Starpharma Holdings Limited

ABN 20 078 532 180

Appendix 4E: Preliminary Financial Report
Year ended 30 June 2021

Lodged with the ASX under Listing Rule 4.3A
Previous corresponding period (pcp): Year ended 30 June 2020

Results for announcement to the market

				$'000
Revenue from continuing operations *(Appendix 4E item 2.1)*	Down	67%	to	**$2,151**
Loss from continuing operations after tax attributable to members *(Appendix 4E item 2.2)*	Up *(increase)*	34%	to	**$19,732**
Loss for the period attributable to members *(Appendix 4E item 2.3)*	Up *(increase)*	34%	to	**$19,732**

Dividends *(Appendix 4E items 2.4 and 2.5)*

No dividends have been paid or declared by the entity since the beginning of the current reporting period. No dividends were paid for the previous corresponding period. No record date for determining entitlements to dividends has been declared.

Explanation of Revenue *(Appendix 4E item 2.6)*

Revenue of $2,151,000 (2020: $6,556,000) for the year includes $1,798,000 in commercial partner revenues from product sales and royalties for VIRALEZE™ and VivaGel® products; and from DEP® research activities. Interest income on cash invested of $353,000 (2020: $523,000) is also included. The decrease in revenue reflects the AstraZeneca $4,339,000 development milestone achieved in the prior year for the first dose of AZD0466 administered in the phase 1 trial of its first DEP® product.

For further details, refer to the Annual Report which follows this announcement.

Explanation of Loss *(Appendix 4E item 2.6)*

The loss after tax is $19,732,000 (2020: $14,678,000 loss) reflecting expensing all research and development expenditure and patenting costs associated with DEP®, VIRALEZE™ and VivaGel® programs. The increased loss compared to the prior year, reflects the lower licensing revenue noted above; expenditure on clinical trials for DEP® docetaxel, DEP® cabazitaxel, and DEP® irinotecan, the expenditure on the development and commercialisation of the VIRALEZE™ product, and an unfavourable unrealised foreign exchange movement of $1,059,000 (loss in FY21 of $0.8 million, gain in FY20 of $0.3 million) on foreign currency held.

For further details, refer to the Annual Report which follows this announcement.

Financial Statements *(Appendix 4E items 3, 4 and 5)*

Refer to the Annual Report which follows this announcement.

Retained Earnings / Accumulated Losses *(Appendix 4E item 6)*

Refer to note 17 in the Annual Report which follows this announcement.

Net Tangible Asset Backing *(Appendix 4E item 9)*

Net tangible asset (NTA) backing per ordinary share at 30 June 2021 is $0.15 (2020: $0.08).

Other Significant Information *(Appendix 4E item 12)*

Refer to the Annual Report which follows this announcement.

Commentary on Results *(Appendix 4E item 14)*

Refer to the Annual Report which follows this announcement, including the Operating and Financial Review in the Directors' Report.

Audit *(Appendix 4E item 15 to 17)*

The audit of the financial statements and notes has been completed and the Auditors' Report to members is contained in the Annual Report which follows this announcement. The above NTA backing calculation is considered a non-IFRS value and has not been audited or reviewed in accordance with Australian Accounting Standards.

Appendix 4E items 7, 8, 10, 11, and 13 are not applicable.

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ASX Announcement

Starpharma annual report and full year financial results

Melbourne, Australia; 26 August 2021: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its annual report and financial results for the year ended 30 June 2021.

Financial Results

- Cash position at 30 June 2021 of $60.5M
- Net cash burn[1] of $16.5M[2] (FY20: $11.2M)
- Receipt of $5.7M R&D tax incentive
- Total revenue and other income of $3.5M (FY20: $7.1M); Revenue in the prior year included $4.3 million from AstraZeneca for a US$3 million development milestone
- Reported loss of $19.7M (FY20: $14.7M)

Key activities

VIRALEZE™

- Developed VIRALEZE™, a novel antiviral nasal spray using already approved agent, SPL7013, and undertook scale-up, manufacturing, and other supply chain activities, ahead of launch.
- Registered VIRALEZE™ in Europe and India, and progressed regulatory activities for countries in multiple other regions.
- On 25 March 2021, signed a sales and distribution agreement for VIRALEZE™ with LloydsPharmacy, one of the largest pharmacy groups in the UK.
- LloydsPharmacy launched VIRALEZE™ in the UK online on 30 March 2021 and in-store in April 2021.
- Starpharma launched VIRALEZE™ in countries in Europe in May 2021 via its dedicated product webstore.
- Advanced commercial discussions for local distribution arrangements for VIRALEZE™ in India and in a number of other countries, including various European countries and other international regions.
- Conducted extensive antiviral testing on the VIRALEZE™ antiviral agent:
  - Confirmed SPL7013 is virucidal against important coronavirus SARS-CoV-2[3] variants Delta, Alpha, Gamma, Beta and Kappa, in laboratory studies.
  - Demonstrated potent activity of SPL7013 against respiratory pathogen RSV (respiratory syncytial virus) and influenza, in laboratory studies, further expanding the potential uses for VIRALEZE™.
  - Confirmed SPL7013 is active against other pandemic respiratory viruses “SARS” and “MERS”, in laboratory studies, supporting the potential use of VIRALEZE™ in future pandemics.

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[1] Net cash burn is considered a non-IFRS value and has not been audited in accordance with Australian Accounting Standards. Net cash burn is calculated by the movement in cash and cash equivalents between reporting periods, adjusted for the impact of the capital raising during the period.

[2] Excluding the $46.9 million of equity raising net proceeds.

[3] SARS-CoV-2 is the virus that causes COVID-19.

- Published extensive antiviral data for SPL7013 (the antiviral agent in VIRALEZE™) in the prestigious international scientific journal, Antiviral Research[4].
- In a SARS-CoV-2 challenge *in vivo* in a humanised mouse model of coronavirus infection, VIRALEZE™ administered nasally reduced viral load by >99.9% (vs. saline control) in the lungs and trachea of animals challenged with SARS-CoV-2.
- Awarded $1 million in matched funding by the Australian Government's Medical Research Future Fund (MRFF) Biomedical Translation Bridge (BTB) Program to expedite development and commercialisation of VIRALEZE™.
- Successfully completed a clinical safety study in humans, in which VIRALEZE™ was safe and very well tolerated, with no absorption of SPL7013 into the bloodstream

DEP® Drug Delivery Platform

- AstraZeneca expedited and expanded its DEP® AZD0466 clinical program, into a multi-region phase 1/2 trial, with an initial focus on haematological cancers to support rapid development and registration.
- Continued progress and recruitment into DEP® irinotecan phase 2 trial, with 54 patients now recruited, with multiple patients exhibiting encouraging efficacy signals observed, including impressive tumour shrinkage and reductions in tumour marker levels for multiple tumour types, including breast, colorectal, ovarian, pancreatic, lung and oesophageal cancer. Clinical trial preparations continue for the addition of combinations with DEP® irinotecan, thereby expanding the potential market opportunity.
- Continued progress and recruitment into DEP® docetaxel clinical trials with 50 patients now recruited and with multiple patients exhibiting encouraging efficacy signals observed, including prolonged stable disease, significant tumour shrinkage, reductions in tumour marker levels including in patients with hard-to-treat tumours such as pancreatic, oesophageal, cholangiocarcinoma, and gastric cancer.
- Continued progress and recruitment into DEP® cabazitaxel phase 2 trial with 42 patients now recruited and with multiple patients exhibiting efficacy signals in prostate cancer, including radiological responses, significant reductions in prostate-specific antigen (PSA) and lack of new bone metastases. Multiple heavily pre-treated patients also exhibited efficacy signals in gastro-oesophageal, ovarian, cholangiocarcinoma, lung, thymic and head and neck cancers.
- Signed a Research Agreement with Merck & Co., Inc., (MSD) to conduct a preclinical research evaluation of dendrimer-based Antibody Drug Conjugates (ADCs) utilising Starpharma's DEP® technology.
- Signed and commenced a new DEP® partnership with leading Chinese pharmaceutical company Chase Sun to develop several DEP® nanoparticle formulations for an anti-infective drug.
- Starpharma's second radiopharmaceutical candidate, DEP® HER2-lutetium, outperformed in a human breast cancer model.
- Progressed development of several internal DEP® candidates and programs, including DEP® gemcitabine, DEP® ADCs, and DEP® radiopharmaceutical candidates for both therapeutic and diagnostic applications.
- Starpharma continued to progress its undisclosed DEP® partnered programs.

[4] Paull, J.R.A. et al. Virucidal and antiviral activity of astodrimer sodium against SARS-CoV-2 in vitro (2021). Antiviral Research. https://doi.org/10.1016/j.antiviral.2021.105089

- Developed and patented a DEP® version of Gilead's remdesivir (Veklury®) with improved injection volume and pharmacokinetic characteristics.
- Starpharma was invited to present its DEP® technology at the prestigious, international Controlled Release Society (CRS) Virtual Annual Meeting, during a session called 'Success Stories from Bench to Trials to Market'.

VivaGel® Portfolio

- VivaGel® BV achieved TGA approval for an expansion of the marketing authorisation for VivaGel® BV (Fleurstat BVgel) to include 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, and new regulatory approvals were also received for countries in Africa and the Middle East, and further submissions were prepared.
- In the US, a formal dispute resolution process is ongoing with the FDA as part of the regulatory process for VivaGel® BV, and COVID-19 has had an impact on timing.
- LifeStyles launched the VivaGel® condom in countries in Europe, marketed under LifeStyles' Manix and Akuel brands of condoms as the Absolute™ Dual Protection condom.

Corporate activities

- Starpharma completed an oversubscribed A$48.9 million share placement and share purchase plan.

Starpharma concluded the year in a strong financial position with a cash balance of $60.5 million. Cash inflows from financing activities for the financial year include net proceeds of $46.9 million resulting from an equity placement and share purchase plan completed in September/October. Revenues for the year totalled $2.2 million, including $1.8 million for product sales, royalty, and research revenue from commercial partners, and interest income of $0.4 million. Other income of $1.3 million included $0.9 million of grant funding awarded by the Australian Government's Medical Research Future Fund to expedite development and commercialisation of VIRALEZE™. The net loss after tax for the year was $19.7 million, compared to $14.7 million last year. The key driver of this movement was the $4.4 million reduction in revenue in FY21 compared to the prior year due to the receipt of a US$3 million milestone payment from AstraZeneca in FY20. There was also a $1.1 million unfavourable unrealised foreign exchange movement (loss in FY21 of $0.8 million, gain in FY20 of $0.3 million) on foreign currencies held during FY21, compared to the prior corresponding period. Following the first launch of VIRALEZE™ in late March 2021, the product's revenue for FY21 was $0.8 million. Starpharma originally supplied LloydsPharmacy with $1.4 million of VIRALEZE™ product, of which $0.7 million of revenue was not recognised for FY21 with stock returned following the temporary pause of sales and the likely repackaging requirements. Returned UK stock is scheduled to undergo repackaging shortly, incorporating a longer shelf-life as additional stability data is now available. This stock will then be made available for sale with the extended shelf-life.

Starpharma CEO, Dr Jackie Fairley, commented: "2021 has been a remarkable year for all of us around the world. Despite the impact of the unrelenting global pandemic, Starpharma was able to continue to recruit into our three DEP® phase 2 clinical programs and achieve a number of important commercial milestones across the business. These included the rapid development and launch of VIRALEZE™ and the continued rollout of VivaGel® products, as well as two new commercial DEP® partnerships, and important progress for our three

internal DEP® phase 2 products. In parallel, we continued to build and advance new DEP® assets into the preclinical pipeline in exciting and high-value areas like radiopharmaceuticals and Antibody Drug Conjugates (ADCs).

“It was fantastic to see our partner AstraZeneca expedite and expand its clinical program for their first DEP® product, AZD0466, into a multi-region phase 1/2 study with the aim of facilitating marketing approvals as soon as possible. We also signed an exciting new partnership with leading global pharmaceutical company MSD (Merck & Co., Inc.) in the area of DEP® ADCs, and progressed commercial discussions with potential partners for further potential DEP® agreements. Internally, each of our three phase 2 clinical trials for DEP® docetaxel, DEP® cabazitaxel, and DEP® irinotecan continued to recruit well despite the impact of COVID-19. We also developed further DEP® assets, including DEP® radiopharmaceutical candidates, into the preclinical pipeline”.

Commenting on VIRALEZE™, Dr Fairley said “The company is extremely proud to have developed, registered and launched VIRALEZE™ ahead of schedule and in time for it to play a role in the evolving situation in Europe. We were pleased to launch the product in the UK via LloydsPharmacy and online in other parts of Europe. VIRALEZE™ is now also registered in India and available online to consumers in multiple regions. Throughout the year, Starpharma continued to test SPL7013, the antiviral agent in VIRALEZE™, against further respiratory viruses and new variants of SARS-CoV-2 as they emerged, with multiple laboratory studies showing that SPL7013 is virucidal, inactivating >99.9% against all four ‘*Variants of Concern*’, including the important Delta variant. The broad-spectrum activity of SPL7013 against multiple viruses and new variants is an important feature for the product, which demonstrates the potential further uses for VIRALEZE™.

“In the year ahead, we will continue to advance our clinical DEP® assets and expand our portfolio by progressing preclinical programs and leveraging Starpharma’s DEP® platform to engage with new potential partners and increase market opportunities. The company also remains on track to progress further registrations, distribution arrangements and launches for VIRALEZE™ in other regions, while also supporting its partners to progress further registrations and launches of VivaGel® products,” concluded Dr Fairley.

About Starpharma

Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) is a global biopharmaceutical company and a world leader in the development of new pharmaceutical and medical products based on proprietary polymers called dendrimers, with programs for respiratory viruses, DEP® drug delivery and VivaGel®. Starpharma has developed VIRALEZE™, an antiviral nasal spray that is registered for sale in the UK/Europe and India, and available in certain markets online. VIRALEZE™ is not approved for sale or supply in Australia. SPL7013 is utilised in approved products - the VivaGel® condom and VivaGel® BV. VivaGel® BV has been licensed in >160 countries, is registered in >45 countries and available for sale in the UK, Europe, Japan, South East Asia, South Africa, Australia and New Zealand.

As a leading company in dendrimer-based drug delivery, Starpharma’s proprietary drug delivery platform technology, DEP®, is being used to improve pharmaceuticals, to reduce toxicities and enhance their performance. There are numerous internal and partnered programs underway to develop DEP® versions of existing drugs, particularly in the area of anti-cancer therapies. DEP® partnerships include oncology programs with AstraZeneca, with Merck in the area of Antibody Drug Conjugates (ADCs), with Chase Sun in the area of anti-infectives and other world leading pharmaceutical companies. Starpharma’s partnered DEP® programs have the potential to generate significant future milestones and royalties.

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Disclosure
This ASX Announcement was authorised for release by the Board of Directors.

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. Clinical case studies and other clinical information given in this document are given for illustrative purposes only and are not necessarily a guide to product performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of future results. Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of any Starpharma product.

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2021 HIGHLIGHTS

AstraZeneca

- AstraZeneca expanded and expedited its DEP® AZD0466 clinical program into a global, multi-centre phase 1/2 trial
- Starpharma awarded $1 million in matched funding by the Australian Government's Medical Research Future Fund (MRFF) Biomedical Translation Bridge (BTB) Program to expedite development and commercialisation of VIRALEZE™
- VIRALEZE™ antiviral nasal spray registered in India

- Testing for VIRALEZE™ confirms SPL7013 active against other pandemic respiratory viruses "SARS" and "MERS", in laboratory studies
- Testing for VIRALEZE™ confirms SPL7013 active against human respiratory syncytial virus (RSV), in laboratory studies
- VIRALEZE™ antiviral nasal spray registered for sale in UK/Europe
- Starpharma signed a sales and distribution agreement for VIRALEZE™ with LloydsPharmacy, one of the largest pharmacy groups in the UK
- VIRALEZE™ launched via LloydsPharmacy in the UK
- Starpharma creates slow-release soluble DEP® remdesivir, further demonstrating the broad applicability of DEP® in multiple therapeutic areas
- DEP® docetaxel and gemcitabine combination clinical study commences
- The Kinghorn Cancer Centre (Sydney) added as a clinical site for DEP® cabazitaxel and DEP® irinotecan phase 2 trials
- Starpharma raised $48.9M via oversubscribed placement and share purchase plan, to advance and expand the DEP® portfolio and support commercialisation of VIRALEZE™

MSD

- Starpharma signed DEP® Research Agreement with Merck & Co., Inc., (MSD) for DEP® Antibody Drug Conjugates (ADCs)
- Starpharma's second radiopharmaceutical candidate, DEP® HER2-lutetium, outperforms in human breast cancer model
- TGA approves an expansion of the marketing authorisation for VivaGel® BV (Fleurstat BVgel) to include prevention of recurrent BV indication

- VIRALEZE™ well tolerated in multiple dose clinical study
- LifeStyles launched the VivaGel® condom in countries in Europe, marketed under Absolute™ DUAL PROTECTION brand

- Testing for VIRALEZE™ confirms SPL7013 has been shown *in vitro* to have potent antiviral and virucidal activity in multiple respiratory viruses and multiple variants of SARS-CoV-2, including inactivation of >99.9% of the Delta variant, and three other *Variants of Concern*, in laboratory studies
- VIRALEZE™ administered nasally reduced viral load by >99.9% (vs. saline control) in the lungs and trachea of animals challenged with SARS-CoV-2 and the study was published in the international peer-reviewed journal, *Viruses*
- VIRALEZE™ antiviral nasal spray launched in Europe
- Starpharma signs new DEP® partnership with pharmaceutical company Chase Sun

- VIRALEZE™ antiviral nasal spray partners with 2021 English Premiership rugby union champions, Harlequins

CHAIRMAN'S LETTER

On behalf of the Board, I am delighted to present our 2021 Annual Report.

FY2021 was an exciting year with opportunity and growth for Starpharma across its VIRALEZE™, VivaGel® and DEP® drug delivery portfolios, with multiple product launches and new partnerships.

However, the year has not come without challenges posed by the global pandemic. We are living in unprecedented times, amid a global health crisis, which is having a profound effect on the lives of people around the world. I am proud of Starpharma's proactive response to the pandemic, employing a comprehensive set of measures to ensure the safety of our staff and trial participants, while also minimising disruption to the operation of our laboratories in Melbourne throughout varying stages of restriction. During this time, our team's demonstration of Starpharma's core values of teamwork, superior performance and innovation, has been exemplary.

Innovation is more important now than ever before. Our strategic focus is unchanged – to leverage Starpharma's proprietary dendrimer technology to build a stable of high-value products and partnerships that address significant unmet patient need for the betterment of the community and our shareholders.

Starpharma's VIRALEZE™ antiviral nasal spray is an embodiment of this strategy, and the team's commitment to expedite the development, manufacture, regulatory and commercialisation activities for this important product was truly extraordinary. The product is based on our existing proprietary broad spectrum antiviral dendrimer, SPL7013 – the agent in our VivaGel® products which are registered in more than 45 countries, and the subject of extensive and impressive published data.

The company was pleased to complete and announce multiple laboratory studies showing that SPL7013 is rapid acting and virucidal, inactivating more than 99.9% of SARS-CoV-2, the virus that causes COVID-19, within 30 seconds. As coronavirus variants emerged during the year, Starpharma continued to undertake further antiviral testing which confirmed SPL7013 is also virucidal against all four SARS-CoV-2 variants of concern (Delta, Alpha, Beta, Gamma), as well as respiratory syncytial virus (RSV), SARS and MERS.

With such compelling antiviral data, the company proceeded to register VIRALEZE™ in Europe and India, and is prioritising regulatory activities for other regions. Shortly after achieving its first registration, Starpharma signed a sales and distribution agreement for VIRALEZE™ with LloydsPharmacy, one of the largest pharmacy groups in the UK. The product was launched in March, ahead of our original timeline. The team is working on further commercial arrangements in other regions, including the private (consumer) and Government markets in India.

COVID-19 is not the first pandemic the world has faced, and it will certainly not be the last. The broad-spectrum antiviral and virucidal activity of SPL7013 in multiple viruses and multiple variants, is a significant advantage for the product. VIRALEZE™, with its advantages of excellent stability and room temperature storage, has potential for providing an additional layer of protection against a range of respiratory viruses and in future pandemic preparedness.

Alongside its antiviral work on VIRALEZE™, Starpharma also expanded the application of its cutting-edge DEP® drug delivery platform to develop and patent a DEP® version of Gilead's antiviral drug, remdesivir (Veklury®), achieving reduced injection volume and improved pharmacokinetic characteristics. In addition, Starpharma continued to build its commercial opportunities for DEP® with a new and important DEP® research agreement with leading global pharmaceutical company Merck & Co., Inc., (MSD), in the exciting and growing area of Antibody Drug Conjugates (ADCs). This agreement and Starpharma's impressive ADC data triggered a number of new ADC discussions with other commercial parties, and we look forward to progressing those opportunities.

We also worked to support AstraZeneca with multiple DEP® programs. During the year, AstraZeneca expedited and expanded its DEP® AZD0466 program to include a global multi-region phase 1/2 clinical study, to facilitate marketing approval.

Starpharma's three internal phase 2 clinical trials for DEP® irinotecan, DEP® docetaxel and DEP® cabazitaxel continued to recruit and progress well in the clinic, despite COVID-19 related delays. It is incredibly heartening to see so many patients treated with our DEP® products demonstrate efficacy signals, particularly for those who have failed previous treatments and have limited options. To enable us to keep developing additional DEP® candidates towards the clinic and build value in this internal portfolio, Starpharma has also deepened its development pipeline with a range of new DEP® radiopharmaceutical and DEP® ADC candidates.

The value of Starpharma's DEP® platform lies not only in its ability to improve the performance of existing and new drugs and reduce side effects, but also its versatility and broad applicability to such a wide range of medical products, including oncology agents, antivirals and so on.

To ensure we were in the best position to capitalise on DEP® opportunities and rapidly commercialise VIRALEZE™, Starpharma undertook a capital raising in 2020. On behalf of the Board, I thank those investors and shareholders who participated and ensured that the company remains in an extremely strong financial position.

We also thank our CEO, Dr Jackie Fairley, and the entire team at Starpharma for their determination and tremendous work this year. The company continues to achieve important and valuable milestones, which are made possible through retaining and building on our people, and instilling a culture of innovation, teamwork, tenacity and superior performance.

At a Board level, we were sorry to see Peter Turvey step down as a director this year due to ill health. My colleagues and I are extremely grateful for Peter's exceptional contribution to the company during a period of significant growth and wish him well. We also farewelled retiring director Richard Hazleton in November 2020, as foreshadowed in last year's Annual Report. As part of our board renewal process, we welcome Lynda Cheng as an independent non-executive director from 1 August 2021. Lynda Cheng has extensive experience as a finance executive, including substantial international experience and several non-executive directorships.

