17 January 2025

Target Market Determination

Made by: Acrux Limited ACN 082 001 152 (**Issuer** or **Acrux**)

Product: Free attaching options to acquire fully paid ordinary shares (**Shares**) in the Issuer (**New Options**) to be issued under a transaction specific prospectus dated17 January 2025 (**Prospectus**)

Effective Date: **17 January 2025**

1 Background

This target market determination (**TMD**) has been produced by the Issuer in relation to an offer to issue the New Options made by the Issuer under the Prospectus pursuant to section 713 of the *Corporations Act 2001* (Cth) (**Act**) and has been designed to help investors understand who the offer of New Options is most suitable for.

The offer of New Options made under the Prospectus opens on 23 January 2025.

This TMD sets out the class of consumers for which the New Options would likely be consistent with their financial objectives, the distribution conditions and restrictions imposed on the distribution of the New Options, as well as reporting requirements for distributors in accordance with the requirements of section 994B of the Act.

A copy of the Prospectus is available on the Issuer's website and ASX's website. The offer of New Options is made under, or accompanied by, a copy of the Prospectus. Any applicant under the Prospectus should carefully read and consider the Prospectus in full and consult their stockbroker, accountant, solicitor and/or other professional adviser if they have any questions regarding the contents of the Prospectus. There is no cooling off period in respect of the issue of the New Options.

This TMD is not a disclosure document for the purposes of the Act and does not provide a full summary of the product features or terms of the New Options. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Act. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

This TMD is not intended to provide financial advice or take into account what you currently have, or what you want and need, for your financial future. The Issuer is not licensed to provide financial product advice in relation to the New Options.

Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2 Product Information

The key features of the New Options are as follows:

Offers	An offer to: (a) each Eligible Shareholder who subscribes for SPP Shares under the SPP to subscribe for one free attaching New Option for every SPP Share issued to the Eligible Shareholder under the SPP (**SPP Options Offer**); (b) each investor who subscribes for Shares under the Placement to subscribe for one free attaching New Option for every Share issued to the investor under the Placement (**Placement Options Offer**); and (c) the Lead Managers to subscribe for 50,000,000 New Options in aggregate as part consideration for the provision of lead managerial and bookrunner services in connection with the Placement (**Lead Manager Options Offer**). The Offers are being made under the Prospectus. The Offers involve the offer of New Options to Eligible Participants (refer below).
Eligibility	The Issuer is making the Offers, by invitation only to the Eligible Participants, being: (a) in respect of the SPP Options Offer, the SPP Participants, who are all existing Shareholders in the Issuer; (b) in respect of the Placement Options Offer, the Placement Participants, who are either directors of the Issuer or professional or sophisticated investors; and (c) in respect of the Lead Manager Options Offer, the Lead Managers, who are professional or sophisticated investors. The Offers are not open to the general public and Application Forms will only be provided to the Eligible Participants.
Conditions	The Offers are conditional upon receipt of Shareholder approval at the Meeting to be held on 3 February 2025. If the requisite Shareholder approvals are not obtained, the relevant Offer will be withdrawn and no New Options will be issued to Eligible Participants in respect of the relevant Offer.
Exercise price	All New Options under the Offers will be exercisable at $0.0525 (5.25 cents) per New Option.
Expiry date	Each New Option will expire on the Expiry Date, being the date which is 2 years after the date of issue. A New Option that has not been exercised before the Expiry Date will automatically lapse at that time.
Exercise period	The New Options are exercisable at any time on or prior to the Expiry Date.
Shares issued on exercise	Shares issued on exercise of the New Options will rank equally in all respects with the then issued Shares in the Issuer.

Quotation	It is the Issuer's current intention to seek quotation of the New Options, subject to satisfaction of the quotation conditions set out in the Listing Rules.
Transferability	To the extent the New Options are quoted on ASX's official list, they will be freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under Australian securities laws. To the extent the New Options are not quoted on ASX's official list, the New Options will not be transferable without the prior written approval of the Issuer.

