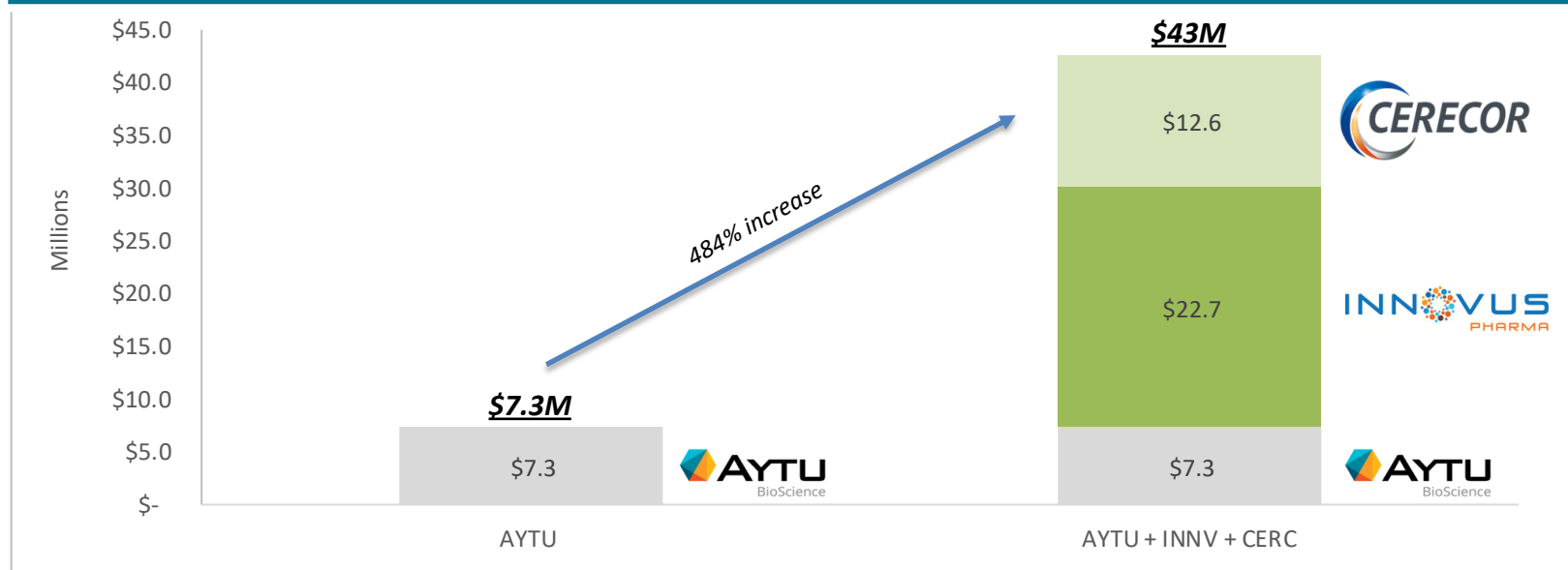
**Pro-forma LTM revenue of \$43M (as of September 30, 2019)**



# 5X Revenue Increase Over FY19

- Two acquisitions result in a 484% increase in revenue as of September 30, 2019.

## Pro-Forma LTM Revenue as of September 30, 2019



- Prescription Portfolio – 9 Rx products competing in large therapeutic markets
- Consumer Health Portfolio - >30 products competing in the \$40B consumer segment

# Commercially-Focused Management Team with a History of Growing Commercial Organizations

## Josh Disbrow – Chairman & CEO

- Former VP of Commercial Operations at Arbor Pharmaceuticals where revenues grew from zero to over \$127MM in < 5 years; Acquired by KKR
- Previous COO of Ampio Pharmaceuticals (NYSE: AMPE) and head of Business Unit
- Progressive commercial roles at LipoScience, Cyberonics, and GlaxoSmithKline

## David Green, CPA – Chief Financial Officer

- Former CFO of Specialized Health Products International and Catheter Connections, acquired by CR Bard and Merit Medical
- Former Chief Accounting Officer of Intarcia Therapeutics
- Previous Managing Director of Duff & Phelps and Director of E&Y Capital Markets

## Jarrett Disbrow – EVP, Marketing & Market Access

- Founder and original President/CEO of Arbor Pharmaceuticals where revenues grew from zero to over \$127MM in <5 years; Acquired by KKR
- Former CEO of Vyrix Pharmaceuticals, a specialty pharmaceutical company focused on male sexual dysfunction
- Progressive commercial roles at Accentia Pharmaceuticals, GlaxoSmithKline

## Matthew Phillips – EVP, Commercial Operations

- Former CCO of Cerecor, Inc. and President & COO of Zylera Pharmaceuticals, specialty pediatric company acquired by Cerecor
- Former Executive Director of Managed Markets and Corporate Accounts at Victory Pharmaceuticals
- Progressive commercial roles at Dura Pharmaceuticals and Eisai, Inc.



