ASX Announcement

Quarterly Cashflow and Activities Report

Melbourne, Australia; 30 October 2020: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its Appendix 4C – Quarterly Cashflow Report for the period ended 30 September 2020.

Starpharma's cash balance as at 30 September 2020 was $24.9 million, with net operating cash outflows for the quarter of $4.7 million. The cash balance does not include $48.9 million from the capital raising or $5.7 million of R&D Tax Incentive Refund, which occurred after the end of the quarter. With both the R&D Tax Incentive Refund and the proceeds from the financing, Starpharma is in an extremely strong financial position with more than $70 million cash on hand.

The oversubscribed share placement saw a high level of demand from local, US and global institutions, and included significant investments by a number of new institutional investors. This financing has further strengthened Starpharma's financial position and will enable the Company to continue accelerated development and commercialisation activities for the launch of the SPL7013 COVID-19 nasal spray. Starpharma will also expedite the pipeline development of new DEP® candidates. In addition, the Company will add important clinical combinations for its clinical DEP® assets, to further expand the commercial opportunity for these products, including DEP® irinotecan.

Key recent activities and events:

- **Key development activities were completed for SPL7013 COVID-19 nasal spray**, including reformulation, pilot product manufacture, selection of device components, packaging, artwork creation and branding, and selection of manufacturer. Regulatory documentation is also being compiled in preparation for submission. The Company continues commercial discussions and preparations across a range of distribution channels and customer groups (e.g. B2B, online platforms), with the product expected to be ready for market in 1H CY2021.
- **Antiviral testing of SPL7013 at Scripps Research Institute confirmed SPL7013 is virucidal**, inactivating more than 99.99% of SARS-CoV-2, the virus that causes COVID-19. Potent antiviral activity of SPL7013 against SARS-CoV-2 was evident when used either before or after exposure of cells to the virus meaning that the nasal spray could potentially be used before or after exposure to the virus.
- **DEP® irinotecan phase 2 trial is rapidly recruiting patients**, with 27 patients already dosed and a high level of interest in the study. Encouraging efficacy signals have been observed for a number of tumour types, including colorectal, ovarian, pancreatic and oesophageal cancer. The trial continues to recruit patients with a focus on those with colorectal as well as breast and pancreatic. Starpharma has commenced preparations for the addition of clinical combinations with DEP® irinotecan, based on investigator interest and preclinical studies, including in the area of immunotherapy.
- **Starpharma developed and patented DEP® remdesivir, an improved version of** Gilead's remdesivir, an antiviral drug recently approved by the FDA for the treatment of COVID-19 patients with severe disease. DEP® remdesivir has the potential to expand the application of remdesivir, by creating a long-acting version which could be given as a small subcutaneous injection rather than an intravenous infusion in hospital. Following the announcement of the successful and rapid development of DEP® remdesivir, Starpharma has received an increase in the number of enquiries about the DEP® platform from pharmaceutical companies.

