ASX Announcement

# Quarterly Cashflow Report

**Melbourne, Australia; 17 July 2018:** Starpharma (ASX: SPL, OTCQX: SPHRY) today released its Appendix 4C – Quarterly Cashflow Report for the period ended 30 June 2018.

Starpharma's cash balance as at 30 June 2018 was $51.3 million. The net cash-burn for the financial year was $9.9 million which is just over half of last year's net cash-burn (excluding net proceeds from the agribusiness sale) of $18.1 million.

Receipts from customers in the quarter include the upfront payment of A$1.3 million (US$1.0 million) from the first Mundipharma license (May 2018) but does not include a further A$2.0 million (US$1.5 million) upfront payment from the second Mundipharma licence which expanded their territory to include Europe. This second upfront payment was received in early July 2018.

Starpharma's strong balance sheet and anticipated near-term revenues place the company in an excellent position to build further value in its DEP® portfolio, through advancement and expansion of its programs, in parallel with the launch of VivaGel® BV in partnered territories. This is a transformative period for Starpharma as it progresses from a largely development stage company to revenue generation based on a deep portfolio of both commercial and development opportunities.

**VivaGel® BV highlights in the quarter include:**

- VivaGel® BV licensed to Mundipharma for Asia (including China, Japan and Korea), the Middle East, Africa and parts of Latin America for an attractive revenue share, in addition to milestones of up to A$12.4M (US$9.2M).
- A further licence agreement for VivaGel® BV was signed with Mundipharma for Europe, Russia, CIS and the balance of Latin America for an attractive revenue share, and additional milestones of up to A$20.8M (US$15.5M). The combination of territories under licence with Mundipharma means Starpharma is eligible to receive total signing, regulatory and commercial milestones of up to A$33.2M (US$24.7M), in addition to receiving a revenue share from Mundipharma sales.
- Completed the VivaGel® BV NDA, which was subsequently advanced to the next stage of the US FDA review, following acceptance for filing with no issues identified. The FDA also confirmed that the VivaGel® BV NDA will be the subject of a priority review, which has a target review period of approximately 6 months from acceptance. This is expected to positively impact on licensing discussions for the US which are at an advanced stage.
- Extensive preparations continue for the launch of VivaGel® BV in a number of regions, including in Australia, Europe, Asia and elsewhere. This included marketing and sales planning, as well as market research by partners to support launches. Mundipharma plans to expedite the product launch under the Betadine® brand through their extensive marketing network and has commenced regulatory activities for its regions other than the EU where the product is already approved.
- Significant supply activities for VivaGel® BV including packaging development and supply chain development have been undertaken in conjunction with Starpharma's contract manufacturing organisations in preparation for multi-region launches.

In the DEP® portfolio, the phase 2 DEP® docetaxel trial recruitment is progressing well with three sites recruiting and a fourth to commence shortly. Starpharma has completed recruitment in the first cohort of patients with lung cancer in the combination study, which is

trialing the combined use of DEP® docetaxel and nintedanib (Vargatef®). Based on positive feedback from oncologists involved in the study, Starpharma is now exploring the potential to expand recruitment in this combination arm of the study. No cases of neutropenia have been reported in either the Phase 2 or the combination (DEP® docetaxel and nintedanib) arms of the study.

In the phase 1/2 DEP® cabazitaxel trial, recruitment is underway at Guy's Hospital London and University College London Hospital. Final preclinical work is being completed ahead of commencing the phase 1/2 DEP® irinotecan trial. Manufacture of DEP® irinotecan trial material has already been completed at Starpharma's scale-up facility and is currently being formulated in preparation for trial commencement. Partnered DEP® programs continue to progress well and Starpharma has manufactured a number of partnered DEP® candidates at progressively larger scales, during the year. The Company has also advanced a number of new DEP® candidates into preclinical development during the quarter.

Commenting on the Company's recent highlights and outlook, Dr Jackie Fairley, CEO of Starpharma said: "We are delighted to have executed licences for VivaGel® BV in the majority of regions around the world with our newly announced partner, Mundipharma. We're impressed by Mundipharma's commitment to the feminine care category and their plans to expedite the product launch of VivaGel® BV, particularly in Europe and Asia. FDA's recent filing acceptance of our NDA and confirmation of its priority review both add significant commercial value and is expected to positively impact our advanced US negotiations. These important achievements place Starpharma in a very strong position as we move into a pivotal year ahead."

**Outlook**

- VivaGel® BV US licence
- VivaGel® BV launch in Australia, Europe & other Mundipharma regions
- VivaGel® BV US regulatory approval & approval in Mundipharma regions
- Revenue from VivaGel® BV milestones, supply & sales
- Further VivaGel® condom regulatory approvals and product launches in multiple regions (e.g. Japan, China, EU)
- Progress with DEP® docetaxel & DEP® cabazitaxel clinical trials
- DEP® irinotecan to advance to the clinic
- New DEP® candidates selected for further development
- AstraZeneca program developments, e.g. AZD0466 advanced to the clinic & revenue from milestones; further compounds advanced
- Other partnered DEP® deals and program developments, including for Targeted DEP®

---

About Starpharma

Starpharma Holdings Limited (ASX: SPL, OTCQX:SPHRY), located in Melbourne Australia, is an ASX 300 company and is a world leader in the development of dendrimer products for pharmaceutical, life science and other applications.

Starpharma's underlying technology is built around dendrimers – a type of synthetic nanoscale polymer that is highly regular in size and structure and well suited to pharmaceutical and medical uses. Starpharma has two core development programs: VivaGel® portfolio and DEP® drug delivery with the Company developing several products internally and others via commercial partnerships.