The Board acknowledges the continued support of Starpharma's shareholders, customers, and business partners. The company has an increasingly broad and high-value product pipeline, with multiple clinical-stage products, more than 200 granted patents and a growing list of partners that together can generate significant long-term value for our shareholders. Most importantly, our products have real potential to create positive, even life-changing, results for patient and customer health worldwide.

Yours sincerely,

Rob Thomas *AO*
Starpharma Chairman

CEO'S REPORT

Dr Jackie Fairley,
Chief Executive Officer

2021 was an exciting and busy year for Starpharma and I am very pleased to report on another positive year for the company.

We achieved many significant milestones across our business, including the rapid development and commercialisation of VIRALEZE™, the continued rollout of VivaGel® products, as well as securing new commercial DEP® partnerships, important progress with our internal clinical-stage DEP® assets and the expansion of our DEP® pipeline of candidates.

Even with the unpredictable restrictions put in place due to COVID-19, I am pleased that Starpharma was able to operate with minimal disruption under a comprehensive COVID-19 Safe Plan. The company implemented a broad program of measures to protect the health and safety of our staff and clinical trial patients, and to ensure product supply to our customers, and as a result was able to reduce impact.

Despite the extraordinary challenges presented by the pandemic over the past year, Starpharma has steadily maintained its strategic focus – to leverage its proprietary dendrimer technology to build a stable of high-value products and partnerships that address significant unmet patient need for the betterment of the community and our shareholders.

During the year, we continued to progress our three most advanced DEP® products, DEP® docetaxel, DEP® cabazitaxel, and DEP® irinotecan, through each of their phase 2 clinical development programs. Despite varying impacts of COVID-19 on each trial, all continued to recruit patients and to make good progress. We also added further candidates to our DEP® preclinical development pipeline, including two new radiopharmaceutical candidates, DEP® zirconium and DEP® HER2-lutetium as well as to build on and advance our ADCs program.

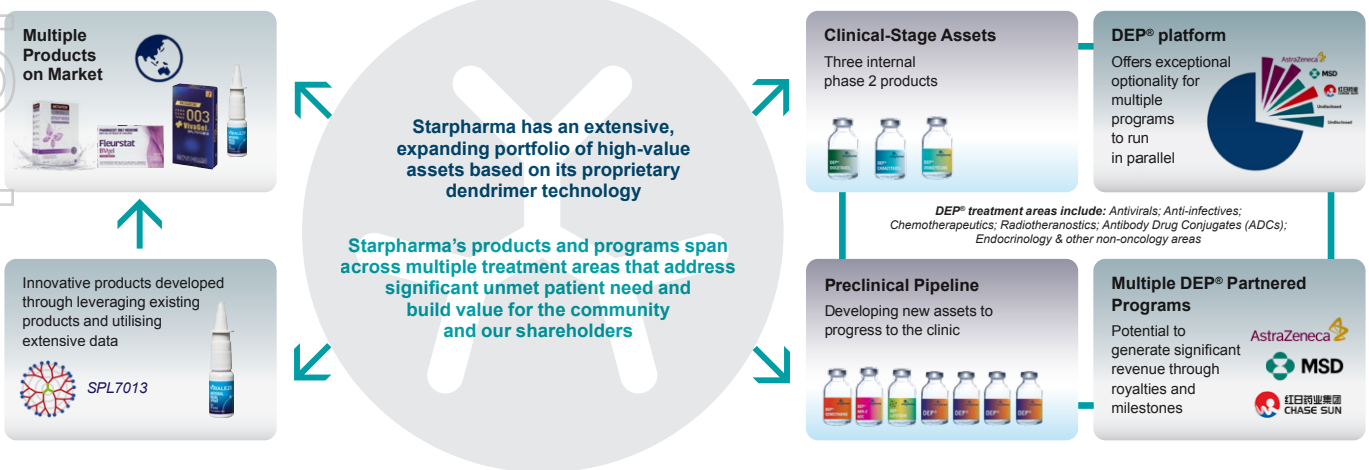
In parallel with the development of our internal DEP® assets, Starpharma continued to leverage its drug delivery platform to develop DEP® versions of its partners' drugs. In an exciting development, early in 2021, AstraZeneca advised of its plan to expedite and expand the clinical program for its first DEP® product, AZD0466, into a multi-region phase 1/2 study, to facilitate marketing approvals as quickly as possible. We also signed an exciting new partnership, with Merck & Co., Inc., (MSD) to research specific dendrimer based Antibody Drug Conjugates (ADCs), utilising Starpharma's DEP® technology. DEP® ADCs (Targeted DEP® conjugates) are an exciting and valuable extension of Starpharma's DEP® platform and the basis of both internal candidates and a number of partnered programs in the area.

This year I am especially proud of our staff, who worked tirelessly to rapidly bring our newest product, VIRALEZE™ antiviral nasal spray, to market during the year. Starpharma formulated its proprietary antiviral agent, SPL7013, into a convenient and easy to use nasal spray and pursued expedited regulatory pathways for VIRALEZE™. We tested SPL7013 extensively at the renowned Scripps Research Institute to ascertain the veracity of SPL7013 against coronavirus SARS-CoV-2 and a number of other important respiratory viruses. Given the broad spectrum antiviral activity of SPL7013, we were unsurprised to see impressive results, demonstrating potent activity of the agent against a range of respiratory viruses whereby SPL7013 was shown to inactivate >99.9% of all four SARS-CoV-2 variants of concern, including Delta, Alpha, Beta, and Gamma variants, in laboratory studies. We also recently tested VIRALEZE™ in a SARS-CoV-2 challenge model where it demonstrated a very high level of protection against SARS-CoV-2, reducing viral load by >99.9% (vs. saline control), and significantly reducing levels of pro-inflammatory cytokines. These results, in a WHO-recommended animal model of coronavirus infection, provide compelling data supporting the utility of a broad-spectrum nasal spray, like VIRALEZE™, to reduce exposure to virus.

During the year, we were very excited to have impressive data on SPL7013 published in the prestigious scientific journal *Antiviral Research* and delighted to be recognised by the Australian Government and awarded $1 million in matched funding by the Australian Government's Medical Research Future Fund (MRFF) for VIRALEZE™.

Starpharma has to date registered the product in Europe and India, and achieved the first launch of VIRALEZE™ in late March 2021, ahead of the original schedule, and within one year of commencing development. Starpharma partnered with one of the largest pharmacy groups in the UK, LloydsPharmacy, to distribute VIRALEZE™ across their ~1,400 stores in the UK and online. At time of writing we note the voluntary temporary pause in sales via LloydsPharmacy in the UK while Starpharma and its distribution partner address correspondence from the MHRA in relation to promotional claims. The promotion of antiviral products during the pandemic has been closely scrutinised by regulatory authorities around the world, and like other companies who are operating in this area, we continue to work closely with regulatory authorities to ensure any requests or concerns are thoroughly addressed. Starpharma is continuing to prioritise regulatory and commercialisation activities for VIRALEZE™ in multiple regions and is in commercial discussions for local distribution arrangements in India as well as other regions where registration is being sought, including in Australia.

Finally, in our VivaGel® portfolio, our commercial partners continued to roll out our products, including the launch of VivaGel® BV by Mundipharma in Nordic countries and South Africa, and the launch of the VivaGel® condom by LifeStyles in Europe. VivaGel® BV is now registered in more than 45 countries, and we continue to work closely with our partners to advance registrations to enable further launches in other countries.



Pictured below: Teammates from 2021 English premiership winning rugby union team, Harlequins

VIRALEZE™ Antiviral Nasal Spray launched in UK/Europe FY21

VIRALEZE™ has been developed by Starpharma as a barrier nasal spray against respiratory pathogens, following demonstration of the ability of the proprietary agent, SPL7013[1], to block and inactivate a broad-spectrum of viruses in laboratory studies.

SPL7013, which already had a strong pedigree as an antiviral compound, was shown to be highly active in coronavirus SARS-CoV-2. Laboratory data published recently in a peer-reviewed journal show that SPL7013 is virucidal, irreversibly inactivating >99.9% of coronavirus SARS-CoV-2 (the virus that causes COVID-19) within one minute of exposure.[†] Starpharma was also awarded $1 million in funding in September 2020 for the development of VIRALEZE™ by the Australian Government's Medical Research Future Fund (MRFF) under the Biomedical Translation Bridge (BTB) Program, recognising the potential for VIRALEZE™ to have a positive near-term impact.

During the year, Starpharma expedited the manufacture, regulatory and commercialisation activities for VIRALEZE™. The company contracted a European manufacturer and undertook rapid scale-up and manufacture of VIRALEZE™ in readiness for market in early 2021. Starpharma directed its efforts to register VIRALEZE™ in markets with significant need, and secured product registrations in Europe in February 2021 and in India a few months later.

LloydsPharmacy

In March 2021, Starpharma signed an exclusive sales, marketing and distribution agreement with LloydsPharmacy, one of the largest pharmacy groups in the UK, with ~1,400 pharmacy stores. The first commercial launch of VIRALEZE™, in the UK in March 2021, was ahead of the original projected timing for the product. LloydsPharmacy is part of the global McKesson group, a leading international pharmaceutical wholesale and retail company. McKesson UK is also one of the largest pharmaceutical wholesalers in the UK (via AAH), supplying over 14,000 independent pharmacies.

Starpharma launched VIRALEZE™ in other parts of Europe in May 2021, and the product is available in certain markets online through the VIRALEZE™ product webstore.

In India, the company is working towards launching VIRALEZE™ as soon as practicable. Starpharma is currently in discussion with a number of potential commercial partners for distribution into multiple channels.

Meanwhile, consumers in India can already purchase the product via the VIRALEZE™ product webstore. In parallel with the aforementioned commercial activities, the company is progressing regulatory activities for a number of other markets, including Australia. VIRALEZE™ is not yet approved for sale or supply in Australia. A submission has been made to the Therapeutic Goods Administration in Australia.

SPL7013 in VIRALEZE™ has broad-spectrum activity against a range of common respiratory viruses including SARS-CoV-2, as shown in multiple laboratory studies

VIRALEZE™ was designed for use in situations where individuals may be at risk of exposure to "cold"/respiratory viruses and in situations where the nasal passages may be dry and irritated. The product should be used together with other physical and pharmacological prevention strategies, including masks and vaccines. As seen with recent outbreaks, high risk situations for transmission include where social distancing is not possible such as crowded environments like travel, sporting and social events, and hotel quarantine.

Starpharma has been in discussions with multiple sporting teams interested in using VIRALEZE™ to help reduce their players and athletes' risk of exposure to respiratory viruses. In May, Starpharma announced a partnership between VIRALEZE™ and Harlequins, a professional, Premiership winning rugby union team in England. Harlequins' Head of Medical Services, Mike Lancaster, said the Quins were delighted to add VIRALEZE™ to their range of COVID-19 safety measures, and commented:

"Player health is paramount in professional sport and now more than ever, we look to maximise the level of protection we can offer our players. The VIRALEZE™ partnership is an important additional level of protection for our Men's and Women's players against viruses such as flu and coronavirus/SARS-CoV-2."

Harlequins

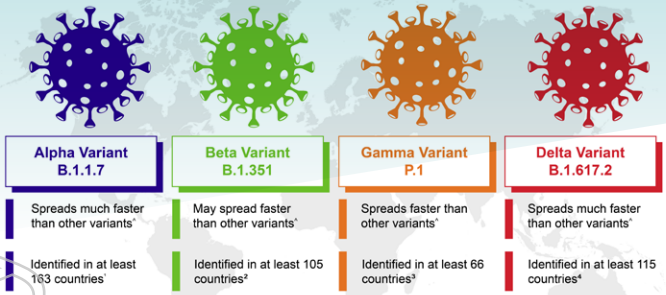
Testing at The Scripps Research Institute demonstrated SPL7013 is virucidal against several SARS-CoV-2 'Variants of Concern' / 'Variants of Interest', confirming the broad-spectrum nature of VIRALEZE™

Antiviral laboratory testing during the year confirmed SPL7013 has potent antiviral and virucidal activity against the Delta, Alpha, Beta, Gamma, and Kappa variants of coronavirus SARS-CoV-2, as demonstrated in laboratory studies conducted at The Scripps Research Institute in the US. These studies were led by internationally recognised virologist, Professor Philippe Gallay, who commented:

"It is remarkable that SPL7013 has demonstrated potent anti-SARS-CoV-2 activity against the broad-spectrum of Variants of Concern, Alpha, Beta, Gamma, and now importantly Delta, and Variant of Interest, Kappa, in vitro. SPL7013 acts as a barrier to viral infection and its broad-spectrum activity demonstrates its resilience against a rapidly changing target."

[1] *SPL7013 is also known as astodrimer sodium*
[†] *Paull, J.R.A. et al. Virucidal and antiviral activity of astodrimer sodium against SARS-CoV-2 in vitro (2021). Antiviral Research: https://doi.org/10.1016/j.antiviral.2021.105089*

SPL7013 highly active against all four WHO's current SARS-CoV-2 'Variants of Concern'



All vaccines are particularly effective against severe illness, hospitalisation, and death.

*https://www.cdc.gov/coronavirus/2019-ncov/variants/variant.html
[1]https://cov-lineages.org/global_report_B.1.1.7.html
[2]https://cov-lineages.org/global_report_P.1.html
[3]https://cov-lineages.org/global_report_B.1.351.html
[4]https://cov-lineages.org/global_report_B.1.617.2.html

The Alpha, Beta, Gamma and Delta variants of SARS-CoV-2 are all classified 'Variants of Concern' by global health authorities, and Kappa, a 'Variant of Interest', due to the variants' increased transmissibility, increased disease severity (COVID-19), and/or reduced effectiveness of current treatments or vaccines. SPL7013 has shown, in laboratory studies, rapid and potent virucidal activity against all four SARS-CoV-2 *Variants of Concern*.

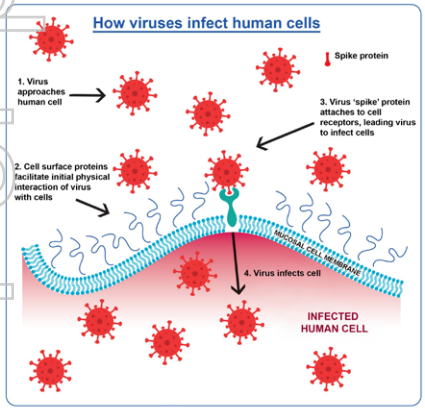
Virus: SPL7013† Incubation Time	Percent Reduction of Infectious Virus vs Virus Control^					
	US	Alpha	Beta	Gamma	Delta	Kappa
30 seconds	>99.9%	>99.9%	>99%	>99%	>99.99%	>99.99%

† 10 mg/mL SPL7013; ^ virus without exposure to SPL7013

The antiviral agent in VIRALEZE™, SPL7013, has a deep pedigree as an antiviral compound, with substantial published data, including recently in the prestigious, peer reviewed scientific journal, *Antiviral Research*†. The broad-spectrum antiviral activity of SPL7013 is a significant feature of VIRALEZE™, especially as new SARS-CoV-2 variants continue to emerge and spread worldwide.

Antiviral activity of SPL7013 has also been shown against other important respiratory viruses, including influenza viruses and human respiratory syncytial virus (RSV). Further, SPL7013 has been shown to have potent antiviral activity against respiratory viruses that have caused pandemics, including SARS, MERS, and Swine Flu (H1N1) – the last three pandemics before COVID-19. The wide breadth of the spectrum activity of SPL7013 is also evidenced by its potent activity in non-respiratory viruses including HIV*, HSV**, HPV, adenovirus***, HBV, and Zika, in laboratory studies.

VIRALEZE™ Mechanism of Action



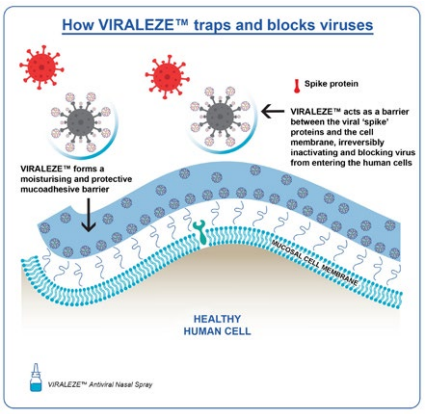
VIRALEZE™ is applied to the nasal cavity where respiratory viruses that cause colds, flu and more severe respiratory illness first attach and start to multiply. The nasal cavity has been identified as the primary site where SARS-CoV-2 becomes established, before spreading to the lungs.^

†Paull, J.R.A. et al. Virucidal and antiviral activity of astodrimer sodium against SARS-CoV-2 in vitro (2021). Antiviral Research: https://doi.org/10.1016/j.antiviral.2021.105089
*(Tyssen et al, 2010), **(Gong et al, 2005), ***(Romanowski et al, 2021).
^Hou, Y.J., et al. 2020. SARS-CoV-2 reverse genetics reveals a variable infection gradient in the respiratory tract. Cell 182(2), 429-446.e14. https://doi.org/10.1016/j.cell.2020.05.042

[1]The study used the K18-hACE2 mouse model, which is an in vivo humanised mouse model that expresses the human angiotensin converting enzyme (hACE2) receptor, the receptor used by SARS-CoV-2 to infect cells in the human nasal cavity and respiratory tract.

"It is particularly exciting to see a product with this level of antiviral activity against a Variant of Concern that is much more transmissible than earlier SARS-CoV-2 strains. The latest data are consistent with our previous data showing antiviral and virucidal effects of SPL7013 against the US strain of this highly infectious virus and suggest a mechanism of action that is not affected by mutations in the virus spike proteins."

Internationally recognised virologist Philippe Gallay



VIRALEZE™, which contains SPL7013, provides a protective moisture barrier in the nose and acts by trapping viruses, and blocking the interaction between virus attachment proteins, or "spikes", and the human cells viruses are seeking to infect. "Spike" proteins on the surface of viruses that encounter VIRALEZE™ are physically trapped by SPL7013. This interaction is irreversible ("virucidal") and blocked viruses can no longer infect cells.

VIRALEZE™ protects against SARS-CoV-2 in challenge model

Starpharma recently announced publication of new data demonstrating the protective efficacy of VIRALEZE™ antiviral nasal spray against SARS-CoV-2 challenge *in vivo* in a humanised mouse model of coronavirus infection. The study results showed that VIRALEZE™ administered nasally reduced viral load by >99.9% (vs. saline control) in the lungs and trachea of animals challenged with SARS-CoV-2.[1] The study also demonstrated protective effects of VIRALEZE™ against SARS-CoV-2 in animals, consistent with the previously reported *in vitro* virucidal activity of SPL7013, which reduces infectious SARS-CoV-2, including the Delta variant, by >99.9% within 30 seconds of exposure. The results of the study (conducted at The Scripps Research Institute) have been published in the international peer-reviewed journal, *Viruses*, in a special issue titled, *Medical Interventions for Treatment and Prevention of SARS-CoV-2 Infections* (https://www.mdpi.com/1999-4915/13/8/1656).

VIRALEZE™ well tolerated in multiple dose clinical study

Starpharma has conducted a randomised double-blind, placebo-controlled, safety, tolerability and pharmacokinetic study of VIRALEZE™ in 40 healthy volunteers, who used the product four times a day for 14 days. The product was well tolerated with no notable or serious adverse events reported, and no participants discontinued product use. The study also confirmed that SPL7013 was not absorbed in the bloodstream following repeated nasal application. This finding is consistent with previous extensive nonclinical and clinical data showing lack of systemic absorption of SPL7013 following topical application to mucosal membranes.

VivaGel® Portfolio

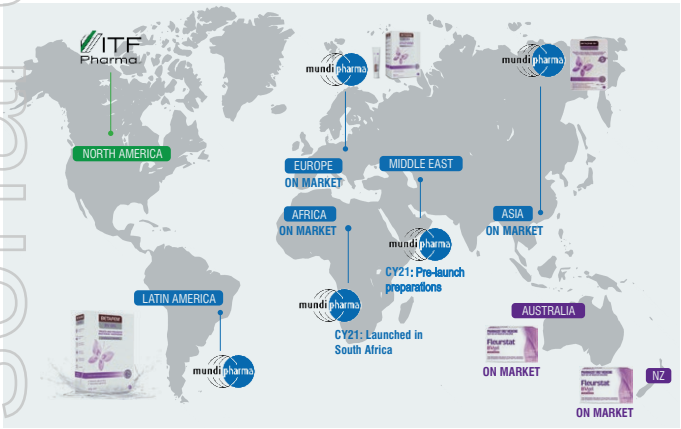
The antiviral agent in VIRALEZE™, SPL7013, is also included in Starpharma's VivaGel® products, which are currently registered in >45 countries and available for sale in the UK, Europe, Japan, South East Asia, South Africa, Australia and New Zealand. During the year Starpharma and its partners continued to progress regulatory activities for VivaGel® BV and the VivaGel® condom in multiple regions.

VivaGel® products are now registered in >45 countries

VivaGel® BV

VivaGel® BV is a novel, non-antibiotic therapy for the treatment of bacterial vaginosis (BV) and prevention of recurrent BV. BV is the most common vaginal infection worldwide and twice as common as thrush. One in three women will experience BV and half of these women will have recurrent BV.

VivaGel® BV has been licensed in more than 160 countries to leading global pharmaceutical companies, including Mundipharma and Aspen.



During the year, Mundipharma continued its rollout of VivaGel® BV with the launch of Betadine™ BV Gel in the Nordic region and South Africa. VivaGel® BV is now available for sale in the UK, Europe, South East Asia, South Africa, Australia, and New Zealand. The Starpharma and Mundipharma regulatory teams continue to work together to further expand regulatory submissions for VivaGel® BV, with the product now registered in >45 countries. Further regulatory submissions are underway to support additional launches of VivaGel® BV in Mundipharma's territories.

In September 2020, the Therapeutic Goods Administration (TGA) approved an expansion of the marketing authorisation for VivaGel® BV (Fleurstat BVgel) in Australia to include the indication of prevention of recurrent BV. The expanded claims under the marketing authorisation bring the approved indications for VivaGel® BV (Fleurstat BVgel) in line with those in Europe and Asia. This prevention of recurrent BV indication for VivaGel® BV includes prevention of unpleasant vaginal odour and discharge, and helping to maintain normal vaginal pH and vaginal flora balance.

In the US, a formal dispute resolution process is ongoing with the FDA as part of the regulatory process for VivaGel® BV, and COVID-19 has had an impact on timing.

Starpharma's partners for VivaGel® BV have experienced some disruption to sales and marketing activities due to COVID-19 lockdowns. VivaGel® BV continues to attract very positive consumer reviews, with patients highlighting a range of benefits.

Aspen's Fleurstat "Could it be BV?" campaign was awarded the 2020 Diamond Award for "Best Launch of a Consumer Healthcare Product". These awards are based on survey responses from over 1,400 pharmacists and pharmacy assistants.