# Recent Pivotal Acquisitions

Innovus Pharmaceuticals (announced 9/12/19)

Cerecor Commercial Rx Portfolio (closed 11/1/19)



# Innovus Acquisition: Novel Consumer Health Products Competing in Large Markets - \$23M in LTM Revenue

Well-positioned brands competing in the  
\$40B consumer health market

Diabetes Care

Sexual & Urological Health

Respiratory & Allergy

 **DIABASENS™**

*Zestra*  
Essential Arousal Oils®

**FlutiCare®**

 **Glucogorx™**

**UriVArx®**

Products commercialized through Innovus' proprietary Beyond Human platform

**BEYOND HUMAN**

 **AYTU**  
BioScience

# Cerecor Acquisition: Established Rx Brands in Large Therapeutic Markets - \$12.6M in LTM Revenue

Established pediatric and primary care brands competing in ~19\$B addressable markets

## Cerecor Prescription Therapeutic Portfolio

**Karbinal<sup>ER</sup>**  
(carbinoxamine maleate)

Extended-release liquid antihistamine

**AcipHex<sup>Sprinkle</sup>**  
rabeprazole sodium delayed release  
capsules, for oral use; 5mg & 10mg

Granule formulated proton pump inhibitor

**CEFACTOR**  
For Oral Suspension, USP  
— 250 mg/5 mL —

Second-generation cephalosporin suspension











## Cerecor Prescription Vitamin Portfolio

**Tri-Vi-Flor<sup>®</sup>**

**Poly-Vi-Flor<sup>®</sup>**

Fluoride-based pediatric supplements

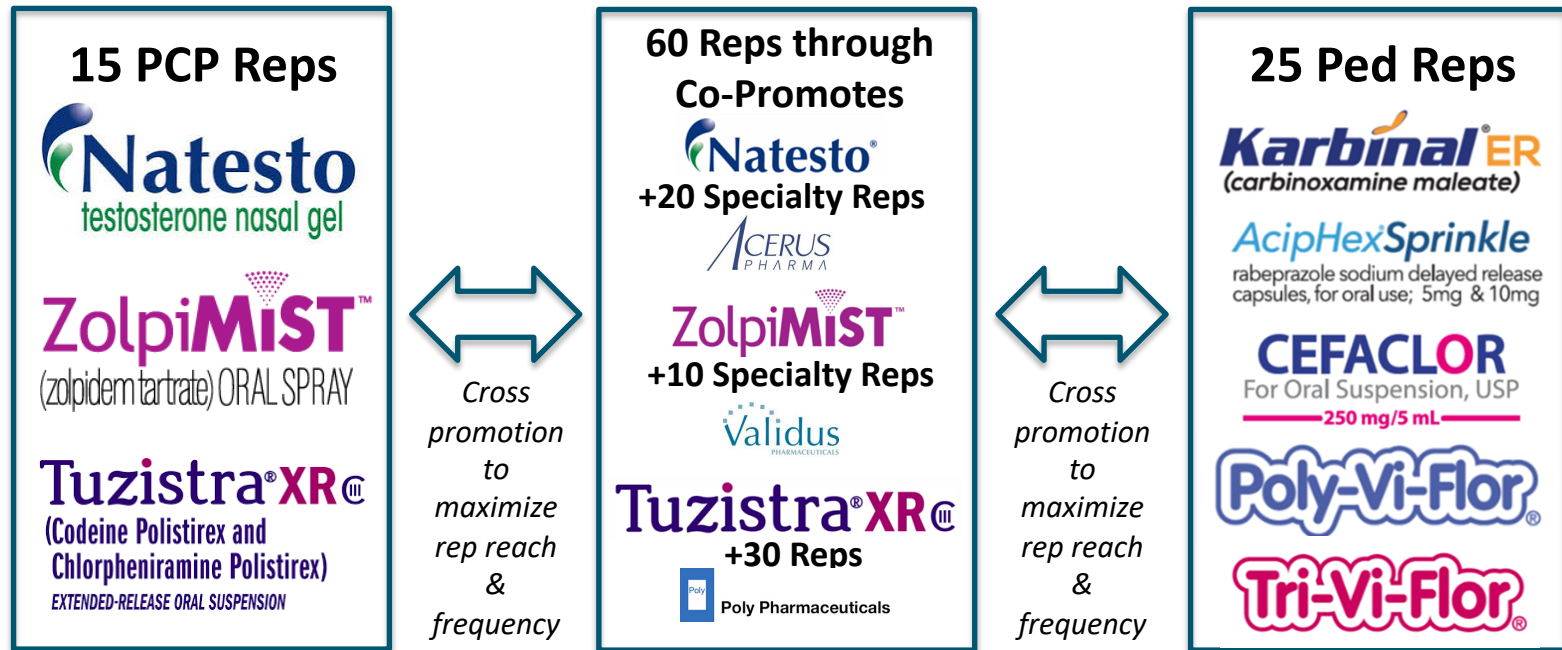
# Diverse Portfolio Filling Unmet Needs in Large Therapeutic Categories (~\$66B TAM)