VivaGel®: Starpharma's women's health product - VivaGel® BV is based on SPL7013, astodrimer sodium, a proprietary dendrimer. VivaGel® BV is approved for marketing in the EU and Australia for bacterial vaginosis (BV) and a new drug application is under Fast Track review by the US FDA. Starpharma has licensed the sales and marketing of VivaGel® BV to Mundipharma for Europe, Russia, CIS, Asia, the Middle East, Africa and Latin America; and to Aspen Pharmacare for Australia and New Zealand. Starpharma also has licence agreements to market the VivaGel®

condom (an antiviral condom which includes VivaGel® in the lubricant) in several regions, including Australia, Europe, Canada, China and Japan. The VivaGel® condom has been launched in Australia and Canada under the Lifestyles® Dual Protect™ brand.

DEP® - Dendrimer Enhanced Product®: Starpharma's DEP® drug delivery platform has demonstrated reproducible preclinical benefits across multiple internal and partnered DEP® programs, including improved efficacy, safety and survival. Starpharma has two internal DEP® products – DEP® docetaxel and DEP® cabazitaxel - in clinical development in patients with solid tumours, and further DEP® products approaching clinical development. Starpharma's partnered DEP® programs include a multiproduct DEP® licence with AstraZeneca, which involves the development and commercialisation of two novel oncology compounds, with potential to add more.

Starpharma.com | Twitter | LinkedIn


Media
WE Buchan Consulting
Kyahn Williamson
Mob: +61 401 018 828
kwilliamson@we-buchan.com

Arthur Chan
+61 2 9237 2805
achan@buchanwe.com.au

Starpharma
Dr Jackie Fairley, Chief Executive Officer
Nigel Baade, CFO and Company Secretary
+61 3 8532 2704
investor.relations@starpharma.com


Forward Looking Statements

This document contains certain forward-looking statements, relating to Starpharma's business, which can be identified by the use of forward-looking terminology such as "promising", "plans", "anticipated", "will", "project", "believe", "forecast", "expected", "estimated", "targeting", "aiming", "set to", "potential", "seeking to", "goal", "could provide", "intends", "is being developed", "could be", "on track", or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected trial results, including additional analysis of existing data, and new data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Starpharma is providing this information as of the date of this document and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

# Appendix 4C
# Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00, Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

| Name of entity | |
|---|---|
| **Starpharma Holdings Limited** | |
| **ABN** | **Quarter ended ("current quarter")** |
| **20 078 532 180** | **30 June 2018** |

| | **Consolidated statement of cash flows** | **Current quarter $A'000** | **Year to date (12 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 1,550 | 2,788 |
| 1.2 | Payments for | | |
| | (a) research and development | (2,867) | (9,962) |
| | (b) product manufacturing and operating costs | (102) | (668) |
| | (c) advertising and marketing | - | - |
| | (d) leased assets | - | - |
| | (e) staff costs | (1,489) | (6,657) |
| | (f) administration and corporate costs | (69) | (512) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 284 | 1,067 |
| 1.5 | Interest and other costs of finance paid | (2) | (4) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | 3,747 |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(2,695)** | **(10,201)** |
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (113) | (359) |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (a) intellectual property | - | - |
| | (b) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(113)** | **(359)** |
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | (6) | (26) |
| **3.10** | **Net cash from / (used in) financing activities** | **(6)** | **(26)** |
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 54,055 | 61,188 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,695) | (10,201) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (113) | (359) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (6) | (26) |
| 4.5 | Effect of movement in exchange rates on cash held | 78 | 717 |
| **4.6** | **Cash and cash equivalents at end of quarter** | **51,319** | **51,319** |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 3,353 | 3,328 |
| 5.2 | Call deposits | 47,966 | 50,727 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **51,319** | **54,055** |

| 6. | Payments to directors of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 219 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

*Item 6.1 consists of the following:*
*(a) Remuneration paid to the Chief Executive Officer; and*
*(b) Director's fees paid to non-executive directors.*

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

| 8. | Financing facilities available | Total facility amount at quarter end $A'000 | Amount drawn at quarter end $A'000 |
|---|---|---|---|
| 8.1 | Loan facilities | 200 | 47 |
| 8.2 | Credit standby arrangements | 150 | 31 |
| 8.3 | Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Item 8.1 is a National Australia Bank master asset finance facility for leased laboratory equipment, the annual interest rate is 5.8% and the facility is secured against equipment and a term deposit. Item 8.2 is a National Australia Bank business credit card facility predominantly used for business travel, the facility is secured against a term deposit.

| 9. | Estimated cash outflows for next quarter | $A'000 |
|---|---|---|
| 9.1 | Research and development | (2,900) |
| 9.2 | Product manufacturing and operating costs | (200) |
| 9.3 | Advertising and marketing | - |
| 9.4 | Leased assets | - |
| 9.5 | Staff costs | (1,500) |
| 9.6 | Administration and corporate costs | (500) |
| 9.7 | Other (provide details if material) | - |
| **9.8** | **Total estimated cash outflows *(excluding cash inflows)*** | **(5,100)** |

| 10. | Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|---|---|---|---|
| 10.1 | Name of entity | - | - |
| 10.2 | Place of incorporation or registration | - | - |
| 10.3 | Consideration for acquisition or disposal | - | - |
| 10.4 | Total net assets | - | - |
| 10.5 | Nature of business | - | - |

**Compliance statement**

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

N J Baade
Company Secretary
17 July 2018

**Notes**

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.