

Chairman's Address to the 2019 Annual General Meeting

Now for the chairman's address.

The science

Biotechnology companies such as LCT are inherently high-risk enterprises. After securing regulatory approval based on animal trials, LCT initiated an encouraging initial clinical trial in four people with end-stage Parkinson's disease. We then progressed to a larger trial in people with mid-stage Parkinson's disease that lasted two years. In the Phase I/IIa trial started in 2012, one of the patients showed a sustained effect at four years post-treatment.

The aim of the Phase IIb trial, commenced in 2015, was to secure provisional consent from regulatory authorities to treat paying patients in New Zealand. The trial data showed safety and clinical efficacy especially in the 80 microcapsule group. However, the magnitude and duration of this effect may not be sufficient to satisfy the New Zealand regulators that the product could be marketed at present.

We know that Parkinson's is a progressive disorder, and it may be that NTCELL when used at an early stage may slow the rate of disease progression.

We are currently exploring whether it would be possible to carry out a further clinical trial with NTCELL at this earlier stage of Parkinson's disease. New Zealand is not a possible site for such a study given the number of patients required. In addition to the agreement of patients, neurologists, neurosurgeons and regulators, it would require more than \$10 million of additional funding.

So, you will understand why the Board is cautious about taking such a step, and is doing due diligence, initially with the science, then the venue, and how to raise sufficient funds.

Targeting migraine and obesity

To spread the risk and diversify our product portfolio, the Board has invested in two separate small molecule products for the treatment of obesity and migraine. If either of these studies were successful, the product candidates would be attractive prospects for out-licence to global pharmaceutical companies due to the large market potential for treatment of obesity and migraine.

We are working with the University of Auckland on these projects. Both are in pre-clinical phase at present and should be ready for testing in clinical trials in 2020, with the goal of completing a Phase I clinical study within one to two years.

Dr Taylor will go into more detail on these projects in his report at the end of this meeting.

Board changes

The diverse commercial, clinical, scientific, and business expertise that current board members bring to the table, allows for robust debate and informed advice for which the company is richer. The recent appointment of Professor Carolyn Sue to the Board means we now have a practising neurologist with scientific skills and a great wealth of knowledge and expertise in the field of Parkinson's disease.

Earlier this year Laurie Hunter announced that, after 13 years' service, he would not stand for re-election as a Board member at this year's AGM. He maintains this position.

We are tremendously grateful for Laurie's business acumen and commercialisation expertise and thank him for his contributions to the Board.

The Board did consider filling this position, but will hold off at present, or at least until a decision has been made on the future development of NTCELL. We anticipate that will be decided in the next few months.

A group of shareholders have nominated two candidates for Board positions and have also suggested removing both Robert Willcocks and Dr Ken Taylor from the Board. I see no wisdom in removing either director from the Board, as both have considerable independent

skillsets which complement those of other Board members. The Board would be the poorer without their expertise and contributions.

During the year, our CEO, Dr Ken Taylor and I have met with several shareholders who have considerable holdings to hear and try to address their concerns. We continue to maintain an open line of communication with these and other investors whilst being mindful of our ASX disclosure obligations. We are fortunate to have such passionate and engaged supporters contributing opinions and advice.

Finances

At 30 September LCT had \$3.9 million in cash reserves. This is sufficient to continue its research portfolio with the small peptides projects with the University of Auckland, and to take at least one project to completion.

During October the company received a further \$1.1 million from the takeover by Vertex Pharmaceuticals Incorporated of Semma Therapeutics in which LCT held shares.

LCT will need to raise significant capital if the Board decides to pursue a further pig trial.

Thanks

On behalf of the Board, I would like to thank the small and dedicated team at LCT for their ongoing commitment. I cannot overstate the professionalism and critical thinking Dr Ken Taylor, CEO, Dr Janice Lam, COO and Mr Daya Uka, CFO bring to their roles.

I would also like to thank you, our shareholders for your perseverance on the long journey that is biotechnology research and development.

Thanks also to our partners, advisers and supporters for their contributions over the past 12 months.

Finally, I would like to thank my Board colleagues for their expertise and dedication in helping to direct LCT. While the past year has been challenging, the company remains focused on delivering positive outcomes for both shareholders and patients.