Pharmaxis Ltd

Annual General Meeting
29 November 2016
Sydney
Chairman's Address by Malcolm J McComas

Ladies and gentlemen, shareholders and guests.

I am pleased to be addressing you as a very productive year draws to a close for Pharmaxis - a year which has seen important consolidation, progress and some exciting new milestones achieved.

It is eighteen months since the company restructure was concluded in May 2015 with the sale of our lead drug candidate for the liver disease NASH to Boehringer Ingelheim.

To remind you of the restructured business, Pharmaxis consists of two distinct components, each with its own role and contribution to the overall value of the Company.

- Our drug discovery program is set up to leverage our expertise in inflammation and fibrosis, and in particular our capability in amine oxidase chemistry research;

  and,

- Our Bronchitol® and Aridol® business is transforming to see increased volume and reduced costs in order to deliver profits and cash back to Pharmaxis.

Progress during the year in both parts of the Company has been significant.

Importantly, Boehringer reports that its development program for the drug candidate PXS-4728A acquired from Pharmaxis is on track and we expect confirmation from their next half yearly status report that a phase 2 trial of PXS-4728A will commence in the first half of 2017. This event will trigger a milestone payment to Pharmaxis of approximately A$25 million.

As our CEO Gary Phillips will explain in his presentation, Boehringer is very committed to this program which is aimed at developing a new drug for the liver disease known by the acronym NASH and for which there are currently no approved therapeutic treatments.

There is significant interest from a number of large pharmaceutical companies in this disease. Our drug is Boehringer's lead clinical candidate for this new and emerging market so there is a great strategic fit that we expect will benefit Pharmaxis and its shareholders for many years to come.

With our first drug candidate in the capable hands of Boehringer, our drug discovery program has moved on to focus on developing **new** drugs for fibrotic diseases –including NASH and pulmonary fibrosis (IPF).

During the year the team has delivered several very suitable drug candidates that we are assessing in conjunction with our UK collaborator Synairgen, to determine which should be progressed into human clinical trials in 2017. The search for good anti-fibrotic medications remains highly

competitive and interest in our program from large pharmaceutical companies with whom we have an ongoing dialogue remains strong.

Our other drug discovery programs have also made good progress with the chemistry programs to identify lead candidates well advanced and promising proof of concept data in a variety of animal disease models including cancer, wound healing and inflammatory disorders. Further to Boehringer validating our scientific platform and approach, our Drug Discovery team continues to perform and I have high expectations for the value they will generate in the future.

The Company's Bronchitol business has achieved three significant milestones since the last AGM:

- In December 2015, we announced positive results of a phase II trial of Bronchitol in children and adolescents with cystic fibrosis. The trial met its primary endpoint and a range of secondary endpoints. Clearly Bronchitol has a place in the treatment of CF. Based on the positive trial results we intend to submit an application to extend Bronchitol's European Union marketing authorisation to include children and adolescents.

- In July, we announced the completion of recruitment for our phase 3 Bronchitol clinical trial in cystic fibrosis. That trial is designed to meet the remaining clinical requirements of the Complete Response Letter received from the US Food and Drug Administration (FDA) in 2013. We expect to receive the results of the trial in the second quarter of 2017 and, assuming a positive outcome, the subsequent submission of the trial results to the FDA by our US partner Chiesi.

- In September, we announced Russian approval of Bronchitol and in November we received our first sales order. Russia is the largest market accessed to date for Bronchitol. It will be used to treat both adults and children and I am proud of the perseverance, expertise and creativity of the management team in bringing this about.

An important current year initiative has been to increase the Company's engagement with scientific leaders at a strategic level. The Pharmaxis scientific advisory board was established to help steer the Company's drug discovery and development programs and to augment the key opinion leaders, academics and industry participants with whom Pharmaxis engages in all of its various programs.

The initial core members of the S-A-B are Professor Jacob George and Dr Alan Robertson and, most recently, we welcomed distinguished nephrologist Professor Carol Pollock. In addition, we are currently conducting a search for a new director for the Pharmaxis Board who would bring particular skills in developing and commercialising early stage drug discovery.

Strategic partnerships and collaboration play an important role in our work and earlier this month we announced a research project with the prestigious Woolcock Institute of Medical Research to develop and test the Orbital® dry powder Inhaler. We are very much aligned with current Government initiatives to improve Australia's ability to translate early stage research. Indeed the development and commercialization capabilities demonstrated by the Pharmaxis team positions us strongly to lead further collaborations of this sort in the coming years.

Pharmaxis strives to communicate effectively with the investment community through regular updates on our progress and investment briefings for those wishing to better understand the science underlying our work. Our website was updated during the year and provides a useful reference for shareholders.

During the course of the year, it has been pleasing to see well-respected investors join or increase their position on the Pharmaxis share register including Biotechnology Value Fund and Australian Ethical Investments.

Our CFO David McGarvey will shortly overview the Company's financial position. The impact of changes made over recent years are clear and we are on track - finishing the financial year with a cash balance of $39 million and net cash usage over the year of $15 million. We are well positioned, as we move into 2017, to deliver additional value to shareholders.

The Board wishes to recognise the strong, stable and effective leadership provided by our chief executive officer Gary Phillips and thank him and his management team of Dr Brett Charlton (Medical Director), Dr Wolfgang Jarolimek (Head of Drug Discovery) and Kirsten Morgan (Alliance Management) and David McGarvey (CFO) for their commitment to the future of Pharmaxis. The Board enjoys a very effective working relationship with Gary and his team. I also acknowledge the efforts of my colleagues Will Delaat and Dr Simon Buckingham who have played very significant roles in the transformation of the business, particularly over the last 3 years.

To you our investors, we acknowledge and appreciate your continued support and thank you for attending.

MJ McComas
Chairman
Sydney
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