\$6.5B TAM	<b>AYTU Products</b>	<b>Addressing Everyday Conditions in Primary Care</b>
		Only nasally-administered testosterone
		Only oral spray sleep aid
		Only twelve-hour codeine cough syrup
\$19B TAM	<b>CERC Products</b>	<b>Addressing Large Pediatric Primary Care Markets</b>
		Extended-release liquid antihistamine
		Granule formulation proton pump inhibitor
		Second generation cephalosporin suspension
\$40B TAM	<b>INNV Products (Select)</b>	<b>Competing in Large OTC Categories</b>
	Novel, niche OTC medicines and supplements	   



# Leveraging Cross-Selling & Co-Promotes

- National sales footprint with 100 sales representatives, co-promote partners, cross selling opportunities and direct-to-consumer support.



**BEYOND HUMAN**

Innovus' Direct-to-Consumer Marketing Platform

# Overview of Product Growth Drivers

# Natesto<sup>®</sup>: The Only FDA-Approved, Nasally-Administered Testosterone Replacement Therapy



# Natesto®: The Only Nasally Delivered Low T Therapy

## The Only FDA-Approved Intranasal Testosterone



- Fast, clean application
- Easy to use and transport
- Rapid  $T_{\max} < 1$  hour

- Uniquely-delivered, patented TRT with multiple advantages over existing treatment options
- Only nasally-administered: rapid, **pulsatile** drug delivery
- Delivers the **lowest dose** among topical testosterone (5.5 mg/dose)

## No BLACK BOX Warning

- Natesto is the **only** topical TRT **without** a BLACK BOX warning
- All others carry a “**BLACK BOX warning**” due to the risk of transference

## ↓ AndroGel BLACK BOX Warning ↓

AndroGel® (testosterone gel) 1.62% for topical use CIII  
Initial U.S. Approval: 1953

### WARNING: SECONDARY EXPOSURE TO TESTOSTERONE

*See full prescribing information for complete boxed warning.*

- Virilization has been reported in children who were secondarily exposed to testosterone gel (5.2, 6.2).
- Children should avoid contact with unwashed or unclothed application sites in men using testosterone gel (2.2, 5.2).
- Healthcare providers should advise patients to strictly adhere to recommended instructions for use (2.2, 5.2, 17).

# Natesto Growth Plan

## Natesto commercial expansion effective 12/1/19

- **Natesto sales efforts will be expanded through enhanced commercial partnership with Acerus Pharmaceuticals (“Acerus”)**
  - Natesto licensor Acerus will fully fund and launch a U.S.-based specialty sales force in support of Natesto growth.
  - Expansion nearly doubles U.S. sales footprint to 60 representatives
- **Aytu continues to book all top line revenue from Natesto sales to wholesalers/retailers**
  - Aytu remains exclusive supplier in U.S.
- **All revenue milestones removed**
  - Milestone payments of up to \$75M removed
- **Regulatory responsibilities and clinical trial expenses assumed by Acerus**
- **Revised, favorable new commission structure**
  - Aytu will pay Acerus commissions on sales generated through specialists’ prescriptions
  - Previously paid royalties removed in favor of paying Acerus commission on Natesto revenue upside
- **Deal economics remain essentially unchanged on current level of Natesto sales; Acerus committed to minimum sales level (make whole provision)**

# Natesto Spermatogenesis Study Findings Drive Significant Clinical Value

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*“Currently, there are no FDA-approved therapies to treat men with low testosterone who wish to preserve their fertility.*

*About 20% of men with Low T deal with these decisions, and Natesto could be an alternative for simultaneously increasing testosterone while preserving sperm production.”*