DIAMOND AWARDS 20

Consumer Healthcare Products Australia

VivaGel® condom – World-first product and the only anti-viral condom with lubricant incorporating SPL7013

During the year, Starpharma continued to work closely with its marketing partners, Okamoto and LifeStyles. The VivaGel® condom was launched in countries in Europe under the LifeStyles brand name Absolute™ DUAL PROTECTION. The company continues to work with its partners to progress regulatory activities in other regions.

Starpharma's DEP® platform delivers product benefits and enhances the commercial value of a wide range of drugs in many therapeutic areas

DEP® – Dendrimer Enhanced Drug Delivery

Starpharma's dendrimers can be used to enhance the properties of existing and novel drugs. The approach, known as "drug delivery", aims to ensure that more of the drug is more effectively delivered to the right part of the body. Starpharma's dendrimer drug delivery technology is based on polylysine dendrimers and known as DEP®.

Starpharma's DEP® platform enhances the commercial and therapeutic value of a wide range of drugs in oncology and beyond, offering exceptional optionality for multiple programs and DEP® licences to run in parallel.

Starpharma uses DEP® both in its own drug development pipeline and with partners' products.

Chemotherapeutics: Life-cycle management and improvement of established drugs; New Chemical Entities; Combinations including immuno-oncology

Radiotheranostics: Radiotherapeutic and diagnostic applications, using a variety of different radioisotopes and targeting strategies

Antibody Drug Conjugates (ADCs): Flexible technology; Increased drug antibody ratio; Targeting group agnostic; Site selective payload attachment

Non-oncology: Antiviral; Anti-infective; Endocrinology

Internal DEP® assets

DEP® docetaxel (phase 2) – clinical trials ongoing at UK sites

Clinical trials of DEP® docetaxel monotherapy and in combination with other anti-cancer agents continue to progress well, with 50 patients recruited and encouraging efficacy signals observed in lung, pancreatic, oesophageal, cholangiocarcinoma, gastric cancers, and other cancers, including:

- Prolonged stable disease and tumour shrinkage in patients with pancreatic, oesophageal, and gastric cancer. These impressive tumour responses include stable disease for up to 40 weeks and significant tumour shrinkage in a heavily pre-treated oesophageal cancer patient, maintained for more than 28 weeks.
- Notable lack of bone marrow toxicity (e.g. neutropenia) and other common side effects including hair-loss, mouth ulcers, anaphylaxis, and oedema.
- Efficacy signals observed in heavily pre-treated patients (treated with up to 40 cycles and 9 different anti-cancer regimens previously).

CLINICAL CASE STUDY: DEP® DOCETAXEL

65-year-old man with metastatic oesophageal cancer

- Patient had progressed following four cycles of prior anti-cancer therapy
- Patient achieved ~30% reduction of measurable tumours after only three cycles of DEP® docetaxel

DEP® cabazitaxel (phase 2) – clinical trial ongoing at sites in the UK and Australia

The DEP® cabazitaxel clinical trial continues to progress well, with 42 patients now recruited and with multiple patients exhibiting efficacy signals in prostate cancer, including:

- Radiological responses, significant reductions in prostate-specific antigen (PSA) and lack of new bone metastases.
- Multiple heavily pre-treated patients also exhibited efficacy signals in gastro-oesophageal, ovarian, cholangiocarcinoma, lung, thymic and head and neck cancers.

CLINICAL CASE STUDY: DEP® CABAZITAXEL

65-year-old man with late-stage (metastatic) gastro-oesophageal cancer

- Heavily pre-treated patient treated with >13 cycles and three different rounds of anti-cancer treatment and cancer progressed
- Patient received 6 cycles of DEP® cabazitaxel and achieved a 50% reduction in total tumour size maintained for >27 weeks

DEP® irinotecan (phase 2) – clinical trial ongoing at sites in the UK and Australia

DEP® irinotecan clinical trial continues to progress well, with 54 patients now recruited, and multiple patients exhibiting encouraging efficacy signals, including impressive tumour shrinkage and reductions in tumour marker levels for multiple tumour types, including breast, colorectal, ovarian, pancreatic, lung and oesophageal cancer.

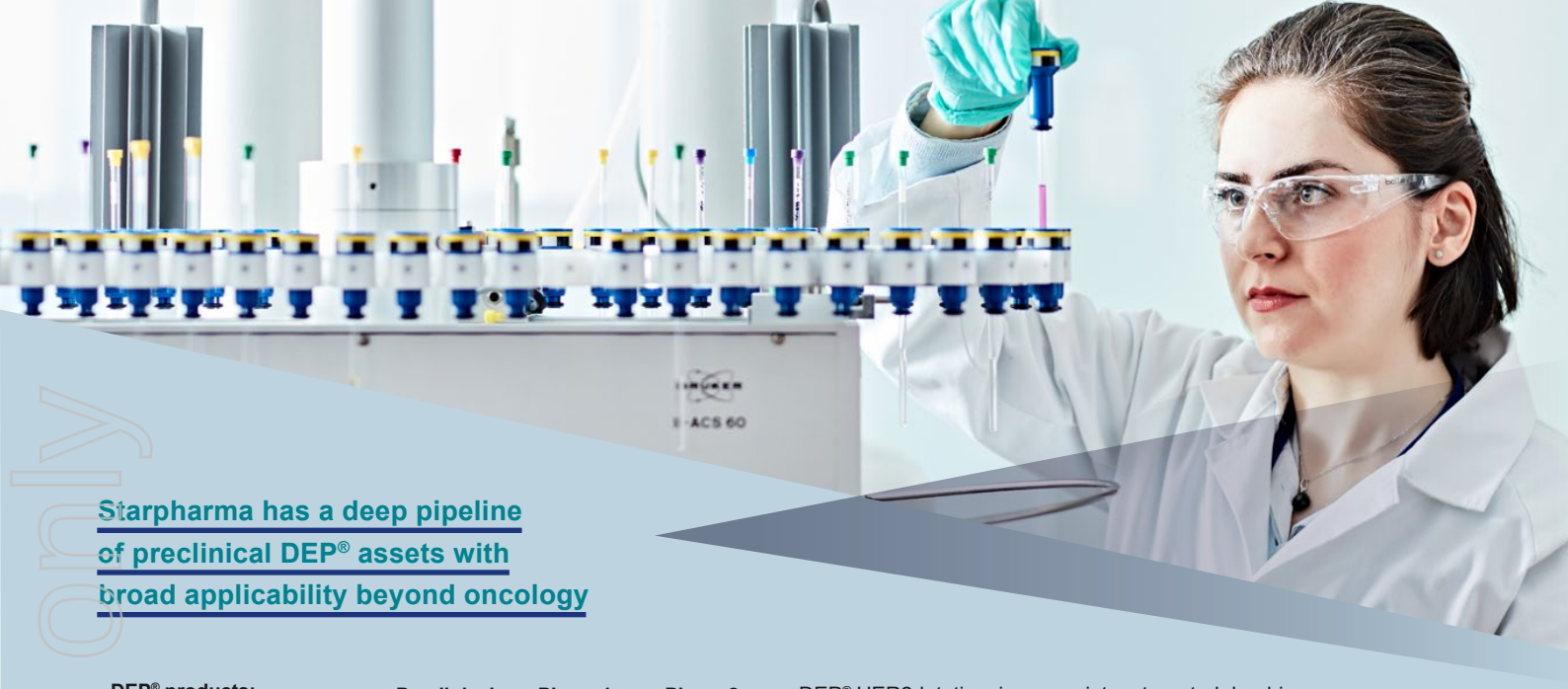
- Prolonged stable disease, impressive tumour shrinkage and reductions in tumour marker levels for a number of tumour types, including breast, colorectal, ovarian, pancreatic, lung and oesophageal cancer.

CLINICAL CASE STUDY: DEP® IRINOTECAN

55-year-old woman with heavily pre-treated metastatic ovarian cancer, which has a particularly poor prognosis

- Heavily pre-treated with >60 treatment cycles of 6 lines of prior anti-cancer therapy
- Patient received 10 dose cycles of DEP® irinotecan to date and achieved 98% reduction in CA-125 tumour marker from baseline, with stable disease for >27 weeks (lesion no longer visible)

Clinical case studies and other clinical information given in this document are given for illustrative purposes only and are not necessarily a guide to product performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of future results. Nothing contained in this document, nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of any Starpharma product.



Starpharma has a deep pipeline of preclinical DEP® assets with broad applicability beyond oncology

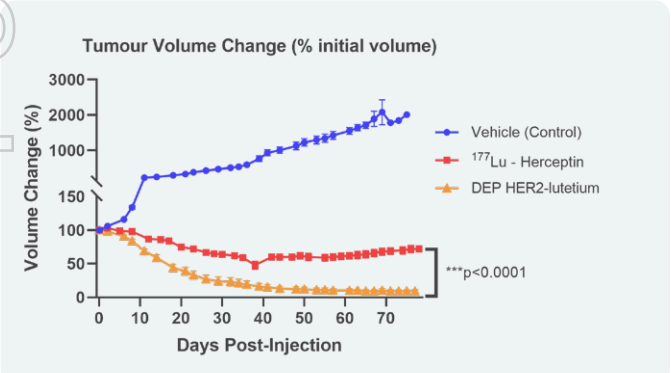
DEP® products:	Preclinical	Phase 1	Phase 2
DEP® irinotecan			
DEP® cabazitaxel			
DEP® docetaxel			
DEP® radiopharmaceutical candidates			
DEP® HER-2 ADC			
DEP® gemcitabine			
DEP® non-oncology candidates			

DEP® oncology programs

DEP® radiopharmaceuticals

DEP® radiopharmaceutical conjugates have the potential to minimise off-target toxicity, optimise pharmacokinetics and enhance efficacy when used alone or in combination with other therapeutic approaches.

In March 2021, Starpharma announced that its second radiopharmaceutical candidate, DEP® HER2-lutetium, achieved complete tumour regression, outperforming Herceptin® (trastuzumab) labelled with lutetium ($p<0.0001$), in a human breast cancer model (BT474). DEP® HER2-lutetium was extremely well tolerated.



DEP® HER2-lutetium is a proprietary targeted dendrimer developed by Starpharma, which incorporates the radioisotope lutetium-177 (177Lu) and a novel HER2 targeting moiety (nanobody). During the year, Starpharma also developed a DEP® radiodiagnostic candidate, DEP® zirconium. Starpharma is in discussions with potential partners interested in licensing DEP® radiopharmaceutical candidates.

Radiopharmaceuticals and diagnostics are a rapidly developing area of cancer treatment, and sales in this category are estimated to grow to $12–15 billion by 2030. The area has also seen several significant commercial acquisitions in recent years.

DEP® Antibody Drug Conjugates

During the year, Starpharma progressed the development of DEP® Antibody Drug Conjugates (ADCs) candidates.

DEP® ADCs provide many benefits over existing ADCs, including efficacy improvements. Compared to conventional ADCs and antibody therapies, Starpharma's DEP® ADCs can overcome many issues faced today by existing approaches to ADCs, including:

- Greater homogeneity
- Site specific attachment of drug conjugate
- High affinity
- Delivery of significantly higher payload levels than conventional ADCs
- Overcome issues of payload solubility and aggregation

The use of ADCs is an innovative and cutting-edge area in cancer therapy that continues to grow. Targeted DEP® conjugates (DEP® ADC's) are an exciting and valuable application of Starpharma's DEP® platform and the basis of internal development activities and a number of partner programs in the area.

DEP® gemcitabine

Starpharma has progressed key preclinical work on DEP® gemcitabine to facilitate its progression to a phase 1 clinical study.

Non-oncology DEP® programs

During the year, Starpharma also applied its DEP® technology to non-oncology areas (e.g. antiviral; anti-infective). In one of the company's non-oncology DEP® programs, Starpharma was able to create an enhanced, long-acting version of Gilead's antiviral drug, remdesivir. The DEP® version achieved improved pharmacokinetics and improved solubility. The ability to create more soluble and improved formulations is a key advantage of the DEP® platform and of particular benefit to many drugs on market and in development, whereby solubility is problematic. In some cases, improvements in solubility can enable drugs to be administered in more 'patient friendly' ways (e.g. via subcutaneous injection rather than through IV infusion).

The company continues to identify additional, high potential DEP® candidates for development and commercialisation.

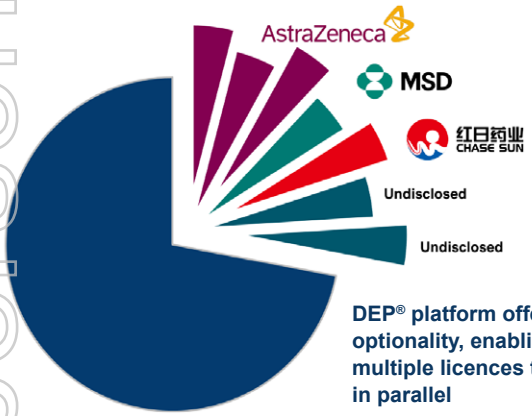
Starpharma's DEP® partnering creates significant value and optionality

DEP® – Dendrimer Enhanced Drug Delivery

Starpharma's DEP® platform enhances the commercial and therapeutic value of a wide range of drugs, creating multiple potential revenue streams and significant IP leverage.

Starpharma's DEP® technology represents a valuable platform for partnering, which has the potential to generate significant revenue through royalties and milestones.

Starpharma's DEP® platform provides exceptional optionality and leverage given that the DEP® technology can be licensed multiple times, and licences are structured to enable multiple partnered DEP® programs to run in parallel. Starpharma now has partnered DEP® programs with multiple large pharmaceutical companies, including AstraZeneca, Merck & Co., Inc., (MSD), Chase Sun, and other undisclosed partnerships.



DEP® platform offers optionality, enabling multiple licences to run in parallel

AstraZeneca

AstraZeneca global expansion of DEP® AZD0466 clinical program

Earlier this year, AstraZeneca advised its intention to expedite and expand its clinical program for DEP® AZD0466 to include a global multi-region phase 1/2 study with a focus in haematological tumours (blood cancers). This trial design will facilitate seamless transition to phase 2. This expanded program includes a substantial increase in the number of trial sites globally including in the United States, Asia, Europe, and Australia, for rapid recruitment. This investment and expansion are being undertaken to facilitate expedited development of AZD0466 with the objective of obtaining regulatory approval as soon as possible for specific indications of high unmet clinical need.

"We are really excited to see the global expansion of the clinical program for AZD0466 and AstraZeneca's commitment to bringing this important medicine to patients in need, as quickly as possible."

Dr Jackie Fairley, CEO Starpharma

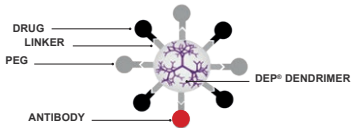
AZD0466 is a highly optimised nanomedicine formulation of AstraZeneca's novel dual Bcl-2/xL inhibitor that utilises Starpharma's DEP® technology. The development of AZD0466 is being progressed under its multi-product DEP® licence whereby Starpharma is eligible to receive significant development, launch and sales milestones, plus royalties on net sales of the product.

AZD0466 is described as having the potential to be a 'best-in-class' agent with a broad opportunity in solid and haematological tumours due to its ability to target both Bcl2 and Bcl/xL.

DEP® Research Agreement signed with Merck & Co., Inc., (MSD) for dendrimer-based DEP® ADCs (Antibody Drug Conjugates)

In February 2021, Starpharma announced a new Research Agreement with leading global pharmaceutical company MSD, utilising Starpharma's proprietary DEP® technology to explore dendrimer-based ADCs.

MSD



MSD is ranked 4th globally of all pharmaceutical companies by total sales revenue and is a recognised leader in oncology, making them an ideal partner for Starpharma's DEP® platform.

The use of ADCs in cancer therapy continues to grow, with 2020 global sales of Roche's Kadcyla® exceeding US$1.8 billion.

ADCs incorporate the specific cell targeting property of antibodies with the cell killing properties of chemically conjugated drugs, to provide a targeted therapeutic with reduced off target toxicities.

DEP® ADCs have the potential to overcome the limitation of low drug loading (DAR), which is a feature of first-generation ADCs. DEP® ADCs exploit the unique potential of Starpharma's DEP® technology to provide enhanced characteristics to ADCs including greater homogeneity, site specific attachment, and higher drug antibody ratio than conventional ADC approaches.

Following the MSD partnership for DEP® ADCs, Starpharma has initiated a number of new discussions for other DEP® ADC partnerships.

Other DEP® partnerships and collaborations

During the year, Starpharma also progressed other disclosed/undisclosed partnered programs, including with Chase Sun in DEP® anti-infectives, and its other DEP® program with AstraZeneca, which involves developing a DEP® version of one of their major marketed oncology drugs.

Starpharma is engaged in active discussions with further partners in relation to DEP® with a number of companies, including leading pharmaceutical companies.

3 Year Financial Summary

	2021 $M	2020 $M	2019 $M
Revenue & other income	3.1	6.6	1.7
Interest revenue	0.4	0.5	1.0
Total revenue and other income	**3.5**	**7.1**	**2.7**
Expenditure	(23.2)	(21.8)	(17.0)
Loss for the period	**(19.7)**	**(14.7)**	**(14.3)**
Net operating cash outflows	(14.8)	(10.8)	(10.3)
Net investing and financing cash inflows (outflows)	46.1	(0.7)	(0.3)
Cash and cash equivalents at end of year	60.5	30.1	41.3

Overview of Financial Results

Total revenue and other income for the year was $3.5 million, and included product sales and royalties from VIRALEZE™ and VivaGel® products, as well as $0.9 million of grant funding awarded by the Medical Research Future Fund (MRFF) to expedite development and commercialisation of VIRALEZE™.

Starpharma reported a net loss of $19.7 million, compared to $14.7 million last year. The key driver of this movement was the $4.4 million reduction in revenue in FY21 compared to the prior year due to the receipt of a US$3 million milestone payment from AstraZeneca in FY20. There was also a $1.1 million unfavourable foreign exchange movement in FY21, compared to the prior corresponding period on foreign currencies held.

The total net investment in R&D programs for the year ended 30 June 2021 was largely consistent with FY20, however there was reduced expenditure on VivaGel® products, and an increased proportion of R&D expenditure on Starpharma's internal DEP® assets, as well as one-off costs for the development of VIRALEZE™. The development costs of VIRALEZE™ were partially offset by the MRFF grant funding.

The net operating cash outflows for the year were $14.8 million, compared to $10.8 million last year. Cash inflows from financing activities for the financial year include net proceeds of $46.9 million resulting from an equity placement and share purchase plan. Starpharma ended the financial year with a strong cash balance of $60.5 million.

Review and future outlook

2021 has been a challenging and rewarding year for Starpharma. Looking back on this past year, I am very proud of our dedicated team of around 50 people, who have worked diligently while also navigating through a rapidly changing global pandemic.

Starpharma has accomplished significant achievements and milestones across the business this year despite the challenges of COVID-19. This is a testament to the dedication, teamwork and perseverance of our employees, and we thank all of them for their extraordinary contribution throughout this year.

In response to the ongoing global pandemic, our team worked fervently to expedite the development, registration and launch of VIRALEZE™ antiviral nasal spray. In the space of just one year, we successfully developed and launched VIRALEZE™ and made the product available to consumers in multiple regions. Our team's focus is now firmly on building revenues through rapidly progressing additional registrations and launches as well as commercial and distribution arrangements in other countries and regions, such as India, where there is high demand for a product like VIRALEZE™.

This year, we will also continue to focus on building new and/or expanded partnerships in DEP® drug delivery – through licensing our platform to assist partners in developing or improving their drugs, and to pursue licenses for the DEP® assets in our own expanding pipeline. The DEP® partnerships that we have already cultivated, with companies such as AstraZeneca and Merck & Co., Inc., have the potential to create life-changing products for patients, and significant revenues for Starpharma by way of milestones and royalties. The DEP® platform provides exceptional optionality and can be licensed to multiple partners, and applied to multiple products in parallel, thus has the potential to generate significant value. In particular, our team has seen growing international interest in commercial discussions in the area for DEP® Antibody Drug Conjugates (ADCs) and DEP® radiopharmaceuticals, and we look forward to progressing these arrangements in the future.

It has also been pleasing to see the continued positive reviews and increasing awareness of VivaGel® BV products from consumers and healthcare professionals around the world. Our team takes great pride in providing women suffering from bacterial vaginosis with a novel and effective product to manage this troublesome condition. VivaGel® BV is now registered in more than 45 countries and available in the UK, Europe, Japan, South East Asia, South Africa, Australia and New Zealand. In the year ahead, we look forward to working with our partners to achieve further approvals and launches in other regions, and to continue building the brand presence globally.

In the year ahead, we remain focused on leveraging our existing products by pursuing further registrations, launches and revenue growth for VIRALEZE™, VivaGel® BV and VivaGel® Condom, while also pursuing partnerships for our DEP® drug delivery technology and our DEP® assets. This includes progressing our three DEP® phase 2 trials as quickly as possible, and adding value enhancing combinations as appropriate.

I want to again thank our dedicated staff, and also our committed partners and industry stakeholders for their support and contributions. I also wish to acknowledge the support of our investors and shareholders, including those who participated in our 2020 capital raising. This financing further strengthened Starpharma's balance sheet and ensured that the company is in an excellent position to accelerate the clinical development, regulatory, commercialisation and launch activities across its portfolios. Starpharma's growing list of valuable assets and DEP® programs places the company in an excellent position for growth. With multiple products in the pipeline, the clinic and on market, Starpharma is staying the course to improve patient health worldwide and build shareholder value.

Jackie Fairley
Chief Executive Officer

Outlook activities & milestones			Strategy & expected outcomes
DEP®	• Progress and completion of DEP® docetaxel, DEP® cabazitaxel & DEP® irinotecan phase 2 trials; progress value-adding combination studies • AZD0466 clinical progress, expansion of trial sites recruitment & receipts from milestones • AstraZeneca: Exercise of Option Agreement &/or deals for further compounds	• Progress with existing partnered DEP® programs, including with Merck & Co., Inc., & Chase Sun • Execute/expand new DEP® partnerships/agreements • Advance DEP® radiopharmaceuticals, DEP® ADCs & DEP® antivirals • Advance value-adding DEP® combinations in clinic & other DEP® products	Leveraging the DEP® platform to build value Advancing internal DEP® assets builds value for future licensing Partnered DEP® – upfront fees, milestones, royalties
VIRALEZE™	• Further roll-out of VIRALEZE™ Antiviral Nasal Spray • Further VIRALEZE™ registrations in other regions • Further VIRALEZE™ launches in other regions	• Further distribution & marketing arrangements with commercial partners • Continued testing of SPL7013 against SARS-CoV-2 variants & other respiratory viruses	Leveraging existing approvals for SPL7013
VivaGel®	• Commercial roll-out of VivaGel® BV in Europe, Asia & other markets • Further regulatory approvals & launches for VivaGel® BV; building revenues – milestones & sales/royalties • Ongoing formal FDA review process	• Further VivaGel® BV licences • VivaGel® condom approvals/ launch in additional regions • Further development/ co-development of SPL7013	Commercial outcomes: products on market – milestones, product sales, royalties, revenue share

ENVIRONMENT, SOCIAL & GOVERNANCE

As an ASX300 biopharmaceutical company, Starpharma produces positive societal outcomes for its stakeholders, including patients, consumers, shareholders, employees, the broader community and the environment. The very nature of Starpharma's products affords the opportunity of changing lives for the better.

