



Pharmaxis Ltd

Annual General Meeting

4 November 2020

Sydney

Chairman's Address by Malcolm J McComas

Good morning and thank you for joining us for this virtual Pharmaxis Annual General Meeting for 2020.

This has certainly been a most difficult year for us all, as together we have faced the challenges that COVID-19 has presented to our personal lives, our workplaces, our businesses and throughout the community.

Despite the lockdowns and global restrictions, I am pleased to say the Pharmaxis management team and employees have been able to continue working optimally. Our drug discovery research, partnering discussions and manufacturing activities have all continued without material disruption and with zero Covid positive cases.

I am very pleased that a high point in Pharmaxis' history was reached with this week's announcement of FDA approval of Bronchitol®, a drug we developed through three large scale global clinical trials. This Australian drug discovery is now going to be made available to patients in the USA for the treatment of adult cystic fibrosis patients. It will be sold by our US licensee Chiesi Farmaceutici SpA with product that is manufactured, packaged and exported by Pharmaxis from our Frenchs Forest facility.

This is a significant milestone and a very rare achievement for an Australian-based medical research company. We are excited to join the very small circle of Australian companies that have developed and manufactured pharmaceutical products here in Australia for export to the United States. Everyone associated with this program can be very proud of this milestone achievement and the revenues that have and will continue to flow from it. We know many CF patients have waited a long time for Bronchitol and we thank them for their enthusiastic response to the news.

The US\$10m cash that will be generated from the milestones associated with US approval of Bronchitol, together with the manufacturing margin and royalty revenues from the sale of Bronchitol in the US (and globally), puts us in a good position to fund the next stage of our drug discovery work – the phase 2 clinical trial in myelofibrosis.

We have named the lead candidate in this program PXS-5505. It is an oral, anti-fibrotic, pan-Lysyl Oxidase (LOX) inhibitor which is being studied for the treatment of the bone marrow cancer myelofibrosis. and has made rapid progress from patent filing in 2018, to achieving US orphan drug designation and Investigational New Drug approval from the FDA in the third quarter this year. These are very material steps in the pathway to the clinic. The clinical study program is now mapped out and is ready to deliver to patients in the next quarter. Significantly for shareholders, this program which is wholly owned and fully funded by Pharmaxis will take a drug into proof of efficacy trials in patients that is expected to create a significant value generating opportunity for the company. We expect to have results from this first indication in around 2 years from now. The myelofibrosis

initiative is a major new chapter for Pharmaxis. Pharmaxis started life with a major focus on cystic fibrosis and some very early pre-clinical work on other conditions. We have since built a global reputation in fibrotic and inflammatory conditions and we are now in a position to build out Pharmaxis as a global leader in this field.

During the year, we were advised that Boehringer would not be continuing with development of the anti-inflammatory SSAO inhibitor asset in both NASH and diabetic retinopathy that it acquired from us in 2015 and that the full program will be returned to us shortly. While this was of course disappointing, Pharmaxis has banked a total of \$83m in milestone payments from Boehringer who have also invested significantly to advance those programs. There may yet be a place for the asset as we explore the Boehringer data and evaluate options for the asset in different diseases.

While partnering efforts with our LOXL2 anti-fibrotic program have taken longer than originally expected and did require us to generate additional data that was provided to interested parties in Q2 of this calendar year, we continue to have discussions with a number of potential partners.

We ended FY2020 in good financial shape. On a proforma basis, including the cash to be received from Chiesi for the FDA approval and US product launch of Bronchitol, we have approx. \$34m cash available which is sufficient to fund our business for some time. We have reduced our cash burn in our core operations. We have grown revenues and expect to further grow our future cash flows from product sales and royalties.

We start FY2021 in very good shape to (i) build value in our clinical assets; (ii) bank cash from our manufacturing and partnering activities; and (iii) continue the work to position Pharmaxis as a global leader in fibrotic and inflammatory conditions.

The planned commencement of a fully funded Phase II clinical trial in Myelofibrosis in the next quarter is the next key step in this journey. These initiatives have one single focus: to build the market value of Pharmaxis to a multiple of our current market valuation, to more fully represent the future value of our approved drugs, our clinical trial plans, our partnering plans and the extraordinary talents of our people.

I would like to take this opportunity to thank and farewell Ed Raynor who stepped down from the Board in August. Ed has commenced a new position with a UK life science company and we wish him well. He made a difference at Pharmaxis and we will miss him.

In May, we welcomed Dr Neil Graham to the Board. Neil, an Australian who has been living and working in the USA for 30 years, is a senior global pharma and biotech executive and brings significant credentials to the table. Most recently he was Vice President and Strategic Program Director at Regeneron, a listed US company that has been in the news a lot lately. Neil's career experience in leading the clinical development of pharmaceutical products is proving extremely valuable.

Finally, I would like to thank our CEO Gary Phillips, the Pharmaxis management team and all our employees for overcoming the obstacles that 2020 has presented and for staying firmly focused on the exciting tasks ahead.

I would also like to thank my board colleagues for their support and wisdom throughout the year.

Malcolm McComas
Chairman
Sydney
4 November 2020