**Ranjith Ramasamy, MD**

**Director of Reproductive Urology**

Miller School of Medicine

University of Miami



# Study Completed Demonstrating No Impact of Natesto on Male Fertility

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- ***Natesto Effects on Testosterone, Luteinizing Hormone, Follicle Stimulating Hormone and Semen Parameters***
  - First study ever to demonstrate minimal, or no impact of a TRT on sperm concentration, motility, and motile sperm count
  - Data released at ASRM conference – October 16, 2019
  - Prospective, open-label study investigating Natesto's impact on patients' semen parameters, endogenous testosterone production, and LH/FSH levels
  - Assessed 50 patients with confirmed hypogonadism (testosterone (T) < 350 on 2 consecutive samples collected more than 1.5 hours apart in the morning
  - 2 complete sperm cycles ~ 24 weeks; 6 study visits
- **Principal Investigator: Ranjith Ramasamy, MD**
  - Director of Male Reproductive Medicine and Surgery;  
Associate Professor; Department of Urology – University of Miami
- **Primary endpoint: Change in Testosterone, Semen Parameters, Follicle Stimulating Hormone, Luteinizing Hormone, and Estradiol**

# ZolpiMist™: The Only FDA-Approved, oral spray Zolpidem Tartrate





# ZolpiMIST™ : Sleep, Delivered, Fast

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- **Novel, rapid-acting oral spray formulation of most prescribed prescription sleep aid, zolpidem tartrate**
- **Significant patient advantages over Ambien® including:**
  - Rapid onset of action to deliver faster sleep onset than Ambien
    - Significantly more patients achieved therapeutic blood levels in 15 minutes with ZolpiMist oral spray than with Ambien tablets
  - Effective for patients with difficulty swallowing
- **Large market – 1% TRx market share = ~\$50M**
- **Co-promotion with Validus Pharmaceuticals in psychiatry**

# **Tuzistra® XR: The Only FDA-approved, 12-hour Codeine Suspension**



# Tuzistra<sup>®</sup>XR<sup>®</sup> : All-Day, All-Night Cough Relief

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- **Only FDA-approved codeine-based antitussive suspension with 12-hour dosing**
  - Current codeine syrups are dosed every 4-6 hours
- **Patented, extended-release oral suspension codeine polistirex and chlorpheniramine polistirex oral**
  - Two Orange Book-listed patents; others pending
- **Co-promotion with Poly Pharmaceuticals**
  - Nearly doubles sales footprint (promotion started 9/3/2019)

**\$3B U.S. Market**  
**30-35 million Rxs annually**

# AYTU Current & Pro Forma Cap Table

	Current	Estimated Pending Innovus	Post- Innovus
<b>Total common stock</b>	<b>17,981,904</b>	<b>4,000,000</b>	<b>21,981,904</b>
Total preferred stock, as converted	20,205,845	1,000,000	21,205,845
<b>Total common stock equivalents</b>	<b>38,187,749</b>	<b>5,000,000</b>	<b>43,187,749</b>
Options and warrants "nearly in the money"			
October warrants 2019 PIPE (WA \$1.25)	10,000,000	-	10,000,000
October warrants 2018 (WA \$1.50)	10,173,593	-	10,173,593
Armistice warrants (WA \$1.00)	4,403,409	-	4,403,409
	24,577,002	-	24,577,002
Options and Warrants "out of the money"	1,884,217	-	1,884,217
<b>Fully diluted shares outstanding</b>	<b>64,648,968</b>	<b>5,000,000</b>	<b>69,648,968</b>

# Aytu BioScience Summary

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- **Recently transformed, revenue generating specialty pharmaceutical company**
  - Doubled organic 'Aytu heritage product' revenue from FY18 to FY19
  - Innovus and Cerecor acquisitions accelerate revenue growth - >\$43M LTM revenue
- **Two transformational transactions announced in past two months**
  - **INNV:** Acquisition of \$23M revenue-generating company
  - **CERC:** Acquisition of ~\$12.6M revenue-generating commercial business
- **Growing product portfolio addressing large markets**
  - **Aytu Rx Products (~6.5B TAM)**
  - **Innovus Consumer Products (~\$40B TAM)**
  - **Cerecor Rx Products (>\$19B TAM)**
- **Expanded nationwide sales force**
  - Expanded U.S.-based, specialty sales force with national footprint
  - Leveraging co-promotion partnerships to increase reach without ↑ in SG&A
  - Sales deployment in large, overlapping therapeutic areas
- **Upcoming and ongoing catalysts:**
  - Reporting combined revenue for AYTU + CERC for quarter-ending 12/31/19 – **2/2020**
  - Closing of Innovus transaction (combined LTM revenue of \$31M) – **Q1 2020**
  - Reporting combined revenue for AYTU + CERC + INNV for quarter-ending 3/21/20 – **5/2020**



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