Through innovative research and development, Starpharma and its partners are creating therapies which have the potential to profoundly improve patient health worldwide.

Starpharma's 2021 ESG Report illustrates how the company seeks to achieve its strategic objectives, and in doing so, contribute to the broader community and bring important medicines to patients in need.

The report outlines Starpharma's commitment to responsible business practices to ensure its products are being developed safely and ethically, in compliance with the relevant regulatory requirements, including for the areas of research, commercialisation and supply.

Starpharma's ESG Framework comprises *Products & Patient Health*, *Our People*, *Governance*, and *the Environment*, and is embedded with specific activities and initiatives to achieve high standards in each of these areas.

Our People, Our Values

Developing new pharmaceutical and medical products is both challenging and rewarding. Doing so requires a culture where our people have the right balance of both patient-centric and commercially-focussed values.

Starpharma prides itself on a strong culture based on innovation, accountability, performance, and ethical behaviour. The company's core values include teamwork, superior performance, innovation, integrity, and accountability.

Working with a sense of urgency, innovative thinking, resilience and collaboration are central to these company values. Our people have a strong sense of how their work benefits the broader community.

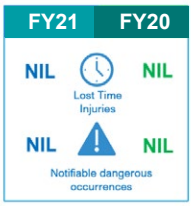
Starpharma is committed to continued development of its organisational capabilities, including a focus on initiatives that promote diversity and inclusiveness in the workplace. We believe having a diverse workforce drives better outcomes for our business and provides the company with greater breadth of experience and ideas.

At 30 June 2021, almost half of our employees were born outside of Australia and approximately half of our employees were female. More than 40% of leadership roles (i.e. CEO minus 2) at Starpharma were held by women, and at Board level, 40% per cent of directors were female (increasing to 60% female from 1 August 2021).

Female representation on Starpharma's Board has been over 30% for almost a decade, making it one of a handful of Australian companies with this level of longstanding diversity at Board level.

We have a highly skilled and specialised workforce. The employees of Starpharma are critical to the company achieving business success. To ensure a positive culture and that Starpharma remains a safe, healthy, and attractive workplace for our employees, Starpharma has well developed workplace policies and practices. Starpharma's code of conduct reflects the core values of the company and sets out standards of behaviour in matters including equal employment opportunity and best practice in recruitment.

At Starpharma, occupational health and safety is key and is considered every employee's responsibility. Starpharma's occupational, health and safety program is designed to prevent work related injuries and accidents and the company has an excellent track record in this regard. The company's zero harm objective is promoted through a culture of safety and hazard reporting and overseen by an active OH&S committee. OH&S is monitored by both lead and lag indicators. Incidents and near misses are reported and investigated in order to understand root causes and prevent recurrence.



During FY21 and at least the previous 10 years, Starpharma has had no WorkSafe notifiable incidents.

Our Partners

Starpharma has established important business and scientific partnerships with leading global companies, international medical research organisations and key governmental and non-governmental departments and institutions. These relationships offer critical inputs from world experts and provide a pathway for products to enter the market and change daily lives.

Product & Patient Safety

Starpharma's products are developed in accordance with the relevant regulatory requirements, including for the areas of research, clinical trials, and manufacturing.

Starpharma takes product quality very seriously and has a comprehensive quality management system with well-developed quality systems processes, including (but not limited to): change control, internal auditing, complaint handling, post market surveillance and supplier management. Starpharma also ensures that its manufacturing suppliers have all the necessary controls in place for quality performance.

Suppliers

While Starpharma's operations are relatively small in respect to the use of suppliers, the company is conscious of responsible and ethical sourcing. The company's supplier code includes a wide range of business practices to provide suppliers with clear expectations regarding their conduct. The company reviews the applicable guidance on responsible sourcing and sustainable procurement with the aim of creating greater social and sustainability benefits through its purchasing activities.

Environment

Starpharma is committed to conducting its operations in an environmentally responsible manner, as healthy people rely on a healthy environment. Reducing our environmental footprint is not only important for human and environmental health – it also leads to the long-term health of economies and our business. The company ensures it has appropriate systems in place to comply with relevant Federal, State and Local regulations, and has adopted documented procedures and processes to ensure all waste products are disposed of in accordance with relevant environmental regulations.

The full ESG Report is available at www.starpharma.com.

Directors' Report

Your directors have pleasure in presenting this report on the consolidated entity (referred to hereafter as the "group", "company", or "Starpharma") consisting of Starpharma Holdings Limited (the "Parent Entity") and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of Starpharma Holdings Limited at the date of this report and during the whole of the financial year:

R B Thomas (Chairman)
D J McIntyre
J K Fairley (Chief Executive Officer)
Z Peach

L Cheng was appointed as a director on 1 August 2021 and continues in office at the date of this report.
P R Turvey was a director for the whole of the financial year until his resignation on 29 July 2021.
R A Hazleton was a director from the beginning of the financial year until his retirement on 20 November 2020.

Information on Directors

Robert B Thomas AO, BEc, MSAA, SF Fin, FAICD, FRSN
Independent non-executive director (appointed 4 December 2013) and Chairman from 13 June 2014

Experience
Mr Thomas has a strong background in financial services and capital markets and is a non-executive director of several Australian listed companies. Formerly Mr Thomas was a Partner of Potter Partners (now UBS) where he was also Head of Research.

Mr Thomas is the former Chief Executive Officer (CEO) of County NatWest Securities and then became CEO and then Chairman of Citibank Corporate and Investment Bank in Australia. Mr Thomas has also held the position of Chairman at Australian Wealth Management Ltd (ultimately IOOF Ltd), TAL (Australia's largest life insurance company) and HeartWare® International Inc, the second largest global manufacturer of left ventricular assist heart pumps. Mr Thomas is currently a non-executive director of ASX-listed Biotron Limited and Clarity Pharmaceuticals Limited. Mr Thomas is also Chair of AusBio Ltd, Grahger Retail Securities, Co-Chair of the State Library of NSW Foundation and a director of O'Connell Street Associates.

For many years Mr Thomas was regarded as one of Australia's leading financial analysts and regularly lectured with Financial Services Institute of Australia (FINSIA). He has considerable expertise in Mergers & Acquisition (M&A) and capital markets including advising on the floats of Commonwealth Bank of Australia and Qantas, and vast experience in Audit and Risk Management. Mr Thomas is also approved under the NSW prequalification scheme for Audit and Risk Committee Independent Chairs and Members for government/public sector agencies and has previously served as the Chairman of the Audit and Risk Committee of Virgin Australia Limited (for 11 years), HeartWare® International Inc, REVA Medical Limited and the State Library of NSW.

Mr Thomas holds a Bachelor of Economics from Monash University, a Diploma of Business (Accounting) from Swinburne and is a fellow of FINSIA. Mr Thomas is also a Master Stockbroker, a Fellow of the Australian Institute of Company Directors and a Fellow of the Royal Society of New South Wales.

Committee membership
Member of Remuneration & Nomination Committee;
Member of Audit & Risk Committee.

Other current directorships of ASX listed entities: Biotron Limited and Clarity Pharmaceuticals Limited.

Directorships of other ASX listed entities within last three years: REVA Medical Inc.

Specific skills and experience areas
In addition to Mr Thomas' significant finance and M&A/capital markets experience, Mr Thomas' non-executive roles with various ASX listed companies have deepened his skills and experience in relation to accounting/corporate finance, audit and risk; governance; licensing and commercialisation of innovation; strategy and risk management; occupational health & safety ("OH&S"); and remuneration. He has also had significant experience with US based companies as they progress from research to commercialisation.

Interests in Starpharma Holdings Limited
875,000 ordinary shares

Jacinth (Jackie) K Fairley BSc, BVSc (Hons), MBA, GAICD, FTSE

Chief Executive Officer and Director (appointed 1 July 2006)

Experience
Dr Jackie Fairley has more than 30 years of operational experience in the pharmaceutical and biotechnology industries working in senior management roles with companies including CSL Limited (CSL) and Faulding (now Pfizer). In those roles Dr Fairley had responsibilities which included clinical, regulatory, business development, product development management and general management. At Faulding Dr Fairley was responsible for Global Product Development, Regulatory Affairs and Business Development for Faulding's Hospital Business which operated in more than 60 countries.

Dr Fairley holds first class honours degrees in Science (pharmacology and pathology) and Veterinary Science from Melbourne University and was a practicing veterinary surgeon prior to joining CSL. Whilst at CSL Dr Fairley obtained a Master of Business Administration from the Melbourne Business School where she was the recipient of the prestigious Clemenger Medal. Dr Fairley is also a Graduate of the Australian Institute of Company Directors.

Dr Fairley is a non-executive director of listed investment company Mirrabooka Investments Limited and Chairman of the Invest Victoria Advisory Board. Dr Fairley is a past member of the Federal Government's Commonwealth Science Council and Pharmaceutical Industry Working Group; the Federal Ministerial Biotechnology Advisory Council and previously served on the Board of Melbourne Business School for 10 years.

Committees
Attends Board Committee meetings by invitation.

Other current directorships of ASX listed entities: Mirrabooka Investments Limited.

Directorships of other ASX listed entities within the last three years: None.

Specific skills and experience areas
With more than 30 years' experience in executive roles up to and including as CEO and executive director of ASX listed and unlisted pharmaceutical and biotechnology companies, Dr Fairley's experience covers all key areas described in the Board skills matrix. In particular, Dr Fairley has significant leadership skills in healthcare and scientific research; pharmaceutical development; international experience; licensing and commercialisation of innovation; business development; strategy and risk management; and M&A/capital markets.

Interests in Starpharma Holdings Limited
3,925,434 ordinary shares
5,234,242 employee performance rights

Zita Peach BSc, GAICD, FAMI

Independent non-executive director (appointed 1 October 2011)

Experience
Ms Peach has more than 25 years of executive commercial experience in the pharmaceutical, biotechnology, medical devices and health services industries. She worked for major industry players such as CSL Limited and Merck Sharp & Dohme, the Australian subsidiary of Merck Inc. Ms Peach's most recent executive position was as the Managing Director for Australia and New Zealand and Executive Vice President, South Asia Pacific for Fresenius Kabi, a leading provider of pharmaceutical products and medical devices to hospitals. Previously, Ms Peach was Vice President, Business Development, for CSL Limited, a position she held for ten years.

Ms Peach has substantial international and local expertise in the areas of pharmaceutical/medical device product development, commercialisation of products and technologies, marketing and sales, licensing, M&A and international expansions. She has overseen manufacturing, logistics, regulatory affairs, quality assurance, clinical services, human resources, finance, information technology, public policy, business development, marketing and sales at Managing Director and CEO level.

Ms Peach is Chairman of Pacific Smiles Group Limited, and a Non-Executive Director of the ASX-listed Monash IVF Group Limited, and Visioneering Technologies, Inc. Ms Peach is also a member of the Hudson Institute of Medical Research Board.

Ms Peach is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Marketing Institute.

Committee membership
Chair of the Remuneration & Nomination Committee.
Member of Audit & Risk Committee.

Other current directorships of ASX listed entities: Monash IVF Group Limited, Visioneering Technologies, Inc. and Pacific Smiles Group Limited.

Directorships of other ASX listed entities within the last three years: AirXpanders, Inc.

Specific skills and experience areas
With over 25 years' experience in various senior executive roles within ASX listed and international pharmaceutical and biotechnology companies, as well as numerous non-executive directorships in the biotechnology/pharmaceutical sector, Ms Peach's experience covers all key areas described in the Board skills matrix. In particular, Ms Peach has substantial expertise as a leader in healthcare and scientific research; pharmaceutical/product development; licensing and commercialisation of innovation; science and technology; sales, marketing and business development; strategy and risk management; remuneration; and M&A/capital markets.

Interests in Starpharma Holdings Limited
48,975 ordinary shares

David McIntyre CPA, LL.B., MBA and B. Econs (Acc)

Independent non-executive director (appointed 1 March 2020)

Experience
Mr McIntyre has more than 20 years of executive experience including 18 years in the life sciences sector, having held various C-suite level roles at Tessa Therapeutics, Inc., AVITA Therapeutics, Inc., HeartWare® International, Inc., and Braeburn, Inc.

Mr McIntyre's experience also includes seven years as a Partner at Apple Tree Partners, a multi-billion-dollar life science venture capital and growth equity fund, giving him a deep knowledge of, and extensive contacts, in the US pharma, medical device and biotech markets. During this time, Mr McIntyre served as a non-executive director of several United States life science companies.

Prior to entering life sciences, Mr McIntyre practiced as a senior attorney at Baker & McKenzie and KPMG specialising in M&A, initial public offerings, and corporate law and also held various senior finance roles in both multi-national companies and small growth companies.

Mr McIntyre is based in the United States and brings to the table an international lens on life science licensing and commercialisation, marketing and business and development, and M&A/capital markets. Mr McIntyre has significant experience in the areas of accounting/corporate finance, audit and risk, strategy and risk management.

Mr McIntyre holds a Bachelor of Economics (Accounting) from the University of Sydney, Australia, a Bachelor of Laws from the University of Technology, Sydney and a Masters of Business Administration from Duke University Fuqua School of Business (Fuqua Scholar) from Durham, North Carolina, in the United States of America. Mr McIntyre is a Certified Practising Accountant and is also admitted as a legal practitioner of the Supreme Court of New South Wales and of the High Court of Australia.

Committee membership
Acting Chair of Member of Audit & Risk Committee.

Other current directorships of ASX listed entities: None.

Directorships of other ASX listed entities within the last three years: Redflex Holdings Limited.

Specific skills and experience areas
With more than 20 years of executive experience including 18 years in the life science sector, Mr McIntyre's experience covers all key areas described in the Board skills matrix. In particular, Mr McIntyre has substantial expertise in accounting/corporate finance, audit and risk; M&A/capital markets; governance; licensing and commercialisation of innovation; strategy and risk management, having held executive roles including Chief Financial Officer and Chief Operating Officer. He has also had significant experience with United States based companies in the medical device, biotechnology and pharmaceutical sector.

Interests in Starpharma Holdings Limited
16,240 ordinary shares

Peter R Turvey BA/LLB, MAICD

Independent non-executive director (appointed 19 March 2012) and Deputy Chairman from 26 November 2019; resigned 29 July 2021)

Experience
Mr Turvey has had more than 30 years of experience in the biotech/pharmaceutical industry having been former Executive Vice President Licensing, Group General Counsel and Company Secretary of global biopharmaceutical company CSL, retiring in 2011.

Mr Turvey played a key role in the transformation of CSL from a government owned enterprise, through ASX listing in 1994, to a global plasma and biopharmaceutical company. He also had responsibility for the protection and licensing of CSL's intellectual property and for risk management within CSL, which included management of the internal audit function, reporting to the Audit & Risk Management Committee of the Board as well as being the Chairman of the Corporate Risk Management Committee. In his senior executive role at CSL, Mr Turvey was actively involved in CSL's extensive M&A and equity capital raising activities over a 15 year period, including during the time of the float of CSL as a publicly listed company. This experience has been further enhanced by Mr Turvey's non-executive directorships of various ASX listed biotechnology companies.

In addition to his expertise in corporate finance, audit and risk management, Mr Turvey has extensive experience in commercialisation and pharmaceutical product development.

Committee membership (until resignation)
Chair of Audit & Risk Committee
Member of Remuneration and Nomination Committee

Other current directorships of ASX listed entities: None.

Directorships of other ASX listed entities within the last three years: None.

Specific skills and experience areas
With over 30 years of executive experience in the biotechnology industry of which 20 years were at CSL, followed by non-executive directorships at a number of ASX listed pharmaceutical and biotechnology companies, Mr Turvey has significant leadership skills and experience in healthcare and/or scientific research; pharmaceutical/product development; international experience and skills in regulation/public policy; licensing and commercialisation of innovation; business development; governance; strategy; risk management; audit and risk; and M&A/capital markets.

Mr Turvey resigned as a director on 29 July 2021 due to ill health.

Interests in Starpharma Holdings Limited
193,155 ordinary shares

Richard A Hazleton BSChE, MSChE, MBA, HonDrEng, HonDrCommSc

Independent non-executive director (appointed 1 December 2006; retired 20 November 2020)

Experience
Mr Hazleton is a former Chairman and CEO of US-based global corporation Dow Corning. He joined Dow Corning in 1965 and held numerous positions in engineering, manufacturing and finance, both in the US and Europe. He was appointed as CEO of the company in 1993, and Chairman of the Board of Directors and CEO in 1994. During his career with Dow Corning, Mr Hazleton performed the roles of European Area Vice President and Director of Finance, and after returning to the US, Corporate Controller and Chief Accounting Officer. In this latter global role he was responsible for the preparation of all public financial reports, and relationships with financial regulatory agencies and independent auditors. Mr Hazleton retired from Dow Corning in 2001.

Mr Hazleton is based in the United States and has an international lens on product development, manufacturing, science and technology. He has significant experience in the areas of strategy, accounting/corporate finance and audit and risk.

Mr Hazleton has served on the boards of the American Chemistry Council and the Chemical Bank and Trust Company (Midland, MI, USA) as well as several non-profit social service agencies in Michigan and Belgium.

Committee membership (until resignation)
Member of Audit & Risk Committee;
Member of Remuneration & Nomination Committee.

Other current directorships of ASX listed entities: None.

Directorships of other ASX listed entities within the last three years: None.

Specific skills and experience areas
Having held various executive roles up to and including as Chairman and CEO of Dow Corning over a 36 year period as well as non-executive directorships, Mr Hazleton has significant skills and experience including international experience; regulation/public policy, licensing and commercialisation of innovation, science and technology; governance; strategy and risk management; accounting/corporate finance, audit and risk; OH&S; and remuneration.

Mr Hazleton retired as a director on 20 November 2020.

Interests in Starpharma Holdings Limited
208,466 ordinary shares

Lynda Cheng B.Com, LLB (Hons), GAICD

Independent non-executive director (appointed 1 August 2021)

Experience
Ms Cheng has a strong background in finance with more than 25 years of experience as a finance executive including more than 15 years at Visy Industries/Pratt Holdings and 10 years in investment banking. She has significant commercial and international corporate expertise including experience in financial services, manufacturing, export finance, infrastructure, education as well as market entry, growth and technology.

Ms Cheng is currently Director of Corporate Development and Mergers & Acquisitions at Visy Industries / Pratt Holdings and has held various other roles in the group including CFO. Ms Cheng's earlier roles include as a lawyer at Blake Dawson, before moving into investment banking with J.P. Morgan in their Melbourne, Sydney, San Francisco and New York offices.

Ms Cheng is currently a non-executive director of Export Finance Australia and a member of the Wesley College Council. Ms Cheng previously served as a member of the Australian Government's International Development Policy Expert Panel and Deputy Chair and Chair of the Finance, Audit and Risk Committee of South East Water.

Ms Cheng holds a Bachelor of Law (Honours) and Commerce degree, majoring in actuarial studies and economics, from the University of Melbourne and is a graduate member of the Australian Institute of Company Directors.

Committee membership
Member of Audit & Risk Committee;
Member of Remuneration and Nomination Committee

Other current directorships of ASX listed entities: None.

Directorships of other ASX listed entities within the last three years: None

Specific skills and experience areas
With over 25 years' experience as a finance executive, including substantial international experience and several non-executive directorships, Ms Cheng's experience covers the majority of key areas described in Starpharma's Board skills matrix. In particular, she has substantial expertise in accounting/corporate finance, audit and risk; M&A/capital markets; strategy and risk management; governance; as well as business development. Ms Cheng has had involvement in the commercialisation of new innovations during her tenure at South East Water and also while working with disruptive technology companies in Silicon Valley.

Interests in Starpharma Holdings Limited
Nil.

Company Secretary

The Company Secretary is Mr Nigel Baade, holding the position since 2013. Mr Baade also holds the position of Chief Financial Officer, which he has held since January 2009. Mr Baade is a Certified Practising Accountant (CPA) with extensive experience in the pharmaceutical and biotechnology industries. Prior to joining Starpharma as Financial Controller in 2006, he has held positions at Hagemeyer, Cerylid Biosciences, Faulding (now Pfizer) and UMT (Fonterra). Mr Baade holds qualifications from University of Tasmania and Monash University.

Mr Baade is a former director of BioMelbourne Network Inc, and served as its Treasurer and Chairman of the Finance, Audit and Risk Committee. Mr Baade is a member of the Australian Institute of Company Directors.

Principal activities

The principal activities of the group consist of research, development and commercialisation of dendrimer products for pharmaceutical, life-science and other applications. Activities within the group are directed towards the development of precisely defined nano-scale materials, including on the development of VivaGel® for the management and prevention of bacterial vaginosis, and as an antiviral condom coating, and VIRALEZE™ - an antiviral nasal spray. Starpharma is also applying its proprietary dendrimers to drug delivery to create improved pharmaceuticals and has developed the valuable DEP® delivery platform.

Result

The financial report for the group for the financial year ended 30 June 2021, and the results herein, have been prepared in accordance with Australian Accounting Standards.

The consolidated loss after income tax attributable to ordinary shareholders for the financial year ended 30 June 2021 was $19,732,000 (2020: $14,678,000). The net operating cash outflows for the year were $14,808,000 (2020: $10,776,000) with net cash inflows from financing activities of $46,303,000 (2020: outflows of $584,000). The cash balance at 30 June 2021 was $60,500,000 (June 2020: $30,054,000).

Dividends and distributions

No dividends were paid or declared during the period and no dividends are recommended in respect to the financial year ended 30 June 2021 (2020: Nil).

Review of operations

Key activities until the date of this report include:

VIRALEZE™ antiviral nasal spray

- Developed VIRALEZE™, a novel antiviral nasal spray using already approved agent, SPL7013, and undertook scale-up, manufacturing, and other supply chain activities, ahead of launch.
- Registered VIRALEZE™ in Europe and India, and progressed regulatory activities for countries in multiple other regions.
- On 25 March 2021, signed a sales and distribution agreement for VIRALEZE™ with LloydsPharmacy, one of the largest pharmacy groups in the UK.
- LloydsPharmacy launched VIRALEZE™ in the UK online on 30 March 2021 and in-store in April 2021.
- Starpharma launched VIRALEZE™ in countries in Europe in May 2021 via its dedicated product webstore.
- Advanced commercial discussions for local distribution arrangements for VIRALEZE™ in India and in a number of other countries, including various European countries and other international regions.
- Conducted extensive antiviral testing on the VIRALEZE™ antiviral agent:
    - Confirmed SPL7013 is virucidal against important coronavirus SARS-CoV-2[1] variants Delta, Alpha, Gamma, Beta and Kappa, in laboratory studies.
    - Demonstrated potent activity of SPL7013 against respiratory pathogen RSV (respiratory syncytial virus) and influenza, in laboratory studies, further expanding the potential uses for VIRALEZE™.
    - Confirmed SPL7013 is active against other pandemic respiratory viruses "SARS" and "MERS", in laboratory studies, supporting the potential use of VIRALEZE™ in future pandemics.

