

## Pharmaxis Ltd

### Annual General Meeting

21 November 2019

Sydney

### Chairman's Address by Malcolm J McComas

Welcome to the Pharmaxis 2019 Annual General Meeting.

A decade ago, I shifted my focus from investment banking into Board participation with a focus on early stage resources and biotech companies. Although these sectors present different challenges for management and boards, a feature often common to both is the volatile nature of the investment opportunity. For drug development companies, the market response to good and bad news is typically around the reporting of clinical trial results.

The investment proposition for Pharmaxis is somewhat different, as we are not limited to just one opportunity. Over the last seven years, we have created a strong pipeline of drugs built around our amine oxidase chemistry platform to treat inflammatory and fibrotic conditions in areas of high unmet need.

The Pharmaxis drug development team has delivered four new drugs to the clinic in the past five years. Another molecule is expected to begin early stage trials next year. We have carved out an important area of research that has attracted interest from global pharma companies and support from key opinion leaders. Our goal is to partner those drugs at a point that maximizes the risk and reward ratio for shareholders.

Success in basic research and drug development requires a robust scientific thesis and a team that knows how to develop a package to global standards. It takes time, experience, initiative and perseverance.

The Pharmaxis mannitol business unit that comprises the cystic fibrosis drug Bronchitol® and the asthma diagnostic Aridol®, is now close to completing a transformation to profitability that commenced in 2014 when we first partnered with Chiesi Group for commercialisation of Bronchitol in the United States.

The US Food & Drug Administration has recently detailed the remaining steps required for Bronchitol to be approved in the US and Chiesi is now focused on meeting those requirements in the first half of 2020. The US approval (if granted) will be a tipping point for that business unit, building on many other achievements including obtaining reimbursement for Bronchitol in Russia at the start of this year. Our partnership with Boehringer in NASH and diabetic retinopathy which commenced in 2015 has generated A\$83m in milestone payments to date, with the potential for considerable additional milestone payments and sales royalties if these drugs are ultimately approved.

Our CEO Gary Phillips will shortly overview the Company's progress during 2019, progress that positions Pharmaxis for a pivotal year ahead.

While a drop in the Pharmaxis share price earlier this year was disappointing, we think that our first priority in creating shareholder value is to build value in the company's drug portfolio. This requires

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technical excellence, considerable patience and some deep conviction in the targets that we select. Our job is to deliver new drug candidates from our drug discovery platform and new partnership deals for those drugs to provide Pharmaxis with significant future cash flows from milestone payments and sales royalties.

We remain very focused on this task and I would like to take the opportunity to acknowledge the work of our CEO Gary Phillips. His thoughtful and consistent leadership over the year has added value to the portfolio, some of which is yet to be recognized in the share price. Gary is well supported by the lead management team including David McGarvey (CFO), Wolfgang Jarolimek (Drug Discovery), Brett Charlton (Medical) and Kristen Morgan (Alliance Management). On your behalf, I thank them all, along with all the many other employees of Pharmaxis who share our vision of discovering and delivering medicines of the future.

MJ McComas  
Chairman  
Sydney  
21 November 2019

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