ASX Announcement

Quarterly Cashflow Report

Melbourne, Australia; 29 January 2020: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its Appendix 4C – Quarterly Cashflow Report for the period ended 31 December 2019.

Starpharma's cash balance as at 31 December 2019 was $35.9 million, with net operating cash outflows for the quarter of $0.5 million, compared to $4.6 million last quarter. Receipts for the quarter included the $4.9 million R&D tax incentive refund received in December 2019. Product supply and royalty receipts for VivaGel® BV totalled $0.9 million for the quarter.

The cash balance does not include the anticipated US$3 million milestone payment from AstraZeneca which is expected to be received during the March quarter.

Cash outflows for the quarter include the manufacture of VivaGel® BV product to support the roll-out in multiple regions, including the UK, Eastern Europe and Asia. Cash outflows also included expenditure on Starpharma's three DEP® clinical programs, including several new sites across the DEP® studies. Outflows also included expenditure on the dual strategy to achieve FDA approval through the formal review process, as well as preparation, including start-up activities, for a possible VivaGel® BV treatment clinical trial.

Key recent events:

- AstraZeneca commenced the phase 1 clinical trial of its first DEP® product, AZD0466. The successful dosing of the first patient in this trial triggered a US$3 million milestone payment, which is expected to be received in the coming weeks.
- DEP® cabazitaxel trial progressed from phase 1 to phase 2 on positive results. The trial met its objective of evaluating safety, tolerability and preliminary efficacy data, and identifying a recommended phase 2 dose. The trial transitioned seamlessly into phase 2, with two new sites initiated and recruitment underway.
- Patients continue to be recruited into the phase 2 trial for DEP® docetaxel, with efficacy signals observed in a variety of tumour types including non-small cell lung cancer, prostate cancer, and several hard to treat tumours. Six sites in the UK are currently recruiting patients, including two new sites – the Christie and the Beatson (Glasgow).
- Patients continue to be recruited into the dose escalation phase of the phase 1/2 trial for DEP® irinotecan. The three leading cancer sites actively recruiting for this trial are the Christie, the Royal Marsden and Newcastle Freeman Hospital.
- VivaGel® BV was launched in the UK under the brand Betafem® BV Gel.
- Starpharma supplied product to Mundipharma to support the roll-out of VivaGel® BV in Europe, including countries in Central and Eastern Europe, where launches are expected in the coming months.
- Further regulatory approvals were granted in Asia. Advanced marketing activities are underway, and product has been delivered by Starpharma in preparation for launch.
- Aspen continued to advance their marketing and promotional activities for Fleurstat BVgel in Australia, and preparations have progressed for the New Zealand launch, including product supply by Starpharma and training of sales representatives.

- Starpharma progressed its dual strategy regarding FDA approval of VivaGel® BV with ongoing support from a team of expert FDA consultants (regulatory, statistical, clinical, legal; several ex-FDA). This includes seeking formal review of some of the FDA's initial conclusions, as well as preparation for a possible BV treatment trial.
- VivaGel® condom was granted marketing approval in Europe. LifeStyles has commenced marketing preparations ahead of the launch of the VivaGel® condom under the brand name Absolute™ DUAL PROTECTION.
- New DEP® candidate, DEP® gemcitabine, was advanced for development upon demonstrating significantly enhanced anti-tumour activity compared with Gemzar® (gemcitabine), both alone and in combination with Nab-paclitaxel (Abraxane®), in a human pancreatic cancer model.
- Several new DEP® patents were filed covering DEP® in combination with marketed anticancer agents and novel DEP® radiotherapeutics.

Dr Jackie Fairley, Starpharma CEO, commented: "It was a key milestone for Starpharma to see AstraZeneca treat its first patient with our partnered DEP® product, AZD0466. AstraZeneca describes AZD0466 as having the potential to be a 'best-in-class' agent in this field due to its ability to target both Bcl2 and Bcl/xL. We will follow the progress of the AZD0466 trial, which is currently being conducted in multiple sites in the US, with interest. In our internal portfolio, we progressed DEP® cabazitaxel into phase 2 on positive phase 1 results and we delivered excellent data on our new candidate, DEP® gemcitabine. With four DEP® products now in the clinic, and a pipeline of high-potential candidates, the DEP® platform is generating a deep portfolio of valuable products".

"We also achieved key milestones for VivaGel® BV, with the launch into the UK market. We continue to work closely with our partners to support the roll-out in Europe and Asia, as well as the New Zealand launch. In the last few months, several submissions have also been prepared and submitted for countries in other regions. During the next quarter we are focussed on accelerating our clinical trials, wherever possible, and working towards further regulatory approvals and launches for VivaGel® BV," concluded Dr Fairley.

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) and Fleurstat BVgel (Australia) 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.

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Disclosure

This ASX Announcement was authorised for release by the Chairman.

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	**31 December 2019**

Consolidated statement of cash flows		**Current quarter**	**Year to date (6 months)**
		$A'000	**$A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	936	2,068
1.2	Payments for		
	(a) research and development	(3,304)	(6,127)
	(b) product manufacturing and operating costs	(438)	(1,014)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(2,610)	(4,290)
	(f) administration and corporate costs	(145)	(775)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	143	336
1.5	Interest and other costs of finance paid	(21)	(43)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	4,898	4,898
1.8	Other (provide details if material)	-	(213)
1.9	**Net cash from / (used in) operating activities**	**(541)**	**(5,160)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(34)	(72)
	(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**	**(34)**	**(72)**
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 (principal repayments on lease liability in compliance with AASB16)	(144)	(286)
3.10	**Net cash from / (used in) financing activities**	**(144)**	**(286)**
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	36,782	41,251
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(541)	(5,160)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(34)	(72)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(144)	(286)
4.5	Effect of movement in exchange rates on cash held	(187)	143
4.6	**Cash and cash equivalents at end of quarter**	**35,876**	**35,876**

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	4,814	4,304
5.2	Call deposits	31,062	32,478
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)**	**35,876**	**36,782**

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	439
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	11
8.2	Credit standby arrangements	150	20
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	(3,700)
9.2	Product manufacturing and operating costs	(600)
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	(1,700)
9.6	Administration and corporate costs	(150)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows *(excluding cash inflows)***	**(6,150)**

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
29 January 2020

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.