[1] *SARS-CoV-2 is the virus that causes COVID-19*

- Published extensive antiviral data for SPL7013 (the antiviral agent in VIRALEZE™) in the prestigious international scientific journal, Antiviral Research[2].
- In a SARS-CoV-2 challenge in vivo in a humanised mouse model of coronavirus infection, VIRALEZE™ administered nasally reduced viral load by >99.9% (vs. saline control) in the lungs and trachea of animals challenged with SARS-CoV-2.
- Awarded $1 million in matched funding by the Australian Government's Medical Research Future Fund (MRFF) Biomedical Translation Bridge (BTB) Program to expedite development and commercialisation of VIRALEZE™.
- Successfully completed a clinical safety study in humans, in which VIRALEZE™ was very well tolerated, with no notable or serious adverse events reported.

DEP® Drug Delivery Platform

- AstraZeneca expedited and expanded its DEP® AZD0466 clinical program, into a multi-region phase 1/2 trial, with an initial focus on haematological cancers to support rapid development and registration.
- Continued progress and recruitment into DEP® irinotecan phase 2 trial, with 54 patients now recruited and trial continued to progress well, with multiple patients exhibiting encouraging efficacy signals observed, including impressive tumour shrinkage and reductions in tumour marker levels for multiple tumour types, including breast, colorectal, ovarian, pancreatic, lung and oesophageal cancer. Clinical trial preparations continue for the addition of combinations with DEP® irinotecan, thereby expanding the potential market opportunity.
- Continued progress and recruitment into DEP® docetaxel clinical trials with 50 patients now recruited and with multiple patients exhibiting encouraging efficacy signals observed, including prolonged stable disease, significant tumour shrinkage, reductions in tumour marker levels including in patients with hard-to-treat tumours such as pancreatic, oesophageal, cholangiocarcinoma, and gastric cancer.
- Continued progress and recruitment into DEP® cabazitaxel phase 2 trial with 42 patients now recruited and with multiple patients exhibiting efficacy signals in prostate cancer, including radiological responses, significant reductions in prostate-specific antigen (PSA) and lack of new bone metastases. Multiple heavily pre-treated patients also exhibited efficacy signals in gastro-oesophageal, ovarian, cholangiocarcinoma, lung, thymic and head and neck cancers.
- Signed a Research Agreement with Merck & Co., Inc (MSD) to conduct a preclinical research evaluation of dendrimer-based Antibody Drug Conjugates (ADCs) utilising Starpharma's DEP® technology.
- Signed and commenced a new DEP® partnership with leading Chinese pharmaceutical company Chase Sun to develop several DEP® nanoparticle formulations for an anti-infective drug.
- Starpharma's second radiopharmaceutical candidate, DEP® HER2-lutetium, outperformed in a human breast cancer model.
- Progressed development of several internal DEP® candidates and programs, including DEP® gemcitabine, DEP® ADCs, and DEP® radiopharmaceutical candidates for both therapeutic and diagnostic applications.
- Starpharma continued to progress its undisclosed DEP® partnered programs.
- Developed and patented a DEP® version of Gilead's remdesivir (Veklury®) with improved injection volume and pharmacokinetic characteristics.
- Starpharma was invited to present its DEP® technology at the prestigious, international Controlled Release Society (CRS) Virtual Annual Meeting, during a session called 'Success Stories from Bench to Trials to Market'.

VivaGel® Portfolio

- VivaGel® BV achieved TGA approval for an expansion of the marketing authorisation for VivaGel® BV (Fleurstat BVgel) to include 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, and new regulatory approvals were also received for countries in Africa and the Middle East, and further submissions were prepared.
- In the US, a formal dispute resolution process is ongoing with the FDA as part of the regulatory process for VivaGel® BV, and COVID-19 has had an impact on timing. VivaGel® BV is not currently approved in the US.
- LifeStyles launched the VivaGel® condom in countries in Europe, marketed under LifeStyles' Manix and Akuel brands of condoms as the Absolute™ Dual Protection condom.

Corporate activities

- Starpharma completed an oversubscribed A$48.9 million share placement and share purchase plan.

VIRALEZE™ antiviral nasal spray

After registering VIRALEZE™ in the UK/Europe, Starpharma signed a sales and distribution agreement with LloydsPharmacy, one of the largest pharmacy groups in the UK. LloydsPharmacy launched VIRALEZE™ in the UK in March 2021, and Starpharma also launched VIRALEZE™ in other countries in Europe in May 2021 via the VIRALEZE™ webstore. VIRALEZE™ was registered in India in June 2021 and the company advanced discussions for local distribution arrangements. Starpharma is also pursuing regulatory approvals, together with distribution and marketing arrangements, in numerous other countries in multiple regions.

In parallel Starpharma conducted additional antiviral testing on the antiviral agent in VIRALEZE™ (SPL7013) in laboratory studies, which demonstrated SPL7013 is virucidal, inactivating more than 99.99% of SARS-CoV-2, the virus that causes COVID 19. As SARS-CoV-2 variants emerged during the year, Starpharma continued to undertake further antiviral testing in laboratory studies which confirmed SPL7013 is virucidal against Delta, Alpha, Gamma, and Beta coronavirus SARS-CoV-2 – all four *variants of concern*, and the Kappa variant of interest. Other viruses were also tested, and showed that SPL7013 is active against respiratory syncytial virus (RSV) and influenza, as well as other pandemic respiratory viruses "SARS" and "MERS", in laboratory studies.

In a SARS-CoV-2 challenge in vivo in a humanised mouse model of coronavirus infection, VIRALEZE™ protects against SARS-CoV-2 challenge in vivo. VIRALEZE™ administered nasally reduced viral load by >99.9% (vs. saline control) in the lungs and trachea of animals challenged with SARS-CoV-2.[3] The study also demonstrated protective effects of VIRALEZE™ against SARS-CoV-2 in animals, consistent with the previously reported in vitro virucidal activity of SPL7013, which reduces infectious SARS-CoV-2, including the Delta variant, by >99.9% within 30 seconds of exposure.

The results of the challenge study (conducted at The Scripps Research Institute) have been published in the international peer-reviewed journal, Viruses, in a special issue titled, Medical Interventions for Treatment and Prevention of SARS-CoV-2 Infections.

A double-blinded, placebo-controlled clinical safety study completed to support regulatory and marketing activities for VIRALEZE™.

Starpharma was awarded $1 million in matched funding by the Australian Government's Medical Research Future Fund (MRFF) Biomedical Translation Bridge (BTB) Program to expedite development and commercialisation of VIRALEZE™.

[2] *Paull, J.R.A. et al. Virucidal and antiviral activity of astodrimer sodium against SARS-CoV-2 in vitro (2021). Antiviral Research.* https://doi.org/10.1016/j.antiviral.2021.105089

[3] The study used the K18-hACE2 mouse model, which is an in vivo humanised mouse model that expresses the human angiotensin converting enzyme (hACE2) receptor, the receptor used by SARS-CoV-2 to infect cells in the human nasal cavity and respiratory tract.

VivaGel® Portfolio

During the year, VivaGel® BV was launched in the Nordic region, and further regulatory submissions were progressed, and approvals were received for countries in Africa and the Middle East. Starpharma and Mundipharma continued to progress regulatory activities in a range of countries, as well as marketing activities with key opinion leaders in Europe. Starpharma's partners for VivaGel® BV have experienced some disruption to sales and marketing activities due to COVID-19.

VivaGel® BV is currently registered in more than 45 countries. In the US, the formal FDA review is ongoing, and COVID-19 has continued to impact on timing. In Australia, 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.

LifeStyles launched the VivaGel® condom in countries in Europe, marketed under LifeStyles' Manix and Akuel brands of condoms as the Absolute™ Dual Protection condom.

DEP® Drug Delivery Platform

The partnered DEP® program for AZD0466 continued to make positive progress with AstraZeneca expanding the clinical program into a multi-region study in advanced haematological malignancies, and a transition to a combined phase 1/2 trial. The adaptive phase 1/2 trial design is aimed at expedited transition to phase 2, to facilitate marketing approval. Data was also recently published showing the potent anti-cancer effects of AZD0466 in a malignant mesothelioma model.[4]

During the year, Starpharma progressed its three clinical stage internal DEP® assets - DEP® irinotecan, DEP® docetaxel and DEP® cabazitaxel. Each of the phase 2 trials continued to progress well, with encouraging efficacy signals observed, and impressive tumour responses reported in heavily pre-treated patients who otherwise would have limited options.

Starpharma also continued to develop several preclinical DEP® programs, including DEP® gemcitabine, DEP® ADCs and DEP® radiopharmaceutical candidates for both therapeutic and diagnostic applications. During the year, Starpharma's second radiopharmaceutical candidate, DEP® HER2-lutetium, outperformed in a human breast cancer model. Starpharma also applied its DEP® technology to create a long-acting, water soluble version of Gilead's antiviral drug, remdesivir (Veklury®) which is approved for use in COVID-19. Several patents in relation to DEP® assets were filed during the year.

In regard to new partnered DEP® programs, Starpharma signed a Research Agreement with leading global pharmaceutical company Merck & Co., Inc (MSD) to conduct a preclinical research evaluation of dendrimer-based DEP® Antibody Drug Conjugates (ADCs) utilising Starpharma's DEP® technology. The company also signed a DEP® partnership with Chase Sun to develop several DEP® nanoparticle formulations for an anti-infective drug. Building on the momentum of these partnered agreements, Starpharma engaged in a number of new ADC and radiopharmaceutical commercial discussions, and also continued to progress its undisclosed partnered programs.

COVID-19 pandemic

During the year, Starpharma's laboratory and internal operations continued to operate under a strict COVID safe plan, with minimal disruption. Starpharma's partners for VivaGel® BV have experienced some disruption to sales and marketing activities due to COVID-19, and in the US, where a formal FDA review process is ongoing, COVID-19 has impacted timing of that review process and associated activities. Recruitment and treatment continued in all DEP® clinical trials during the period, however the impact of COVID-19 in the UK, where DEP® trials are taking place, has had an effect on the programs depending on site-specific factors including the trial site location and type of hospital.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2021 through the date of this report that have significantly affected, or may significantly affect:
(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

Strategy, future developments and prospects

Starpharma aims to create value for its shareholders through the commercial development and exploitation of proprietary products based on its dendrimer technology in pharmaceutical and healthcare applications. The company's key focus is to advance and broaden its product pipeline, including internal and partnered DEP® programs and to advance commercial opportunities for VivaGel® and VIRALEZE™. Starpharma intends to achieve this by continuing to utilise a combination of internally funded and partnered programs across its dendrimer portfolio. The company commercialises its development pipeline with corporate partners via licencing and sales and distribution agreements at various stages in a product's development lifecycle; depending on the product, patent opportunity, a partner's commercial strategy and relative strength of product and market expertise, comparison of current and future potential returns, and the risks involved in advancing the product to the next value inflection point or milestone.

Starpharma's strategy remains consistent with previous years. Starpharma has extensive expertise, a strong intellectual property portfolio, deep product portfolio, a culture and ability to innovate and develop its technology platform to commercial opportunities, proven risk management practices, and a strong cash position. The company will continue using its cash resources and revenues to invest in selected research and development activities to achieve its objectives.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

[4] Research paper on AZD0466 published: "*A novel BH3-mimetic, AZD0466, targeting BCL-XL and BCL-2 is effective in a pre-clinical model of malignant pleural mesothelioma*".

Review of Financials

Income statement	30 June 2021 $'000	30 June 2020 $'000
Revenue	2,151	6,556
Cost of goods sold	(791)	(890)
Other income	1,336	559
Research and product development expense	(15,075)	(14,808)
Commercial and regulatory operating expense	(3,336)	(3,426)
Corporate, administration and finance expense	(4,017)	(2,669)
Loss for the period	**(19,732)**	**(14,678)**

Income statement

The reported loss for the period was $19,732,000 (2020: $14,678,000).

Revenue for the year was $2,151,000 (2020: $6,556,000), comprising $1,798,000 (2020: $6,033,000) for product sales, royalty, and research revenue from commercial partners, and interest income of $353,000 (2020: $523,000). Revenue received from commercial partners during the year were predominately product sales and royalties from VIRALEZE™ and VivaGel® products whereas revenue from commercial partners in the prior year included $4,339,000 from AstraZeneca for a non-recurring US$3 million development milestone.

Other income of $1,336,000 (2020:$559,000) includes $877,000 of grant funding received from the Medical Research Future Fund (MRFF) to expedite development and commercialisation of VIRALEZE™, as well as a final amount of $376,000 from phase one of the Australian Government's COVID-19 JobKeeper scheme. Despite remaining eligible for further JobKeeper scheme payments following completion of the company's successful capital raising, the company elected not to continue beyond the first phase of the JobKeeper scheme which ended on 27 September 2020.

Research and product development expense includes the costs of the internal DEP® drug delivery programs including DEP® docetaxel, DEP® cabazitaxel, and DEP® irinotecan, the VIRALEZE™ program and certain VivaGel® related expenditure. A contra research and development expense of $7,248,000 (2020: $5,669,000) has been recognised for activities eligible under the Australian Government's Research and Development Tax Incentive program.

Commercial and regulatory operating expense includes the expenditure related to the commercialisation of VivaGel®, VIRALEZE™ and the DEP® portfolio, including business development, regulatory, supply chain and quality assurance activities.

Corporate, administration and finance expense includes corporate costs, as well as gains/losses on foreign currency held. The $1,348,000 increase over the prior corresponding period predominately reflects an unfavourable foreign currency movement of $1,059,000, together with increased insurance premiums.

Balance sheet

At 30 June 2021 the group's cash position was $60,500,000 (June 2020: $30,054,000). Trade and other receivables of $8,534,000 (June 2020: $6,128,000) includes $7,233,000 (June 2020: $5,670,000) receivable from the Australian Government under the R&D tax incentive program.

Statement of cash flows

The net operating cash outflows for the year were $14,808,000 (2020: $10,776,000). Cash inflows from financing activities for the financial year include net proceeds of $46,931,000 (2020: nil) resulting from an equity placement and share purchase plan.

Earnings Per Share

	2021	2020
Basic & diluted earnings/(loss) per share	($0.05)	($0.04)

Material Business Risks

The group operates in the biotechnology and pharmaceutical sectors and is in the development and early commercialisation phase. Any investment in these sectors is considered high-risk. The group is subject to normal business risks, including but not limited to interest rate movements, labour conditions, government policies, reputation, securities market conditions, credit risk, exchange rate fluctuations and a range of other factors which are outside the control of the Board and management, including (without limitation) unforeseeable events such as global pandemics. More specific material risks of the sector and the group include, but are not limited to:

- Scientific, technical and clinical – product development requires a high level of scientific rigour, the outcomes of which cannot be known beforehand. Activities are experimental in nature, so the risk of failure, unexpected outcomes or delay is both material. Key development activities, including clinical trials, are undertaken by specialist contract research organisations; and there are risks in designing and completing those activities, including managing the quality and timelines of these activities.
- Regulatory – products and their testing may not be approved, or may be delayed or withdrawn, by regulatory bodies (e.g. US Food and Drug Administration) whose approvals are necessary before products can be sold in market. Breach of regulations, local or international law, or industry codes of conduct may subject the company to financial penalty and reputational damage.
- Financial – the group currently, and since inception, does not receive sufficient recurrent income to cover operating expenses. Although current cash reserves are sound, there is no certainty that additional capital funding may not be required in the future, and no assurance can be given that such funding will be available, if required.
- Intellectual property (IP) – commercial success requires the ability to develop, obtain and maintain commercially valuable patents, trade secrets and confidential information. Securing, defending and maintaining IP across multiple countries and preventing the infringement of the group's exclusive rights involves management of complex legal, scientific and factual issues. The company must also operate without infringing upon the IP of others.
- Commercialisation – the company predominately relies, and intends to largely rely, upon corporate partners to market, distribute and in some cases finalise development and registration of its products, on its behalf. There are risks in establishing and maintaining these relationships, and with the manner in which partners execute on these agreements.
- Product supply – the company is required to manufacture and supply product under certain licencing and distribution agreements, and under highly stringent quality and regulatory requirements. The manufacture of product is undertaken by specialist, regulatory approved, third party contract manufacturing organisations experienced in the sector. However, there are quality and supply delays/failure risks associated with the supply of product.
- Product acceptance and competitiveness – a developed product may not be considered by key opinion leaders (eg. doctors), reimbursement authorities (eg. Pharmaceutical Benefits Scheme listing) or the end customer to be an effective alternative to products already on market, or other products may be preferred.

- Product liability – a claim or product recall may significantly impact the company. Insurance, at an acceptable cost, may not be available or be adequate to cover liability claims or any product recall costs (if any) if a product is found to be unsafe.
- Key personnel – the company's success and achievements against timelines depend on key members of its highly qualified, specialised and experienced management and scientific teams. The ability to retain and attract such personnel is important.
- Grant and R&D incentives – the company may undertake R&D activities part-funded by incentive programs (eg. R&D tax credits) and under other competitive grants. There is no certainty that grants or incentive programs will continue to be available to the company, and changes in government policy may reduce their applicability.
- Cyber security and data protection – the company recognises the increasing risk associated with cyber security and the potential impact on business operations.

In accordance with good business practice in the pharmaceutical industry, the group's management actively and routinely employs a variety of risk management strategies. These are broadly described in the Corporate Governance Statement (section 7.2 Risk assessment and management).

Health and Safety

The Board, Chief Executive Officer and senior management team of the group are committed to providing and maintaining a safe and healthy working environment for the company's employees and anyone entering its premises or with connections to the company's business operations. Employees are encouraged to actively participate in the management of occupational health and safety (OH&S) issues. The company has adopted an OH&S Policy and has an established OH&S Committee as part of its overall approach to workplace safety. The OH&S Committee provides a forum for management and employees to consult on health and safety matters. The primary role of the OH&S Committee is to coordinate the development and implementation of OH&S policy and procedures, to consider any work-related safety matters or incidents, and to ensure compliance with relevant legislation and guidelines. The committee includes representatives of management, and employees from each operational area generally in proportion to the number of people working in the area and the perceived safety risks associated with working in that area.

The OH&S Committee meets on a regular basis over the year. Updates on OH&S matters are provided at Board meetings.

Additional OH&S practices were implemented and monitored since the emergence of the COVID-19 pandemic, under the guidance of a specific COVID-19 management response team. Measures implemented include working from home and social distancing requirements.

Environment and Regulation

The group is subject to environmental regulations and other licenses in respect of its research and development facilities. There are adequate systems in place to ensure compliance with relevant Federal, State and Local environmental regulations and the Board is not aware of any breach of applicable environmental regulations by the group. There were no significant changes in laws or regulations during the 2021 financial year or since the end of the year affecting the business activities of the group, and the Board is not aware of any such changes in the near future.

Meetings of Directors

The number of meetings of the company's Board of Directors and of each committee held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

Directors	Board	Audit & Risk Committee	Remuneration & Nomination Committee
J K Fairley	10 of 10	N/A	N/A
R A Hazleton[1]	5 of 5	1 of 1	2 of 2
Z Peach	10 of 10	0 of 0	3 of 3
R B Thomas	10 of 10	2 of 2	3 of 3
P R Turvey[2]	8 of 10	2 of 2	0 of 1
D J McIntyre	10 of 10	2 of 2	N/A

The table above illustrates the number of meetings attended compared with the number of meetings held during the period that the director held office or was a member of the committee. "N/A" denotes that the director is not a member of the relevant committee.

[1] R A Hazleton retired as a non-executive director at the conclusion of the 2020 AGM, on 20 November 2020.

[2] P R Turvey was granted a special leave of absence during the year for health reasons. P R Turvey resigned as a non-executive director on 29 July 2021.

The remuneration report for the year ended 30 June 2021 sets out remuneration information for non-executive directors, executive directors and other key management personnel of the group. The remuneration report is presented under the following sections:

1. Introduction, including impact of COVID-19 on remuneration
2. Remuneration governance
3. Non-executive director remuneration policy
4. Executive remuneration policy
    a) Approach to setting and reviewing remuneration
    b) Remuneration principles and strategy
    c) Details of executive equity incentive plans
    d) Grant of equity incentives to KMP executives in FY21
5. Executive remuneration outcomes, including link to performance
6. Details of remuneration
7. Executive employment agreements
8. Additional disclosures relating to employee equity schemes

1. Introduction

Remuneration strategy
Starpharma aims to ensure that its remuneration strategy aligns the interests of its executives and employees with those of its shareholders. In framing its remuneration strategy, the Board is conscious that Starpharma only has a small number of employees (~50) so endeavours to keep its remuneration relatively straightforward. Starpharma's staff are required to have specialist knowledge and experience allowing them to develop products over the medium to long-term. The fact that Starpharma operates in a global pharmaceutical industry environment also influences its remuneration strategy.

The structure of remuneration comprises fixed remuneration, short-term incentives ("STI") in both cash and equity, and equity based long-term incentives ("LTI"). Starpharma's remuneration structure is transparent and based on Key Performance Indicators ("KPIs") which are designed to align with the interests of shareholders and to reward performance across multi-year timeframes related to product development value-adding milestones. In some cases, the Board may exercise discretion to take account of events and circumstances not envisaged.

Impact of COVID-19 on remuneration
Given the ongoing global uncertainty and evolving situation related to the COVID-19 pandemic, the Board determined not to increase fixed remuneration for KMP executives for the financial year from 1 July 2020 to 30 June 2021 despite significant additional activities related to operations under COVID-19, and the development of VIRALEZE™ antiviral nasal spray. In assessing KMP STI performance for FY21 and FY20, the Board utilised existing KPIs and in some cases took account of major developments during the review period such as , the development and launch of VIRALEZE™ which was not previously contemplated before the pandemic. Additionally, the Board exercised its discretion to issue performance rights with a vesting date of 30 June 2021 (subject to continued employment) in lieu of cash bonuses for FY20. While this initiative resulted in higher share-based payments in FY20 and FY21 than previous years, the Board believed it would conserve cash, act as a retention incentive and further align executive and shareholder outcomes. The conversion of cash bonuses to equity for FY20 has had a one-off impact on the KMP executive target remuneration mix for FY21.