- **DEP® docetaxel phase 2 trial continues to progress well**, with further observations of encouraging efficacy signals, including prolonged stable disease and tumour shrinkage in patients with pancreatic, oesophageal and gastric cancer. For example, a 72 year old female trial participant with extensive intrahepatic cholangiocarcinoma achieved >16 weeks stable disease following 4 cycles of DEP® docetaxel. This result was achieved despite the patient having been heavily pre-treated for this rare but aggressive form of cancer.
- **DEP® docetaxel + gemcitabine combination study** has commenced based on compelling DEP® preclinical data and investigator interest. This combination study will recruit an initial cohort of approximately 10-12 patients and will run in parallel with the phase 2 DEP® docetaxel trial.
- **DEP® cabazitaxel phase 2 trial continues to progress well,** with encouraging efficacy signals, including stable disease, significant target tumour shrinkage and substantial tumour marker reductions (e.g. PSA), in cancers including prostate, ovarian, lung, gastro-oesophageal and others. For example, 65-year old male trial participant with late-stage (metastatic) gastro-oesophageal cancer achieved a 50% reduction in target tumours, and was maintained for >27 weeks following six cycles of DEP® cabazitaxel. This result was achieved despite the patient having been heavily pre-treated with >15 cycles of three different kinds of anti-cancer treatment.
- AstraZeneca continued to progress its phase 1 clinical trial program for **DEP® AZD0466**, and further sites were opened during the quarter in the US.
- **VivaGel® BV** achieved TGA approval for an expansion of the marketing authorisation for VivaGel® BV (Fleurstat BVgel) to include the **indication of prevention of recurrent bacterial vaginosis** – bringing the approved indications for VivaGel® BV (Fleurstat BVgel) in line with those in Europe and Asia.
- **VivaGel® BV was launched in the Nordic region,** new regulatory approvals were also received for countries in Africa and the Middle East, and further submissions are underway. The formal FDA review is ongoing, and COVID-19 has had an impact on timing.
- **Signed and commenced a new DEP® partnership with leading Chinese company Chase Sun** to develop several DEP® nanoparticle formulations for an anti-infective drug with the view of enhancing its performance and expanding its therapeutic utility.
- Starpharma is progressing multiple DEP® partnered programs and further commercial discussions with new pharmaceutical companies, including **Antibody Drug Conjugates (ADCs)**, and other therapeutic areas. ADCs continue to generate significant industry interest and have been the subject of recent deals, including Gilead's acquisition of Immunomedics for US$21 billion (Sep 2020).
- Progress with several internal DEP® programs being developed, including **radiopharmaceutical candidates**, both therapeutic and diagnostic.
- **Medical Research Future Fund awarded Starpharma $1 million** in matched grant funding for the SPL7013 COVID-19 nasal spray following consideration of more than 100 applications by an international industry panel.
- Starpharma's laboratory and internal operations have continued to operate under a **COVID safe plan**, with minimal disruption. Recruitment continued in all DEP® clinical trials during the quarter and Starpharma's partners for VivaGel® BV have experienced some disruption to sales and marketing activities.

Dr Jackie Fairley, Starpharma CEO, commented: “The past quarter has been a period of significant achievements for the Company, with the expedited development of the SPL7013 COVID-19 nasal spray, which is expected to be ready for market in H1CY2021. The recent impressive virucidal results, inactivating >99.99% of coronavirus, provide a powerful rationale for the product to complement vaccines and other PPE. The expedited development of the nasal spray means this product may be available ahead of vaccine rollout.”

“It was particularly pleasing to see rapid recruitment into a number of our DEP® programs following the interruption by COVID-19. DEP® irinotecan continues to attract significant interest from patients, investigators and partners. We look forward to initiating important, value-adding combinations to further expand the commercial opportunity for our clinical assets. We were also delighted to sign and commence a new DEP® partnership with Chase Sun, to apply DEP® to an anti-infective drug.”

“The power of the DEP® platform was further illustrated by our ability to rapidly develop a long-acting DEP® version of Gilead’s antiviral drug, remdesivir, which could be administered subcutaneously. This program demonstrates Starpharma’s capacity to rapidly turnaround new candidates, as well as the broad applicability of the DEP® platform.”

“We also continue to add greater depth to our partnered DEP® programs with major pharmaceutical companies, including in the area of ADCs which have recently been the subject of significant commercial deals, such as those struck between Gilead + Immunomedics (US$21 billion), and Merck + Seattle Genetics (~US$2.6 billion),” added Dr Fairley.

Net operating cash outflows of $4.7 million for the quarter reflects the investment in product R&D ($2.6 million), namely multiple DEP® clinical programs, including the DEP® docetaxel + gemcitabine phase 1. Receipts from customers and Government grants totalled $547,000, with customer receipts during this quarter reflecting the timing of supply of VivaGel® BV batches, which vary according to launch timing. Staffing levels remained stable with quarterly staff costs of $1.6 million, including non-executive and executive directors’ fees of $275,000. The closing cash balance as at 30 September 2020 of $24.9 million, excludes the subsequent capital raising and R&D Tax Incentive Refund which bring cash on hand to more than $70 million.

