

Chairman's Address to the 2020 Annual General Meeting

Now for the chairman's address.

Thank you all for making the time to join the meeting today. The past 12 months have been challenging for all of us, and LCT has experienced significant disruptions to its research programmes and partnering outreach, primarily due to the global COVID-19 pandemic. As evidence, we are holding this AGM virtually. That is not too difficult or disruptive but almost all industry conferences and meetings have also been cancelled, removing the opportunity to meet with potential partners, peers and colleagues. And that does have an impact.

COVID-19

Earlier this year the level 4 lockdown in New Zealand closed the University of Auckland research labs for several weeks. The suspension of research would only ever impact timing of the research and not outcomes. In the event, restarting was not just a matter of unlocking the doors and switching the lights back on, and project milestones have been delayed by approximately six months. Supply chains have been impacted by the global pandemic, reducing availability and increasing cost and time to procure supplies. Animals need to be bred, relevant sophisticated equipment needs to be restarted and extensively recalibrated. There is then a lengthy queue for time on the equipment (particularly the Mass Spectrometer which is housed in a separate facility) as ours is not the only project halted by the lockdown. Personnel need to be available and some of the previous work had to be redone. Dr Taylor will provide more detail on the progress and revised timelines in his presentation after the close of the meeting.

Around the world many pharmaceutical companies have turned all their expertise and resources to developing vaccines for COVID-19. Many others are focused on retaining and shoring up their own businesses. Companies are taking a cautious approach to expenditure. There can be no in person discussions at international meetings. Boards are unable to meet to discuss new proposals and opportunities or to sign agreements. We are all having to adapt to this new normal and the constraints it places on us.

FINANCES

On the corporate front, the company has undertaken a range of cost saving measures including salary and director fee reductions and rent rebates which, along with grants and R&D tax credit, has bolstered our cash reserves. While we are carefully managing the cash on hand, LCT will need to raise capital soon in order to be able to execute our clinical programme and, as noted by the auditor, to continue to trade as a going concern.

In this context, the board and management have been exploring a number of potential strategic opportunities, with a view to creating value and attracting further funds for LCT.

LCT is working with a Sydney-based advisory firm with expertise in the bio-medical field to identify options for the Company, and to assist in the implementation of any transaction that your Board considers to be in the Company's and shareholders' interests.

I remind you that communications to shareholders have to be authorised by the board. The board receives expert input from its advisors on the materiality of any data or event and follows that advice. Our communications are consistent and meet ASX disclosure rules which focus on factual data, not hype.

The projects we work on have long term endpoints, and to provide updates with incomplete data could be considered misleading.

Further, any progress on a potential corporate transaction can only be made under confidentiality arrangements and will not be disclosed to the market until a binding agreement is in place.

NTCELL

The studies of NTCELL in Parkinson's disease were concluded this year. Patient monitoring has ceased and participants can now pursue other treatments. LCT cannot access any patient data after the completion of the trial. Any future study would require large patient numbers, which precludes further studies in New Zealand, and would need to follow patients for at least three years. The financial and time commitment is significant. During the year we have looked at a range of options, including talks with a research and development company overseas about other opportunities to progress NTCELL.

DIABECCELL

While Diatranz Otsuka Limited is a private company with no obligation to announce its research progress, they have reassured us that its US-based research and development programmes are making satisfactory progress in monkey safety and efficacy studies. They are planning a preIND (clinical trial approval document) meeting with the FDA in February 2021. They are investing more than NZD 10 million per year. Our agreement ensures LCT will receive a 5 percent royalty on any eventual product sales.

BOARD UPDATE

On a more sombre note, in August this year, we were saddened by death of the company's visionary founder, Sir Bob Elliott. I'm sure many of you here today will recall his passion for LCT and his drive to discover treatments for serious diseases. His contributions to medical research have been life-changing for many. We will miss his indefatigable optimism and creative thinking. Bob is irreplaceable, and so the LCT board has reduced in size, to five members, including the CEO.

THANKS

On behalf of the board I would like to thank the small and dedicated team at LCT for their continued efforts during this difficult year. The company consists of just three employees who must manage numerous research projects, explore partnership and outlicensing opportunities and manage consultants as required, all while ensuring the company complies with its financial management and disclosure obligations to the ASX.

Despite the disruptions and uncertainty, Dr Taylor, Dr Lam and Mr Uka have adapted to the challenges and introduced significant cost savings while sustaining our programmes of work.

I also thank you, our shareholders, for your ongoing support, and acknowledge your patience. We recognise and value your commitment to and understanding of the important work that LCT does.

Finally, I am grateful to my colleagues on the board and to our expert consultants and advisors for their knowledge, guidance and support of the company and its strategic goals.

Bernie Tuch

Interim Chairman