3 Target market

The objectives, financial situation and needs of investors which are suitable for investment in the New Options and an explanation of why those particular financial circumstances are suitable are provided below:

Investment objective	As the New Options may be exercised at any time during the Exercise Period, the Issuer expects that an investment in the New Options will be suitable to investors who wish to have the right, but not obligation, in the medium term to acquire the Issuer's shares and have exposure to the Issuer's current products and pipeline of future products. The New Options are for those who: (a) are entitled to apply for them under the Prospectus; (b) seek to profit from an appreciation in the market price of Shares in the Issuer, and/or who have a medium to long-term view on the Shares or the underlying assets of the Issuer; and (c) are accustomed to making speculative investments in the pharmaceutical sector.
Investment timeframe	The New Options will only be issued to the Lead Managers or investors under the SPP and Placement, and consequently have been designed for consumers who: (a) in respect of the SPP Options Offer and the Placement Options Offer, have acquired or will acquire Shares under the SPP and Placement; (b) have the ability to consider the economic risk of the exercise of the New Options; (c) given the speculative nature of the Shares and New Options, have adequate means to provide for their current needs and to withstand a loss of the entire investment of the Shares and New Options; (d) have such knowledge and experience that they are capable of evaluating the merits and risks of exercising the New Options; (e) take a medium term outlook in relation to their investment in the Issuer and are in a financial position that is sufficient for them to invest their funds over the time period to the Expiry Date, should they wish to exercise their New Options; and (f) have determined that the New Options are a suitable investment.

Investment suitability	While the Issuer does not have an established eligibility framework for investors based on metrics (for instance employment status, income levels, age or an expected return or volatility), it is expected that the target market of investors will be those investors that wish to obtain optionality for exposure to the Issuer's targeted future growth. Only Eligible Participants will be permitted to apply for the New Options.
Risk	The Issuer considers that an investment in the New Options will have a different risk profile to a direct upfront investment in Shares, since the New Options are exercisable at any time during the Exercise Period and there is no obligation to exercise the New Options prior to the Expiry Date. No guarantee can be given that the Share price will be greater than the Exercise Price of the New Options at any time during the Exercise Period. Accordingly, there is a risk that the New Options will be 'out of the money' during the Exercise Period, which would affect the value of the Offers. An investment in the Issuer should be regarded as speculative. The New Options or Shares issued on exercise of the New Options carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Investors should also have a sufficient level of financial literacy to understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer as summarised in the Prospectus.
Excluded class of consumers	The New Options are not suitable for investors: (a) who are not Eligible Participants; (b) who are not seeking to have the potential to increase their investment in the Issuer; (c) who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer; (d) who require an income stream from their investment; (e) who do not ordinarily invest in speculative investments in the pharmaceuticals sector; and (f) who are residents outside Australia or New Zealand.

The Issuer has assessed the New Options and formed the view that the New Options are likely to be consistent with the objectives, financial situation and needs of investors in the target market as described in this section 3.

4 Distribution conditions and restrictions

The New Options will also be subject to the distribution condition that investors will be provided with a copy of the Prospectus before they apply for New Options, and access to this TMD.

The key restrictions on distribution for the Offers are that the New Options will only be offered and issued to the relevant Eligible Participants.

The Issuer considers that these distribution conditions will ensure that persons who invest in the New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Issuer.

5 Review triggers

The New Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the New Options will no longer be available for investment. It follows that the TMD will only apply in the 13 month period following the date of issue of the Prospectus, unless withdrawn earlier (**Offer Period**), after which the TMD will be withdrawn.

To allow the Issuer to determine whether circumstances exist that indicate this TMD is no longer appropriate, and that distribution of the New Options should cease, the following review triggers will apply for the Offer Period:

(a) there is a material change to the New Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market (including, for the avoidance of doubt, if the New Options cannot be quoted on ASX's official list);

(b) it is apparent that Shareholders will not approve the issue of New Options by the requisite majority;

(c) the Issuer lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;

(d) there is an occurrence of a significant dealing in New Options that is not consistent with this TMD;

(e) the Issuer identifies a substantial divergence in how the New Options are being distributed and acquired from this TMD;

(f) there is an unexpectedly high number of complaints received from customers that indicate the New Options are not suitable for the target market or the product is not being distributed to the target market; and

(g) there are material changes to the regulatory environment that applies to an investment in the New Options.

The Issuer may also amend this TMD at any time.

6 Review

If a review trigger occurs during the Offer Period, the Issuer will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.

Periodic reviews of the TMD will occur regularly during the Offer Period. If the Offer Period extends for more than one month, the TMD will be reviewed on a monthly basis.

7 Reporting requirements

As the Issuer is not appointing external distributors of the New Options in respect of retail clients, the Issuer will consider any of the following matters:

(a) complaints received by the Issuer in relation to the New Options;

(b) significant dealings in the New Options which are inconsistent with this TMD;

(c) any dealings outside the target market (to the extent that the Issuer is aware of such dealings); and

(d) the conduct of the Issuer under this TMD.

Where relevant, the Issuer will consider any of the above matters and determine appropriate steps that will be taken including, where appropriate, reporting of matters to ASIC.

8 Authorisation

This TMD was approved and authorised by the Directors of the Issuer.

For Further Information

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About Acrux Limited

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.