In the course of assessing the CEO's achievement of long term KPIs for the three-year period to 30 June 2021, the Board identified specific areas where performance measures should be partly amended due to unforeseen circumstances and opportunities, associated with the persisting COVID-19 conditions, and as such, determined to use its discretion to adjust for appropriate outcomes. The circumstances relate to the unforeseen development and commercialisation of VIRALEZE™ nasal spray the impact on clinical timelines with pauses on patient recruitment of the DEP® and potential VivaGel® BV clinical trials due to COVID-19 and the associated impact on partnering opportunities. The Board carefully exercised independent judgement and discretion in relation to these specific long term KPIs to ensure that the remuneration outcomes appropriately reflect the overall performance of Starpharma during the period, to align with the experience of shareholders while also taking into consideration the unforeseen impacts of the global pandemic.

The impacts of COVID-19 on the business are detailed further in the operating and financial report. COVID-19 government incentives, including JobKeeper, totalled $438,500. Starpharma received payments under the first phase of the JobKeeper scheme to 27 September 2020, and was able to maintain its staff working through the multiple Victorian lockdowns, with these receipts mitigating some of the increased expense associated with the management of clinical trials and other COVID-19 related costs. Despite remaining eligible, following the successful capital raising in September/October, Starpharma elected not to continue beyond the first phase of the JobKeeper scheme which ended on 27 September 2020.

Key management personnel
The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly including any director (whether executive or otherwise) of the parent.

The table below outlines the KMP of the group during the financial year ended 30 June 2021. The individuals were KMP for the entire financial year, except where indicated in the table below. For the purposes of this report, the term "KMP executives" includes the executive director and other KMP executives of the group. "Other KMP executives" refers to KMP executives excluding the CEO. Profiles for each of the directors and company secretary can be found at the beginning of the Directors' Report.

(i) Non-executive directors

R B Thomas	Non-executive Chairman
P R Turvey	Non-executive Director (Deputy Chairman), resigned 29 July 2021
R A Hazleton	Non-executive Director, retired 20 November 2020
Z Peach	Non-executive Director
D J McIntyre	Non-executive Director
L Cheng	Non-executive Director, appointed 1 August 2021

(ii) Executive director

J K Fairley	Chief Executive Officer & Managing Director (CEO)

(iii) Other KMP executives

N J Baade	Chief Financial Officer & Company Secretary
A Eglezos	VP, Business Development
D J Owen	VP, Research
J R Paull	VP, Development & Regulatory Affairs

2. Remuneration governance

The Remuneration and Nomination Committee, consisting of three independent non-executive directors, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for non-executive directors, KMP executives and other senior executives. Where required, external remuneration advice may be sought by the Remuneration and Nomination Committee or the Board.

Specifically, the Board approves the remuneration arrangements of the CEO including awards made under the STI and LTI plans, following recommendations from the Remuneration and Nomination Committee. The Board approves, having regard to recommendations made by the CEO to the Remuneration and Nomination Committee, the level of remuneration, including STI and LTI awards, for executives. The Board also sets the aggregate fee pool for non-executive directors (which is subject to shareholder approval) and non-executive director fee levels.

The company's remuneration structure aims to:

- Attract and retain exceptional people to lead and manage the group and to support internal development of executive talent within the group, recognising that Starpharma is operating in a competitive global pharmaceutical industry environment;
- Drive sustainable growth and returns to shareholders, as executives are set both short-term and long-term performance targets which are linked to the core activities necessary to build competitive advantages and shareholder value;
- Motivate and reward superior performance by the executive team whilst aligning performance elements/KPIs to the interests of shareholders; and
- Create a respectful culture based on superior performance and innovation through appropriately structured individual assessments.

Benchmarking
Extensive salary and remuneration benchmarking is undertaken by Starpharma each year for executive and non-executive positions. Starpharma benchmarks fixed and total remuneration against employment positions of comparable specialisation, size and responsibility within the industry. Fixed remuneration is supplemented by providing incentives (variable remuneration) to reward superior performance.

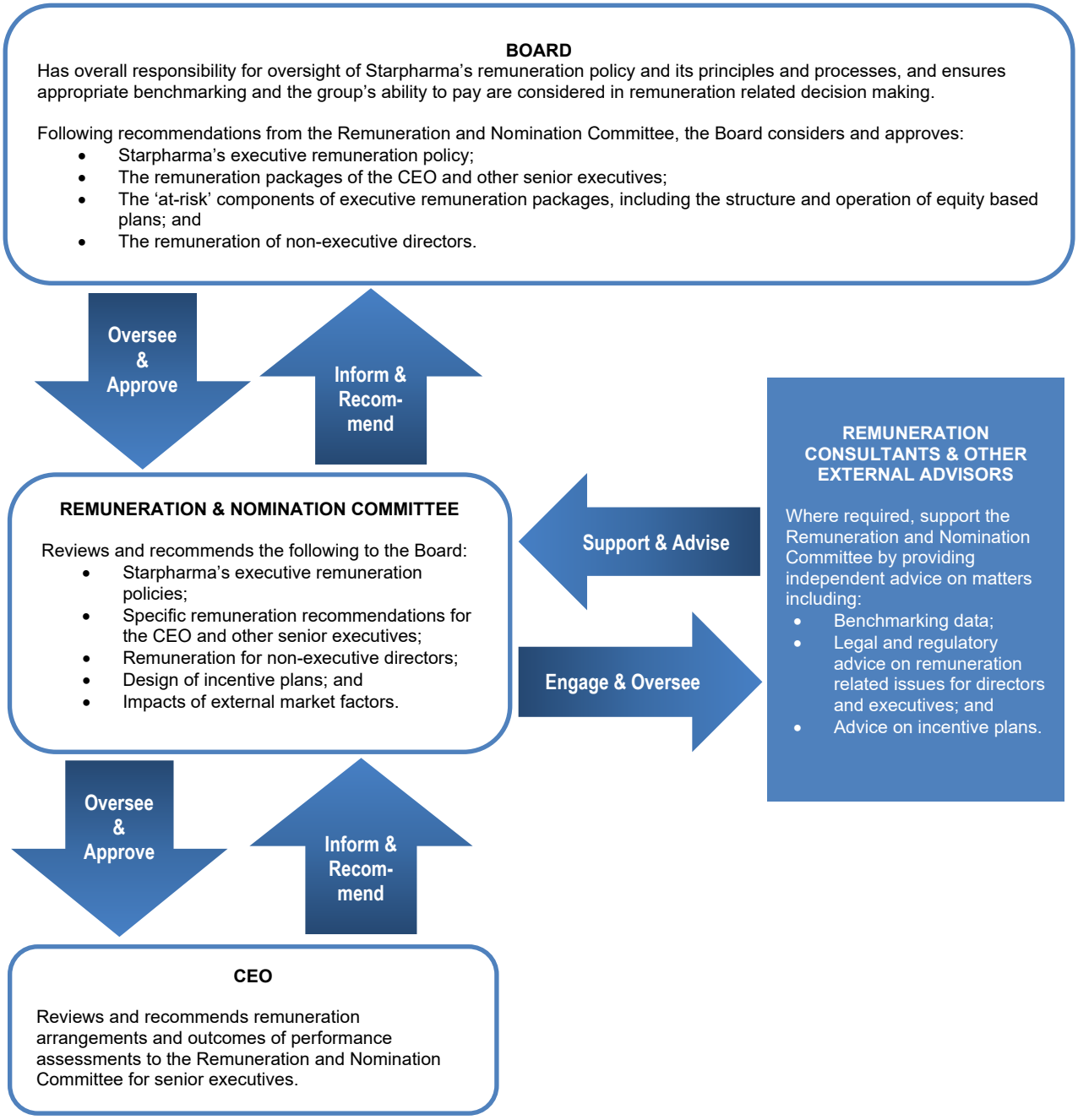
Performance reviews
At the beginning of a performance period all staff have KPIs set, specific to their role. At the conclusion of the performance period a performance review against these KPIs is conducted and this feeds into the annual salary review process. The performance reviews consider behavioural and cultural aspects of performance, as well as objective planning and professional and personal development. The objective of the salary review is to ensure that all employees are appropriately remunerated based on performance, that remuneration is competitive within the relevant industry sector, and that increases in employees' skills and responsibilities are recognised. During the year a performance review of all staff took place in accordance with this process. As part of the process, each employee's performance is assessed against their pre-agreed individual KPIs and/or business unit performance and corporate KPIs and this assessment determines, subject to business considerations such as cash availability, if an incentive award is payable, and if so, at what level.

Use of remuneration consultants
If remuneration consultants are to be engaged to provide remuneration recommendations as defined in section 9B of the *Corporations Act 2001*, they are to be engaged by, and report directly to, the Remuneration and Nomination Committee. No remuneration consultants have been engaged to provide such remuneration services during the financial year.

Voting at the company's 2020 Annual General Meeting (AGM)
Of the votes cast on the company's remuneration report for the 2020 financial year, over 82% were in favour of the resolution.

As part of the group's commitment to continuous improvement, the Remuneration and Nomination Committee and the Board consider comments made by shareholders and proxy advisers in respect of remuneration related issues. Members of the Remuneration and Nomination Committee routinely engage with proxy advisors to discuss a range of governance and remuneration matters.

Starpharma remuneration process summary



Further information on the Remuneration and Nomination Committee's role, responsibilities and membership is outlined in the charter available at http://www.starpharma.com/corporate_governance.

Trading in company securities
The trading of shares issued to participants under any of the company's employee equity plans is governed by the company's securities dealing policy. All employees and directors are prohibited from entering into any hedging arrangements over unvested securities and from margin lending on Starpharma securities. Further information regarding the company's dealing in securities policy is set out in the Corporate Governance Statement and the policy is available at http://www.starpharma.com/corporate_governance.

Clawback of remuneration
In the reasonable opinion of the Board, if a KMP executive has acted fraudulently or dishonestly, the Board may determine that any equity right (including an exercisable, vested right) should lapse.

3. Non-executive director remuneration policy

Determination of fees and the maximum aggregate fee pool
The Board seeks to set non-executive directors' fees at a level which provides the group with the ability to attract and retain non-executive directors of the highest calibre with relevant professional expertise. The fees also reflect the demands which are made on, and the responsibilities of, the non-executive directors, whilst incurring a cost which is acceptable to shareholders.

Non-executive directors' fees and the aggregate fee pool are reviewed annually by the Remuneration and Nomination Committee against fees paid to non-executive directors in a group of comparable peer companies within the biotechnology sector and relevant companies in the broader ASX-listed market. The Chairman's fees are determined by the Remuneration and Nomination Committee independently of the fees of non-executive directors based on the same role, again using benchmarking data from comparable companies in the biotechnology sector. The Board is ultimately responsible for approving any changes to non-executive director fees, upon consideration of recommendations put forward by the Remuneration and Nomination Committee.

The company's constitution and the ASX listing rules specify that the non-executive directors' maximum aggregate fee pool shall be determined from time to time by a general meeting of shareholders. The latest determination was at the AGM held on 20 November 2014 when shareholders approved an aggregate fee pool of $550,000. The Board will not seek any increase in the non-executive directors' maximum fee pool at the 2021 AGM.

Fee policy
Non-executive directors' fees consist of base fees and committee fees. The payment of committee fees recognises the additional time, responsibility and commitment required by non-executive directors who serve on board committees. The Chairman of the Board is a member of all committees but does not receive any committee fees in addition to his base fee. From 1 July 2020, the Deputy Chair base fee was increased to $73,000 to further recognise the additional responsibility, time and commitment of the position, and to ensure the applicable board fees did not increase in FY21, the Chair reduced his base fee by $5,000.

Non-executive directors did not receive bonuses or forms of equity securities, or any performance-related remuneration during the financial year. Statutory superannuation contributions are required under the Australian superannuation guarantee legislation to be paid on any fees paid to Australian directors. There are no retirement allowances paid to non-executive directors. The non-executive directors' fees reported below include any statutory superannuation contributions.

Fees paid in FY21
The aggregate amount paid to non-executive directors for the year ended 30 June 2021 was $396,902 (2020: $392,167). The details of remuneration for each non-executive director for the years ended 30 June 2021 and 30 June 2020 are outlined in the tables in section 6.

Proposed fee adjustments for FY22
From 1 July 2021, the Chair base fee will increase $5,000 to $134,000 (reverting back to the FY20 level), with the base director fees to increase $2,000 to $70,000 for non-executive directors. Committee chair and member fees will increase $500 to $11,000 for the committee chair and $5,000 for a committee member. The proposed fees, based on benchmarks, compared to the FY21 levels are outlined in the table below.

Annual Non-Executive Directors' Fees		Proposed Fees from 1 July 2021	Actual Fees to 30 June 2021
Board fees		**$**	**$**
Chair (no additional fees for serving on Board committees)		134,000	129,000
Deputy Chair		73,000	73,000
Base fee for other non-executive directors		70,000	68,000
Committee fees			
Audit and Risk Committee	Chair	11,000	10,500
	Member	5,000	4,500
Remuneration and Nomination Committee	Chair	11,000	10,500
	Member	5,000	4,500

4. Executive remuneration policy

a) Approach to setting and reviewing remuneration

The group aims to reward executives with a level and mix of remuneration appropriate to their position, skills, experience and responsibilities, whilst being market competitive and enabling the company to retain staff whilst structuring awards which conserve cash reserves.

The Remuneration and Nomination Committee, together with the Board, actively reviews the group's remuneration structure, and benchmarks the overall package and proportion of fixed remuneration, short-term incentives and long-term incentives against relevant industry comparators to ensure the policy objectives are met and are in-line with good corporate practice for Starpharma's size, industry and stage of development. Remuneration levels are considered annually through the remuneration review, which considers industry benchmarks and the performance of the group and the individual. Other factors taken into account in determining remuneration include a demonstrated record of performance and the group's ability to pay. In the case of executives, the CEO provides recommendations to the Remuneration and Nomination Committee.

At the beginning of FY21, given the global uncertainty and evolving situation related to the COVID-19 pandemic, the Board determined not to increase fixed remuneration for KMP executives for the year ended 30 June 2021.

Starpharma undertakes remuneration benchmarking each year with reference to multiple industry peers, together with, where appropriate, other benchmarking reports which apply to specific positions. A group of peer companies are included in the benchmarking exercise, from within the pharma/biotechnology sector. As the Board determined not to increase fixed remuneration for FY21, the annual benchmarking was not conducted in respect to the year. In the previous benchmarking conducted, for FY20, the peer companies included Bionomics, Clinuvel, Immutep, Impedimed, Imugene, Mayne Pharma, Medical Developments International, Mesoblast, Monash IVF, Nanosonics, Neuren, Pharmaxis, Polynovo, Opthea, Osprey, Telix, and Virtus Health. Starpharma typically reviews and develops this benchmark list of peer companies annually to add and remove companies based on their current operations; their size; market capitalisation; and the complexity of their business. For some executive roles it may be necessary to add or modify the composition of the peer group to ensure comparable roles are benchmarked.

In reviewing the benchmarking data and determining the level of CEO pay, the Board considers the experience and calibre of its CEO in comparison to Starpharma's industry peers, ensuring that remuneration is commensurate with talent, skills and experience. There are no guaranteed base pay increases or bonuses in any executive contracts.

The CEO has a maximum cash bonus entitlement as a component of STI, which for FY21 was $249,775, representing a target of 15% of total remuneration. Other executives do not have a pre-specified maximum cash bonus entitlement; however, bonuses are awarded from a target shared pool for executives as a percentage of total fixed remuneration, based on personal and business unit KPIs and subject to cash availability. The Remuneration and Nomination Committee considers that this approach provides flexibility in rewarding superior executive performance and is appropriate for the size of the company at this time, enabling it to manage its cash reserves as required. For FY21, the STI target cash bonus pool for other KMP executives was 27% of fixed remuneration to align with the strategy to balance the STI 'at risk' portions of remuneration for other KMP executives between cash and equity.

4. Executive remuneration policy (continued)

b) Remuneration principles and strategy

The group's executive remuneration strategy is designed to attract, motivate and retain high performing individuals and align the interests of executives with shareholders, recognising it is operating in the international pharmaceutical industry, and is summarised below.

Remuneration strategy linkages to group objectives

Align the interests of executives with shareholders

- The remuneration framework incorporates "at risk" components, which are determined by performance, through STI and LTI
- Performance is assessed against a suite of measures relevant to the success of the group and generating growth and returns for shareholders

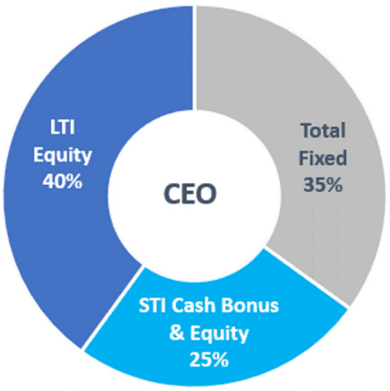
Attract, motivate and retain high performing individuals

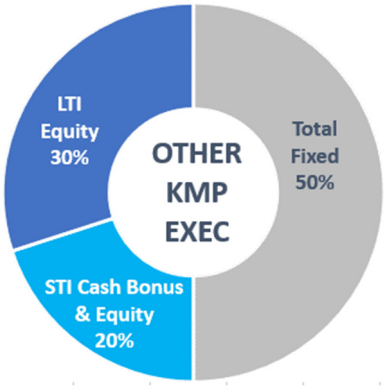
- The remuneration offering is competitive for companies of similar size and complexity within the industry through benchmarking
- The mix of short and longer-term remuneration encourages retention and performance across multiple years as appropriate for the lifecycle of the group

Component	Vehicle	Purpose	Link to Performance
Fixed remuneration	Base salary, superannuation contributions and other benefits (breakdown of fixed remuneration is at the executive's discretion).	To provide competitive fixed remuneration set with reference to the role, market and experience.	Group and individual performance are considered during the annual remuneration review.
Short-Term Incentives (STI) (Performance period of less than 3 years)	Cash and equity The equity instrument is currently performance rights, which is based on a performance assessment, with a one year performance period and deferred vesting of a further one year, subject to continued employment.	Rewards executives for their contribution to achievement of business outcomes. Deferred equity acts as a retention tool and aligns with interests of shareholders.	Allocation of cash bonuses and vesting of equity linked to internal KPIs, both business unit and corporate, over the medium term which are important drivers of value and typical within the biotechnology industry. For example, achievement of specified development, clinical, regulatory and commercial milestones.
Long-Term Incentives (LTI) (Performance period of 3 years or more)	Equity The equity instrument is currently performance rights with a 3-year performance period.	Rewards executives for their contribution to the creation of shareholder value over the longer term, acts as a retention tool and aligns with interests of shareholders.	Vesting of grants are dependent on internal measures, both business unit and corporate over the longer term; and total shareholder return (TSR) relative to the S&P/ASX300 Index.

The target remuneration mix is outlined in the diagrams below.

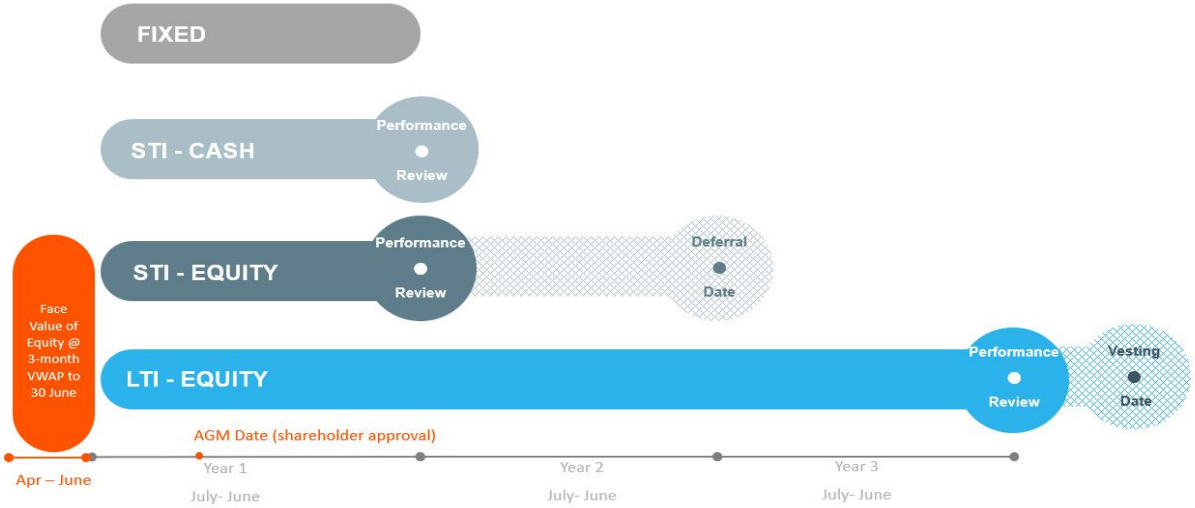
Target Remuneration Mix





The STI and LTI components of remuneration are variable and are linked to pre-determined performance conditions, such as KPIs, that are designed to reward executives based on the company's performance, the performance of the relevant business unit and demonstrated individual superior performance. The details are outlined on pages 27 to 30 of this report.

To achieve the target remuneration mix, the below performance pay structure was adopted in FY21 and is consistent with the prior years. In FY21 there was additional STI equity awarded related to FY20 performance as no cash bonuses were awarded to KMP executives for the performance period 1 July 2019 to 30 June 2020, with STI equity awarded in lieu of cash bonuses.



c) Details of executive equity incentive plans

Starpharma Short-Term Incentives (STI) – includes cash bonus and short-term equity

The group operates an annual STI program available to executives and awards cash and equity incentives subject to the attainment of clearly defined KPIs. The STI is 'at risk' remuneration and subject to achieving relevant KPIs.

Who participates?	Executives
How are STIs delivered?	Cash bonus and performance rights, both based on a one year performance period, with the performance rights conditional upon a deferred vesting date of a further one year, subject to continued employment. Providing some rights that vest in the short-term allows the company to preserve cash by offering equity as a short-term incentive in addition to smaller cash bonuses. This is common practice for companies at a similar stage of their life cycle. During FY21 the CEO and executives were awarded STI equity with a 1 year performance period (1 July 2020 to 30 June 2021), with a deferred vesting date of 30 June 2022 dependent on continued employment to the vesting date. With no cash bonuses awarded to KMP executives for the performance period 1 July 2019 to 30 June 2020, STI equity was awarded in FY21 in lieu of FY20 cash bonuses being paid. These rights had a deferred vesting date of 30 June 2021 dependent on continued employment to the vesting date.
What is the STI opportunity?	The STI opportunity is a target of ~25% and ~20% of total remuneration for the CEO and other KMP executives, respectively. The CEO STI opportunity for FY21 was equal to the 25% target, comprising of a cash component (~60%) and an equity component (~40%). The STI cash opportunity component was equivalent to 45% of total fixed remuneration. As outlined above, due to the uncertainties of the impact of COVID-19, no cash bonuses were awarded to KMP executives for the performance period 1 July 2019 to 30 June 2020, however STI equity was awarded in lieu of cash bonuses in recognition of KMP executives achieving important milestones in their pre-determined KPIs, which were described in last year's report. KMP executives were awarded STI equity for the 1 July 2020 to 30 June 2021 performance period based on the achievement of their pre-determined KPIs. In FY21, other KMP executives had an average target STI opportunity of 29% of total remuneration. The cash bonuses awarded to other KMP executives in FY21 equated to an average of 12% of total remuneration or an average of 27% of total fixed remuneration, based on achievements in the year. The result of STI decisions made in FY20 is that the FY21 reported STI for the CEO was 31% (target 25%) of total remuneration and for other KMP executives an average of 29% (target 20%) of total remuneration.