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 for bacterial vaginosis (BV), is available for sale under the brand names Betafem® BV Gel (UK), Betadine BV™ (Europe), Betadine™ BV Gel (Asia) and Fleurstat BVgel (Australia and New Zealand) and a new drug application has been submitted to the US FDA. Starpharma has licensed the sales and marketing of VivaGel® BV to ITF Pharma for the US; 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 (Okamoto). The VivaGel® condom has been launched in Japan under Okamoto’s 003 brand, and in Australia and Canada under the LifeStyles Dual Protect® brand. The VivaGel® condom is approved in Europe.

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 three internal DEP® products – DEP® docetaxel, DEP® cabazitaxel and DEP® irinotecan - in clinical development in patients with solid tumours. 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. In June 2019 Starpharma signed a Development and Option agreement with AstraZeneca for a DEP® version of one of AstraZeneca’s major marketed oncology medicines.

Starpharma.com | Twitter | LinkedIn

Media:
WE Communications
Rebecca Wilson
Mob: +61 417 382 391
rwilson@we-worldwide.com

Arthur Chan
+61 2 9237 2805
arthurc@we-worldwide.com

Starpharma Holdings Limited
Dr Jackie Fairley, Chief Executive Officer
Nigel Baade, CFO and Company Secretary
+61 3 8532 2704
investor.relations@starpharma.com
4-6 Southampton Crescent
Abbotsford Vic 3067

Disclosure
This ASX Announcement was authorised for release by the Chairman, Mr Rob Thomas.

The Quarterly Cashflow and Activities Report is not subject to formal external audit or review. Management has procedures in place with relevant staff to allow the CEO and CFO to make appropriate certifications prior to approval.

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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Starpharma Holdings Limited	
ABN	**Quarter ended ("current quarter")**
20 078 532 180	**30 September 2020**

Consolidated statement of cash flows		**Current quarter**	**Year to date (3 months)**
		$A'000	**$A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	64	64
1.2	Payments for		
(a)	research and development	(2,634)	(2,634)
(b)	product manufacturing and operating costs	(358)	(358)
(c)	advertising and marketing	-	-
(d)	leased assets	-	-
(e)	staff costs	(1,633)	(1,633)
(f)	administration and corporate costs	(661)	(661)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	42	42
1.5	Interest and other costs of finance paid	(16)	(16)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	483	483
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(4,713)**	**(4,713)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
(a)	entities	-	-
(b)	businesses	-	-
(c)	property, plant and equipment	(5)	(5)
(d)	investments	-	-
(e)	intellectual property	-	-
(f)	other non-current assets	-	-
2.2	Proceeds from disposal of:		
(a)	entities	-	-
(b)	businesses	-	-
(c)	property, plant and equipment	-	-
(d)	investments	-	-
(e)	intellectual property	-	-
(f)	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**	**(5)**	**(5)**
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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 (principal repayments on lease liability in compliance with AASB16)	(146)	(146)
3.10	**Net cash from / (used in) financing activities**	**(146)**	**(146)**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	30,054	30,054
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,713)	(4,713)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(146)	(146)
4.5	Effect of movement in exchange rates on cash held	(284)	(284)
4.60	**Cash and cash equivalents at end of period**	**24,906**	**24,906**

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	3,487	4,070
5.2	Call deposits	21,419	25,984
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)**	**24,906**	**30,054**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	275
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	200	-
7.2	Credit standby arrangements	150	9
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**350**	**9**

7.5	**Unused financing facilities available at quarter end**	**341**

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

Item 7.1 is a National Australia Bank master asset finance facility for leased laboratory equipment, when utilised the facility is secured against equipment and a term deposit. Item 7.2 is a National Australia Bank business credit card facility (rate 15.5%) predominantly used for business travel.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,713)
8.2	Cash and cash equivalents at quarter end (item 4.6)	24,906
8.3	Unused finance facilities available at quarter end (item 7.5)	341
8.4	Total available funding (item 8.2 + item 8.3)	25,247
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1) #**	**5.4**

 # Note: The above 'estimated quarters of funding' metric is subject to variability as a result of cash inflows varying significantly quarter by quarter.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: 30 October 2020

Authorised by: Rob Thomas, Chairman
(Name of body or officer authorising release – see note 4)

Notes

1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2 If this quarterly cash flow 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 cash flow 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.

4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.