4. Executive remuneration policy (continued)

What are the STI performance conditions for FY21?

Actual STI payments awarded to each executive depend on the extent to which they meet specific KPIs set at the beginning of the period. The KPIs are typical of a biotechnology company at Starpharma's stage of development, and may include corporate KPIs and business unit KPIs relating to strategic and operational objectives. Details of the corporate KPIs for performance, which was assessed during FY21, are explained in section 5 of the remuneration report. Given the company's stage of development, financial metrics (such as earnings per share) are not entirely relevant in linking pay to performance.

The proportion of performance measures applicable in determining STI awards for the CEO and other executives are noted in the table below:

	Corporate KPIs	Business Units KPIs
STI cash bonus	CEO 100%	Other executives 100%
STI performance rights	CEO 100% Other executives 30%	Other executives 70%

Details regarding LTI performance conditions are contained on page 29.

How is performance assessed?

At the end of each performance period (typically annually), after consideration of actual performance against KPIs, the Remuneration and Nomination Committee recommends for Board approval of the amount of STI to be paid from the maximum entitlement to the CEO.

For executives other than the CEO, the Remuneration and Nomination Committee seeks recommendations from the CEO, and then makes recommendations to the Board.

When is performance assessed and when are awards paid or vest?

The end of the financial year corresponds with the end of each performance period. Performance is assessed following the end of the financial year to allow for timely disclosure in the annual remuneration report. This is usually within two months of the end of the financial year.

The STI cash component is paid approximately three months following the end of the financial year and once the performance assessment review is complete.

For STI equity, a proportion of rights, based on the performance assessment, will remain available (deferred) to vest on 30 June the following year. Any rights forfeited based on the performance assessment will be forfeited within the first three months of the new financial year following the performance assessment.

The vesting of deferred rights on 30 June is subject to the continued employment condition being satisfied. Once vested, KMP executives can elect to convert vested rights into shares during prescribed exercise windows throughout future periods. The maximum period for the exercise of vested rights is 15 years from grant date.

Is performance against KPIs disclosed?

Whilst the company's policy is not to disclose commercially sensitive information, consistent with best practice disclosure obligations, it will retrospectively disclose achievement of corporate KPIs to the extent commercially practicable.

Specific metrics are applied to each KPI to assist in the assessment undertaken for each performance period. In some cases, the Board may exercise discretion to take account of events and circumstances not envisaged.

Contractual entitlement?

Only the CEO has a STI cash bonus entitlement whereby the maximum amount achievable is set. There is no predetermined STI equity entitlement. No other executive service agreements contain any contractual entitlement to STI cash or equity.

What happens if an executive leaves?

If an employee ceases employment, all unvested rights lapse except for certain circumstances relating to a "good leaver". The "good leaver" provisions allow the Board to determine the accelerated vesting of the rights if the employee ceases employment due to death, illness, permanent disability, redundancy or any other circumstance approved by the Board after considering the portion of the performance period that has elapsed and the extent to which performance conditions have been met.

What happens on a change of control?

Board discretion, after considering the portion of the performance period that has elapsed and the extent to which performance conditions have been met.

What happens in the case of fraud/dishonesty?

If, in the opinion of the Board, an employee has acted fraudulently or dishonestly, the Board may determine that any unvested right granted to that employee, or any vested right, not exercised, would lapse.

Re-testing

There is no re-testing of KPIs in subsequent years if performance conditions are not met.

How is the conversion of performance rights to shares satisfied?

The conversion of performance rights is currently satisfied by the issue of new shares, rather than a purchase of shares on market, to conserve the company's cash reserves. This is common practice for companies at a similar stage of their life cycle. This is reviewed periodically and purchases of shares on market may be undertaken in the future if appropriate.

Are performance rights eligible for dividends?

Performance rights - whether unvested, or vested and not exercised, are not eligible to receive dividends.

Starpharma Long-Term Incentives (LTI) – Equity

Participation in these plans is at the Board's discretion. For key appointments, an initial allocation of long-term equity incentives may be offered as a component of the initial employment agreement. The LTI is 'at-risk' remuneration and subject to achieving the relevant KPIs.

Who participates?	Executives
How are LTIs delivered?	Performance rights with a performance/vesting period of 3 years or more. The LTI performance rights awarded during FY21 have 3 year performance periods for all executives.
What is the LTI opportunity?	The CEO's LTI opportunity for FY21 was 41% of total remuneration. For other KMP executives, the LTI opportunity for FY21 was ~30% of total remuneration. As outlined in section 4 of the remuneration report, the target LTI opportunity is 40% and 30% of total remuneration for the CEO and other KMP executives, respectively.
What are the LTI performance conditions for rights granted in FY21?	Corporate KPIs reflect long-term (3 year) strategic, operational and financial management objectives. These relate to key value creating events and significant milestones that are linked to Starpharma's business areas. For the performance period to 30 June 2021 these were: • The monetisation of the VivaGel® and Drug Delivery portfolios represented by the completion of a number of commercial deals that build shareholder value and/or generate income; and • The development of new DEP® candidates and/or the licensing of DEP® candidates. Due to the commercially sensitive nature of the specific performance metrics within these KPIs, Starpharma will retrospectively disclose achievement of corporate KPIs to the extent commercially practicable in the annual report. In maintaining the link between executive remuneration outcomes and the returns to shareholders, relative total shareholder return ("TSR") is considered a relevant performance condition in respect of LTIs. The relative TSR hurdle reflects Starpharma's TSR compared to the S&P/ASX300 Accumulation Index (Index), and includes share price growth, and any dividends and capital returns. The Board has chosen this Index for the TSR comparator group as it provides an external, market-based performance measure to which the company's performance can be compared in relative terms. The Index is considered appropriate as it provides a comparison of shareholder returns that is relevant to investors, and reflects the aspiration of the company. The Board considers that the Index is a more appropriate comparator than a customised group of peer companies due to the inherent volatility of each of these companies, typical within the biotechnology industry. In the past, the performance of Starpharma's industry peers has been particularly volatile, with a number of companies experiencing significant decreases in market capitalisation, and a number have gone through some type of corporate activity (e.g. takeovers) or are no longer ASX listed. Given that the relative TSR is measured over a three year period, the Index is favoured as a more stable and appropriate comparator. Also, the published S&P/ASX 200 Healthcare Index was considered as a possible comparator, however, was determined to be inappropriate given its concentrated composition including CSL Limited and other large service oriented companies, such as private hospitals. Each year, the Remuneration and Nomination Committee, and the Board, review the suitability of the Index as a comparator. To achieve the full relative TSR performance condition, Starpharma's TSR must achieve 10% per annum (or 30% over 3 years) above the Index, which is considered a realistic stretch target. The table below sets out the percentage of performance rights that will vest depending on the company's TSR compared to the Index over the relevant period.

Annualised Starpharma TSR compared with the Index	Percentage of rights subject to the relative TSR performance condition which vest
Below Index	0%
Equal to Index	50%
Between Index and Index + 9.99%	Pro rata basis from 51% to 99%
At least 10% per annum above Index (or ≥ 30% over 3 years)	100%

For example, if the TSR of the Index is 10% per annum, then Starpharma would need to achieve a TSR of 20% per annum or more for all of the relative TSR related performance rights to vest. The above hurdle recognises the return that investors expect when investing in the biotechnology sector. The Board considers an additional return of 10% per annum (or 30% over 3 years) above the Index to be a realistic stretch target for all relative TSR rights to vest.

4. Executive remuneration policy (continued)

The performance measures applicable in determining LTI awards for the CEO and other executives and the relative proportions are noted in the table below:

	Corporate KPIs	TSR	Business Unit KPIs
CEO	70%	30%	N/A
Other executives	15%	15%	70%

The Board considers 30% and 15% of LTI equity as the appropriate portion for relative TSR for the CEO and other executives, respectively. In determining the percentages, the Board considered input from investors and proxy advisers to arrive at a level that is considered meaningful as a measure of performance, and sufficient to be relevant.

The relative TSR performance measure does not allow for a portion of the award to vest at below median performance, which is consistent with good market practice. Additionally, the Board maintains absolute discretion in finalising remuneration outcomes for incentive-based awards to the CEO and other executives. The Board may exercise its discretion (either up or down) to take into account the impacts of external market conditions outside the control of management. The Board is cognisant of ensuring fairness and that any exercise of discretion reinforces Starpharma's strategy and remuneration policy. Accordingly, in the event that the Index has performed particularly poorly, the Board may exercise its discretion to prevent excessive executive awards in years of poor shareholder returns.

How is performance assessed?	At the end of each performance period, after consideration of actual performance against KPIs, the Remuneration and Nomination Committee recommends the amount of LTIs to vest to the CEO for approval by the Board. For executives other than the CEO, the Remuneration and Nomination Committee seeks recommendations from the CEO, and then make recommendations to the Board. Relative TSR is calculated independently by a professional services firm with specialist expertise.
When is performance assessed and when are awards paid or vest?	The end of the financial year corresponds with the end of each performance period. Performance is assessed following the end of the financial year to allow for the timely disclosure in the annual remuneration report. This is usually within two months of the end of the financial year. For LTI equity, the rights will vest on 30 September following the performance assessment. Once vested, KMP executives can elect to convert vested rights into shares during prescribed exercise windows throughout future periods. The maximum period for the exercise of vested rights is 15 years from grant date.
Is performance against KPIs disclosed?	Same as for STI.
Contractual entitlement?	There are no predetermined LTI equity entitlements.
What happens if an executive leaves?	Same as for STI.
What happens on a change of control?	Same as for STI.
What happens in the case of fraud/dishonesty?	Same as for STI.
Re-testing	Same as for STI.
How is the conversion of performance rights to shares satisfied?	Same as for STI.
Are performance rights eligible for dividends?	Same as for STI.

d) Grant of equity incentives to KMP executives in FY21

In FY21, the Board determined the number of rights granted for STI and LTI equity based on the face value of rights (see below) and the target remuneration mix as set out on page 26.

Starpharma uses and reports face value for determining the allocation of equity as it provides transparency on the value of the allocations compared with fair value. This practice reflects the increasingly accepted view by industry that presenting remuneration equity at face value provides a more accurate representation of the true value of that equity and for users to understand the value of these awards.

The face value of each right is based on the volume weighted average price ("VWAP") of the company's shares traded on the ASX over the 3 month period to 30 June 2020, which reflects the beginning of the performance period. The 3 month period has been determined to be the appropriate duration for the calculation of the VWAP as it limits any unintended consequences of short-term volatility in the company's share price and is consistent with the duration used in the calculation of TSR for the relative TSR performance condition. The face value is not adjusted for changes (increase or decreases) in share price post 30 June, which has been the practice since 2015. The face value for each right was $1.0669.

The below tables summarise the equity incentives granted in FY21:

		Deferred STI equity – in lieu of FY20 cash bonus	Deferred STI equity	LTI equity
	Performance Period	1 July 2019 to 30 June 2020	1 July 2020 to 30 June 2021	1 July 2020 to 30 June 2023
	Deferral Period	12 months from end of performance period	12 months from end of performance period	Not applicable
	Vesting Date	30 June 2021	30 June 2022	30 September 2023
	Face Value per Right	Based on 3 month VWAP to 30 June 2020 of $1.0669		
	Method for calculating number total value of grant at face value divided by the face value per right of rights	Total value of grant at face value divided by the face value per right		
J K Fairley (CEO and Managing Director)	Face Value of grant	$188,580	$169,950	$679,800
	Number of Rights	176,755	159,293	637,173
	Fair value per AASB2[#]	$234,112	$210,984	$773,401
	Performance Conditions	100% Corporate KPIs	100% Corporate KPIs	70% Corporate KPIs 30% relative TSR
J Paull (Other KMP executives)	Face Value of grant	$80,000	$53,452	$213,807
	Number of Rights	74,984	50,100	200,400
	Fair value per AASB2[†]	$109,942	$73,457	$285,870
	Performance Conditions	100% Business Unit KPIs	70% Business Unit KPIs 30% Corporate KPIs	70% Business Unit KPIs 15% Corporate KPIs 15% relative TSR
N J Baade (Other KMP executives)	Face Value of grant	$76,000	$48,885	$195,541
	Number of Rights	71,235	45,820	183,280
	Fair value per AASB2[†]	$104,445	$67,181	$261,448
	Performance Conditions	100% Business Unit KPIs	70% Business Unit KPIs 30% Corporate KPIs	70% Business Unit KPIs 15% Corporate KPIs 15% relative TSR
A Eglezos D J Owen (Other KMP executives)	Face Value of grant	$70,000	$48,885	$195,541
	Number of Rights	65,611	45,820	183,280
	Fair value per AASB2[†]	$96,199	$67,181	$261,448
	Performance Conditions	100% Business Unit KPIs	70% Business Unit KPIs 30% Corporate KPIs	70% Business Unit KPIs 15% Corporate KPIs 15% relative TSR
Other Vesting Conditions		Remains employed until the vesting date and has not engaged in fraud or dishonesty		

[#] The grant date to calculate the fair value of the award under AASB2 is the AGM date when shareholders approved the grant of the rights.
[†] The grant date to calculate the fair value of the award under AASB2 is the date when the performance rights were offered.

5. Executive remuneration outcomes, including link to performance

Given the company's stage of development, financial metrics (such as profitability) are not necessarily an appropriate measure of executive performance. The company's remuneration policy aligns executive reward with the interests of shareholders. The primary focus is on growth in shareholder value through achievement of development, regulatory and commercial milestones, and therefore performance goals are not necessarily linked to typical financial performance measures utilised by companies operating in other market segments. However, the Board recognises that share price performance is clearly relevant to the extent that it reflects shareholder returns, and as such Starpharma's TSR relative to the S&P/ASX300 Index is used as a relevant metric for portions of executive equity awards. Details of share price, earnings and the impact of share price performance on the vesting of certain performance rights over the last 5 years is detailed in the table below. No dividends have been paid in the last 5 years.

	FY21	FY20	FY19	FY18	FY17
Closing share price 30 June	$1.50	$1.13	$1.36	$1.17	$0.73
Share price high	$2.52	$1.43	$1.66	$1.67	$0.88
Share price low	$1.02	$0.62	$0.87	$0.71	$0.59
Profit/(Loss) for the year ($M)	(19.7)	(14.7)	(14.3)	(10.3)	8.2
Number of performance rights forfeited by CEO based on share price performance for the period ending 30 June (or otherwise in the FY).	22,293	-	-	-	244,500
% of performance rights forfeited by CEO based on share price performance (as a percentage of total performance rights) period ending 30 June, or otherwise in the FY).	3%	0%	0%	0%	13%

Fixed remuneration:
The average increase in KMP executive fixed remuneration for FY21 was 0.0% (FY20: 3.2%). There was no increase in the total fixed remuneration package for any KMP executive in the year.

Performance related pay:
In the assessment of STI and LTI KPIs, the Board took account of the significant achievements obtained in the performance periods and the effort and dedication required to accomplish these milestones. These achievements include those listed on pages 34 to 36.

Short-term incentives (STI):

Summary of performance pay related to FY21 for the CEO

	STI cash ($)	STI equity (# of rights)
Maximum Available	$249,775	159,293
STI Awarded	$194,825	124,249
% Awarded	78.0%	78.0%

The Remuneration and Nomination Committee and the Board determined that the CEO had achieved a performance assessment of 78.0% of STI awards for the performance period 1 July 2020 to 30 June 2021, based on the annual review of actual performance against predetermined KPIs. These targets were set by the Remuneration and Nomination Committee and the Board at the beginning of the performance period and align to the company's strategic, operational and financial objectives. STI equity awards for the CEO in FY21 were based on the scorecard measures and weightings as disclosed below.

Summary of performance pay related to FY21 for Other KMP executives

For STI awards for other KMP executives, the CEO assesses the other KMP executives' performance against predetermined KPIs relevant to their business unit. These business unit KPIs relate directly to specific elements of the corporate KPIs, with 30% of STI equity awards based on the percentage achievement of corporate KPIs as disclosed above. The achievement of corporate KPIs requires significant input and strong performance from the executive team. The CEO makes recommendations to the Remuneration and Nomination Committee and the Board in respect of the STI performance assessment and amounts to be awarded.

The Remuneration and Nomination Committee and the Board determined that other KMP executives had achieved an average performance assessment of 86% of STI awards (between 80% and 90%) for the performance period 1 July 2020 to 30 June 2021. STI equity awards to Other KMP executives for FY21 were consistent with their performance assessment.

Long-term incentives (LTI):

Summary of performance pay for the CEO for the three years ended 30 June 2021

	LTI equity (# of Rights)	% Achieved
Maximum Available	**539,921**	
LTI Achieved		
KPIs for 3 years to 30 June 2021	210,570	55.7%
Relative TSR for 3 years to 30 June 2021	139,683	86.2%
Total LTI Achieved	350,253	
% Achieved	64.9%	

Performance assessment of relative TSR for the three years ended 30 June 2021

The company's Total Shareholder Return was benchmarked against the performance of the S&P/ASX300 Index for the three-year performance period ended 30 June 2021. The company's TSR over the period was 44.8% compared with an Index TSR over the period of 18.8%. The company's annualised TSR for the period was 13.1% compared to the S&P/ASX300 Index annualised TSR of 5.9%. As a result, 86.2% of the relative TSR component vested based on the prescribed sliding scale as set out on page 29. The TSR calculations were performed by an independent professional services firm.

The table below provides a summary of the achievement of annualised TSR performance:

Performance Period	3 years to 30 June 2021	3 years to 30 June 2020
Starpharma annualised TSR	13.1%	14.3%
Index annualised TSR	5.9%	1.1%
Starpharma outperformance of Index (annualised over 3 years)	7.2%	13.2%
% of relative TSR awarded	86.2%	100%

Summary of performance pay for other KMP executives for the three years ended 30 June 2021

For LTI awards for Other KMP executives, the CEO assesses their performance against predetermined KPIs relevant to their business unit. These business unit KPIs relate directly to specific elements of the corporate KPIs, with 15% of LTI equity awards based on the percentage achievement of corporate KPIs, and the remaining 15% based on relative TSR (as disclosed above). The achievement of corporate KPIs requires significant input and superior performance from the executive team. The CEO makes recommendations to the Remuneration and Nomination Committee and the Board in respect of the LTI performance assessment and amounts to be awarded.

The Remuneration and Nomination Committee and the Board determined that other KMP executives had achieved a performance assessment of between 83% and 90% (average 86%) for business unit KPIs for the performance period 1 July 2018 to 30 June 2021 for determining LTI awards.

5. Executive remuneration outcomes, including link to performance (continued)

STI Performance Assessment		Performance period 1 July 2020 to 30 June 2021	
Performance category	**Metric**	**Weighting**	**Satisfied**
Development, registration and commercialisation of VIRALEZE™	Leverage existing regulatory data and supply chain for SPL7013 to rapidly develop and commercialise antiviral products for other uses, such as COVID-19	17%	Partially Met
Regulatory and commercialisation activities for VivaGel® BV	Advance further VivaGel® BV registrations in multiple countries, with priority given to major markets and facilitate partners to roll-out and launch the product in multiple markets; pursue partnerships for remaining unlicensed countries; whilst optimising returns	18%	Partially Met
Other VivaGel® products	Progress with regulatory and commercialisation activities for the VivaGel® condom	2%	Met
Clinical stage internal DEP® programs	Progress internal clinical DEP® programs into and through clinical development (or signing a licence, as appropriate) with a focus on expediting outcomes and building value which may be through additional indications and/or combinations	25%	Partially Met
Preclinical DEP® candidate(s)	Advancing additional internal DEP® product candidates through preclinical development (or signing a licence, as appropriate)	12%	Partially Met
Partnered-DEP® programs	Support and further develop existing partnered-DEP® programs and/or expanded field/products and/or progress with new partnering deals/licences	18%	Partially Met
Capital management, culture and leadership	Manage company's capital in a prudent manner to create value, increase recurrent revenues and maintain and develop a highly results oriented culture with exceptional leadership	8%	Met
		100%	

In making this STI assessment, the Remuneration and Nomination Committee and the Board considered the following factors (other commercially sensitive matters were also taken into account).

- Starpharma successfully developed, registered and launched VIRALEZE™ in less than 12 months, and undertook the following key activities:
  - Developed a direct go to market strategy to ensure the product would be available upon registration to facilitate rapid market entry.
  - Leveraged the extensive regulatory data available on SPL7013 to pursue expedited registration for VIRALEZE™ in Europe via the CE mark route.
  - Signed a sales and distribution agreement with LloydsPharmacy. LloydsPharmacy is one of the largest pharmacy chains in the UK with around 1,400 LloydsPharmacy stores across the UK and is part of the global McKesson group, a leading international pharmaceutical wholesale and retail pharmacy company.
  - Starpharma and Lloyds launched VIRALEZE™ in the UK in March 2021, achieving this first product launch ahead of the original commercialisation timeline. UK sales were paused in June 2021 due to MHRA claim enquiries, which are currently being addressed.
  - Starpharma launched VIRALEZE™ in Europe in May 2021 through its webstore and has been pursuing pharmacy/retail roll-out in Europe.
  - Starpharma registered VIRALEZE™ for sale in India.
  - Further antiviral testing was conducted at Scripps Institute in the US and elsewhere, including virucidal assays for SPL7013 and testing against a variety of SARS-CoV-2 variants (Delta, Alpha, Gamma, Beta, Kappa) as well as RSV, SARS and MERS.
  - Starpharma completed a clinical safety study for VIRALEZE™ in 40 healthy volunteers to support regulatory and commercialisation activities.
  - Starpharma awarded $1M in matched funding by the Australian Government's Medical Research Future Fund (MRFF) Biomedical Translation Bridge (BTB) Program to expedite development and commercialisation of VIRALEZE™.
  - Publication of key antiviral data in the prestigious international journal, *Antiviral Research*.
- Significant VivaGel® BV regulatory activities, including:
  - Starpharma obtained regulatory approvals for numerous countries, including South Africa and multiple countries in the Middle East, the Philippines and further regulatory submissions were prepared and submitted,
  - Starpharma facilitated the expedited submission of further regulatory applications in multiple regions [
  - Starpharma was successful in achieving publication of the BV prevention clinical study in the European Journal of Obstetrics and Gynecology & Reproductive Biology in January 2021, providing further important support for marketing activities by partners Mundipharma and Aspen.
  - Continued to pursue FDA approval for VivaGel® BV, working with a team of expert regulatory advisers, lawyers, and statisticians to progress a formal review, including detailed submissions. The formal FDA review is ongoing, and COVID-19 has had an impact on timing.
- VivaGel® BV was launched in in five further countries including in Asia, Europe and South Africa during the year. Further launches by Mundipharma for certain markets have been delayed due to COVID-19.
- Extensive support to Mundipharma to achieve multiple launches as rapidly as possible, including critical and comprehensive input for the training of representatives, marketing materials, regulatory matters, product labelling, finalisation of product claims, manufacturing, packaging and other elements of supply.
- Starpharma's partner, LifeStyles, launched the VivaGel® condom in Europe marketed under LifeStyles' Manix and Akuel brands of condoms as the Absolute™ Dual Protection condom. Ongoing regulatory activities in China.

- Progress with clinical-stage DEP® assets, including:
  - DEP® docetaxel, DEP® cabazitaxel and DEP® irinotecan trials continued to recruit patients and progress well with encouraging efficacy signals observed in each trial. All three DEP® trials experienced a period of paused or slowed new patient recruitment, with a greater impact on DEP® docetaxel due to its trial site locations and greater COVID impact on these sites. Recruitment resumed in all three trials, noting that there were some trial sites including in London where recruitment resumption has been slower than in regional centres.
  - DEP® docetaxel + gemcitabine clinical combination study commenced during FY21, having achieved the requisite ethics and regulatory approvals and completed the preparatory clinical trial activities. Preparations and submissions for DEP® irinotecan combination arm progressed.
- Advanced and expanded the preclinical DEP® pipeline:
  - Progressed the development of DEP® gemcitabine including undertaking the initial toxicology study to inform dose selection for a clinical study.
  - Progressed several radiotheranostic candidates – targeted and untargeted, including DEP® lutetium, DEP® HER2-lutetium and DEP® zirconium (radiodiagnostic candidate). During FY21, Starpharma announced impressive preclinical efficacy data on DEP® HER2-lutetium which achieved potent and durable anticancer activity, with complete tumour regression, outperforming Herceptin (trastuzumab) labelled with lutetium, in a human breast cancer model. This data has led to discussions with a commercial partner for a potential strategic partnership for DEP® radiopharmaceuticals.
  - Progressed work on Starpharma's internal DEP® ADC candidates and other preclinical internal candidates.
  - In response to emerging therapeutics being used for COVID-19, Starpharma rapidly created a DEP® version of remdesivir, achieving marked improvements in solubility and long-acting characteristics.
- Progressed partnered DEP® programs, including:
  - Provided extensive support to AstraZeneca for the clinical and non-clinical programs for AZD0466 including a number of publications and input into regulatory and CMC documentation. AstraZeneca advised a significant expansion of its clinical program for DEP® AZD0466, to include a multi-centre global phase 1/2 study with a focus on haematological tumours. The clinical expansion facilitates patient recruitment and is aimed at rapid development and approval of AZD0466.
  - Progress with other AstraZeneca DEP® programs, including further development of a DEP® version of one of their major oncology medicines.
  - Signed a Research Agreement with Merck & Co., Inc (MSD) to conduct a preclinical research evaluation of dendrimer-based Antibody Drug Conjugates (ADCs) utilising DEP® technology. This deal has the potential to yield multiple programs.
  - 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.
  - Progressed commercial discussions with several major pharmaceutical companies for several partnered DEP® drug delivery programs in oncology and non-oncology areas, including in ADCs and DEP® radiopharmaceuticals
- Successfully completed a capital raise with net proceeds of $47 million from an equity placement and share purchase plan. Prudent management of Starpharma's cash reserves during the COVID-19 pandemic and preserved Starpharma's stable, highly dedicated and skilled work-force.

In the assessment of STI KPIs, the Board took account of the significant achievements attained over the performance period and the effort and dedication required to accomplish these milestones, particularly during the COVID-19 pandemic which posed challenges for trial recruitment workforce organisation and supply chain continuity. These achievements include the development and launch of VIRALEZE™ in the UK and Europe, and product registration in India. The Company also supported Mundipharma's roll-out of VivaGel® BV in further countries and facilitated further regulatory approvals and submissions. In addition, the company achieved several DEP® milestones, across both the internal and external portfolio including positive interim clinical trial results for three internal DEP® assets and commencing a new DEP® research agreement with MSD.

5. Executive remuneration outcomes, including link to performance (continued)

LTI Performance Assessment		Performance period 1 July 2018 to 30 June 2021	
Performance category	**Metric**	**Weighting**	**Satisfied**
VivaGel® BV and Drug Delivery	Monetisation of the VivaGel® and Drug Delivery portfolios represented by the completion of a number of commercial deals that build shareholder value and/or generate income.	30%	Partially Met
DEP® Platform	Development of new DEP® candidates and/or licensing of DEP® candidates.	40%	Partially Met
Relative TSR	Starpharma's TSR compared to the performance of the S&P/ASX300 Index over a 3-year period	30%	Partially Met
		100%	

In making this LTI assessment, the Remuneration and Nomination Committee and the Board considered the following factors (other commercially sensitive matters not disclosed were also taken into account):

- ***VivaGel® and Drug Delivery***:
  - Signed a second commercial agreement with AstraZeneca to progress a DEP® version of one of AstraZeneca's major existing oncology medicines.
  - Successfully developed and signed a sales and distribution agreement with LloydsPharmacy, one of the largest pharmacy groups in the UK with ~1,400 stores across the UK and part of the McKesson, a leading international pharmaceutical wholesale and retail pharmacy company.
  - Achieved launch of VivaGel® BV in the UK, Europe, Eastern Europe, Nordic region of Europe, South Africa, Asia, Australia and New Zealand.
  - Licensed VivaGel® BV to ITF Pharma, Inc. for the US market for US$101M in milestones plus royalties.
  - Expanded licence with Okamoto to add 11 more Asian countries to its VivaGel® condom agreement.
  - Launch of VIRALEZE™ in the UK and Europe, with onset of revenue receipts from LloydsPharmacy and the VIRALEZE™ webstore.
  - Revenue receipts for VivaGel® products from Aspen, Mundipharma and Okamoto.
  - Achieved regulatory approvals for VivaGel® BV in several further regions including for countries in Asia and in the Middle East, South Africa and New Zealand. Achieved approval for a second BV indication, for the prevention of recurrent BV, in both Europe and Australia.
  - VivaGel® condom was approved and launched in Japan and Europe.
  - VivaGel® BV NDA prepared, submitted, and subsequently accepted for filing.
  - Supported the IND preparation, scale-up and final preclinical work to enable progression of AZD0466 into first human clinical trial in the US.
  - Granted a licence from the TGA allowing in-house manufacture of DEP® products for clinical trials.
- ***DEP® Platform***:
  - Signed a Research Agreement with Merck & Co., Inc (MSD) to conduct a preclinical research evaluation of dendrimer-based Antibody Drug Conjugates (ADCs) utilising DEP® technology. This deal has the potential to yield multiple programs.
  - Provided extensive support to AstraZeneca for AZD0466 facilitating its progress into the clinic and triggering milestone to Starpharma of US$3 million. Continued support has facilitated expansion of the clinical program into a phase 1/2 multi-region trial, aimed at accelerating approval.
  - 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.
  - Advanced one further DEP® candidate into phase 1 (DEP® irinotecan).
  - Advanced two DEP® candidates into phase 2 (DEP® cabazitaxel and DEP® irinotecan).
  - Progressed all DEP® clinical programs with recruitment now well advanced for three phase 2 programs for DEP® docetaxel, DEP® cabazitaxel and DEP® irinotecan with encouraging efficacy signals observed in each trial and multiple new sites opened.
  - Commenced DEP® docetaxel + gemcitabine clinical combination study.
  - Progressed preparations and submissions for DEP® irinotecan combination arm.
  - Partnering discussions underway for internal DEP® candidates with licences to be sought at the most appropriate time to maximise commercial value.
  - Progress with DEP® gemcitabine, towards the clinic, and other new preclinical DEP® candidates have been developed and advanced into preclinical development, including DEP® radiopharmaceutical candidates (e.g. DEP® lutetium, DEP® zirconium), and targeted DEP® candidates (e.g. HER-2 Targeted DEP® ADC).
  - Initiated a number of new DEP® radiopharmaceutical and ADC commercial discussions.
- ***Relative TSR:***
  - The company's TSR was tested against the performance of the S&P/ASX300 Index for the three-year performance period ended 30 June 2021. The company's annualised TSR for this period was 13.1% compared to the S&P/ASX300 Index annualised TSR of 5.9%, resulting in 7.2% over the index.
  - The relative TSR is calculated independently by a professional services firm and more information regarding the relative TSR hurdle is provided on page 29.

6. Details of remuneration

The following tables show details of the remuneration received by the directors and the key management personnel of the group for the current and previous financial year. As required by the Accounting Standards, the value of performance rights included in the remuneration tables relates to the fair value of the performance rights (which may include performance rights granted in prior years), rather than their face value.

2021	Short-term benefits			Post-employment	Long-term benefits	Share-based payments	
Name	Cash salary & fees† $	Cash bonus#* $	Non-monetary benefits $	Superannuation $	Long service leave $	Performance Rights~# $	**Total $**
Non-executive directors							
R B Thomas	117,808	–	–	11,192	–	–	129,000
R A Hazleton^	29,944	–	–	–	–	–	29,944
Z Peach	72,032	–	–	6,843	–	–	78,875
P R Turvey	78,767	–	–	7,483	–	–	86,250
D J McIntyre	72,833	–	–	–	–	–	72,833
Executive director							
J K Fairley	539,985	194,825	2,901	21,695	9,892	782,453	1,551,751
Other KMP executives							
N J Baade	222,785	78,000	37,684	21,695	2,232	282,991	645,387
A Eglezos	252,789	80,000	8,166	21,695	14,769	277,403	654,822
D J Owen	239,766	70,000	22,119	21,695	–	272,367	625,947
J R Paull	227,945	80,000	42,159	21,695	5,101	313,348	690,248
Totals	1,854,654	502,825	113,029	133,993	31,994	1,928,562	4,565,057

† There were no increases in overall total fixed remuneration packages for KMP executives in the FY21 year. Executives may elect to salary sacrifice part of their total fixed remuneration package. Cash salary & fees represents gross salary earned less any salary sacrifice amounts. The two forms of salary sacrifice in FY21 were leasing a motor vehicle under a novation arrangement, and the use of a car park. These amounts are reported in non-monetary benefits, and these amounts for cash salary & fees may vary from one year to the next, depending on the elections chosen.

~ Includes the expensing of STI equity awarded in lieu of cash for the FY20 performance period with a vesting date of 30 June 2021.

All performance related remuneration, including cash bonuses and performance rights granted are determined to be an 'at risk' component of total remuneration.

* The cash bonus reported relates to amounts assessed to be paid for the performance period 1 July 2020 to 30 June 2021. The actual cash payment of the bonuses will occur in FY22.

^ R A Hazleton retired from the Board on 20 November 2020.

6. Details of remuneration (continued)

2020	Short-term benefits			Post-employment	Long-term benefits	Share-based payments	
Name	Cash salary & fees† $	Cash bonus# $	Non-monetary benefits $	Superannuation $	Long service leave $	Performance Rights# $	**Total $**
Non-executive directors							
R B Thomas	122,374	–	–	11,626	–	–	134,000
R A Hazleton	77,000	–	–	–	–	–	77,000
Z Peach	71,689	–	–	6,811	–	–	78,500
P R Turvey	71,689	–	–	6,811	–	–	78,500
D J McIntyre	24,167	–	–	–	–	–	24,167
Executive director							
J K Fairley	519,499	–	24,397	21,003	14,254	868,418	1,447,571
Other KMP executives							
N J Baade	223,091	–	36,664	21,003	2,320	232,505	515,583
A Eglezos	253,842	–	6,547	21,003	13,199	227,712	522,303
D J Owen	240,458	–	22,210	21,003	2,170	226,581	512,422
J R Paull	227,887	–	42,495	21,003	8,012	259,653	559,050
Totals	1,831,696	–	132,313	130,263	39,955	1,814,869	3,949,096

† Increases in overall total fixed remuneration packages for KMP executives were under 3.3% in FY20. Executives may elect to salary sacrifice part of their total fixed remuneration package. Cash salary & fees represent gross salary earned less any salary sacrifice amounts. The two forms of salary sacrifice in FY20 were leasing a motor vehicle under a novation arrangement, and the use of a car park. These amounts are reported in non-monetary benefits, and these amounts for cash salary & fees may vary from one year to the next, depending on the elections chosen.

All performance related remuneration, including and cash bonuses and performance rights granted, are determined to be an 'at risk' component of total remuneration.

The relative proportions of remuneration for FY21 that are linked to performance and those that are fixed are as follows:

		Fixed remuneration	At risk - STI cash	At risk - STI Equity[1]	At risk - STI Total	At risk - LTI Equity[1]
CEO	Target	35%			25%	40%
J K Fairley	Actual	37%	13%	18%	31%	32%
Other KMP executives	Target	50%			20%	30%
N J Baade	Actual	44%	12%	17%	29%	27%
A Eglezos	Actual	45%	12%	16%	28%	26%
D J Owen	Actual	45%	11%	17%	28%	27%
J R Paull	Actual	43%	12%	17%	29%	28%

[1] Where applicable, the expenses include negative amounts for expenses reversed during the year due to a failure to satisfy the vesting conditions.

The actual remuneration mix for the CEO and other KMP executives for FY20 and FY21 has deviated from the target ranges due to the STI cash bonus not being awarded in FY20 and additional STI equity rights allocated in FY21 in lieu of FY20 cash bonuses, that vest on 30 June 2021.

Non-statutory Executive Remuneration
The non-statutory executive remuneration is the remuneration earned by KMP executives in FY21 and is set out below with calculations of equity value both at the vesting date and based on the face value at the beginning of the relevant performance period. Starpharma discloses non-statutory remuneration voluntarily because it includes the face value of equity that vested in FY21. For LTI equity, the reported value reflects the KMP executive performance over three years including the impact of the increase in the share price over the three year period.

The table differs from the remuneration details prepared above in this section 6 of this report which are prepared in accordance with statutory obligations and accounting standards, and presents the expensing of the fair value of performance rights over their vesting period, and may include the expensing of rights that may not ultimately vest into ordinary shares.

2021

Name	Fixed remuneration (1) ($)	STI cash paid in FY21 (2) ($)	STI equity vested in FY21 based on face value (3) ($)	STI equity vested in FY21 based on share price at vesting date (4) ($)	LTI equity vested in FY21 based on face value (3) ($)	LTI equity vested in FY21 based on share price at vesting date (4) ($)	Total non-statutory remuneration earned based on face value of equity (3) ($)	Total non-statutory remuneration earned based on share price at vesting date (4) ($)	Total remuneration per Accounting Standards (5) ($)
J K Fairley	564,581	–	382,353	411,551	618,832	1,112,364	1,565,767	2,088,496	1,551,751
N J Baade	282,164	–	142,106	152,958	132,502	334,613	556,772	769,735	645,387
A Eglezos	282,650	–	131,959	142,036	132,847	333,260	547,456	757,946	654,822
D J Owen	283,580	–	133,816	144,035	134,229	330,554	551,625	758,169	625,947
J R Paull	291,799	–	152,395	164,033	166,462	378,314	610,656	834,146	690,248

[1] Base salary, superannuation and non-monetary benefits such as novated motor vehicle lease and car park benefits.

[2] STI cash paid during the financial year. The amount disclosed for FY21 reflects that no cash bonuses were paid for awarded for FY20.

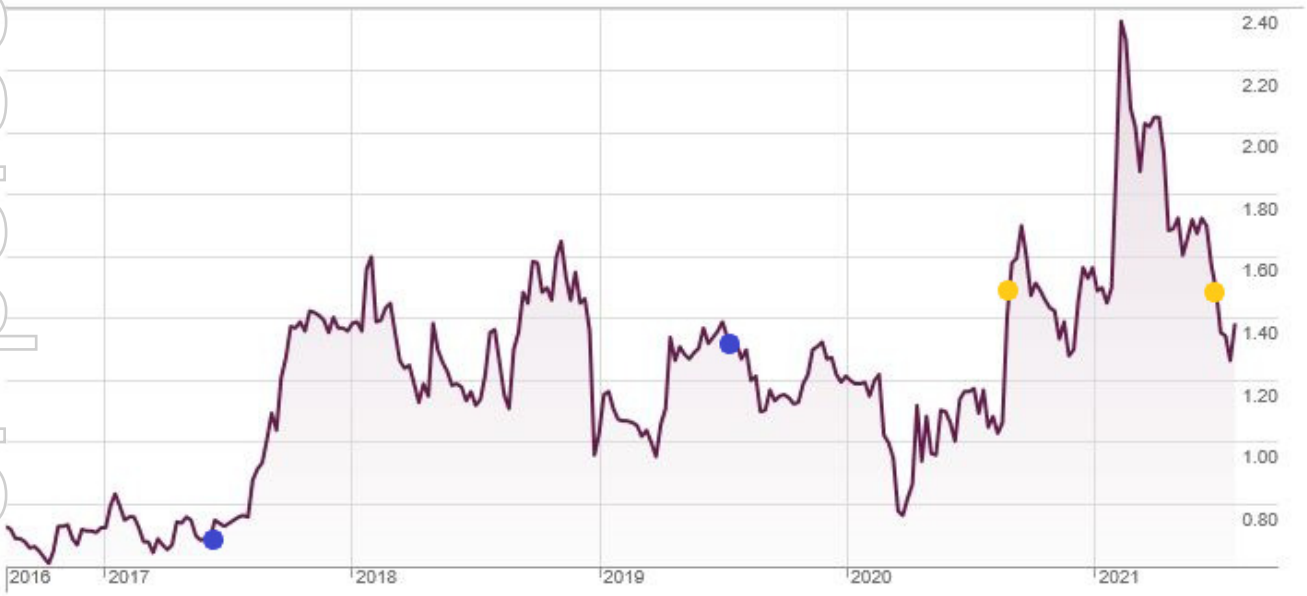
[3] Value of equity rights that vested during the year, based on the face value of the performance rights based on the 3 month VWAP prior to the start of the relevant performance period (1 July). Vested rights will remain as rights in subsequent periods until exercised. The STI equity was granted in FY20 and FY21 and the LTI equity was granted in FY18.

[4] Value of equity rights that vested during the year, based on the opening price on the date of vesting. Vested rights will remain as rights in subsequent periods until exercised. The STI equity was granted in FY20 and FY21 (for in lieu of cash rights) and the LTI equity was granted in FY18.

[5] In accordance with statutory obligations and accounting standards in section 6 of this report, which includes expensing of rights over their entire vesting period, and rights that may not ultimately vest into ordinary shares.

Equity awards and share price

The total non-statutory remuneration based on the vesting date share price is higher than the total remuneration per Accounting Standards and the non-statutory remuneration based on face value. The higher amount is primarily driven by the value attached to the equity awards that vested in FY21. As illustrated in the graph below, this reflects the strong share price performance over the relevant periods of up to a 100% increase in share price compared with the face value of those rights at the time of allocation. The 3 year LTI rights are predominately driving the higher reported value at the vesting date. Alternatively, if the share price were to have significantly decreased, the value of these equity awards would have reduced accordingly. Furthermore, despite being reported in non-statutory remuneration the STI and LTI rights do not automatically convert to shares, and no executives have exercised rights, so these values have not yet been realised.



Face value of equity awards granted (based on 3 month VWAP to 30 June)

Share price at the time of equity awards vesting (based on share price on vesting date)

6. Details of remuneration (continued)

Details of remuneration: cash bonuses, shares, and performance rights
For each cash bonus and grant of equity included in the tables on pages 37 to 42, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance objectives is set out below. Performance rights vest over the specified periods provided vesting criteria are met. No rights will vest if the conditions are not satisfied, hence the minimum value of the rights yet to vest is nil. The maximum value of the rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. The CEO was awarded 78% of her maximum cash bonus entitlement of $249,775 in FY21, with the balance of 22% forfeited as described above in the report. STI cash bonuses for other KMP executives are paid at the absolute discretion of the Board based on an individual's performance within the year, hence there is no component forfeited to report.

Performance rights

Name	Grant date fair value of rights granted during 2021[1,2] $	Financial year granted	Vested %	Forfeited %	Financial years in which rights may vest	Maximum fair value yet to vest $
J K Fairley	1,218,506	2021	100%*	-	30/06/2021	-
		2021	-	22%	30/06/2022	82,284
		2021	-	-	30/06/2024	535,588
		2020	75%	25%	30/06/2021	-
		2020	-	-	30/06/2023	239,009
		2019	-	35%	30/06/2022	38,274
		2018	82%	18%	30/06/2021	-
N J Baade	433,074	2021	100%*	-	30/06/2021	-
		2021	-	17%	30/06/2022	27,847
		2021	-	-	30/06/2024	181,053
		2020	83%	17%	30/06/2021	-
		2020	-	-	30/06/2023	64,394
		2019	-	18%	30/06/2022	11,923
		2018	87%	13%	30/06/2021	-
A Eglezos	424,828	2021	100%*	-	30/06/2021	-
		2021	-	14%	30/06/2022	29,023
		2021	-	-	30/06/2024	181,053
		2020	79%	21%	30/06/2021	-
		2020	-	-	30/06/2023	64,394
		2019	-	19%	30/06/2022	11,870
		2018	86%	14%	30/06/2021	-
D J Owen	424,828	2021	100%*	-	30/06/2021	-
		2021	-	21%	30/06/2022	26,671
		2021	-	-	30/06/2024	181,053
		2020	82%	18%	30/06/2021	-
		2020	-	-	30/06/2023	64,394
		2019	-	20%	30/06/2022	11,589
		2018	86%	14%	30/06/2021	-
J R Paull	469,268	2021	100%*	-	30/06/2021	-
		2021	-	14%	30/06/2022	31,733
		2021	-	-	30/06/2024	197,965
		2020	85%	15%	30/06/2021	-
		2020	-	-	30/06/2023	70,400
		2019	-	16%	30/06/2022	13,401
		2018	89%	11%	30/06/2021	-

* Relates to rights granted in lieu of FY20 cash bonus. The FY20 cash bonus award was based on percentage achievement of KPIs and was therefore not further discounted when converted to equity.

[1] The value at grant date calculated in accordance with AASB 2 *Share-based Payments* of performance rights granted during the year as part of remuneration.

[2] The maximum value of performance rights is determined at grant date and is amortised over the applicable vesting period. The amount which will be included in a given KMP executive's remuneration for a given year is consistent with this amortised amount. No performance rights will vest if the conditions are not satisfied, hence the minimum value yet to vest is nil.

7. Executive employment agreements

Remuneration and other terms of employment for executives are formalised in employment agreements which set out duties, rights and responsibilities, and entitlements on termination. All executives also have a formal position description for their role.

Major provisions of the agreements relating to remuneration are set out below for those KMP executives who are employed at the date of this report.

CEO and Managing Director (J K Fairley)

- No fixed term of agreement.
- Base salary, inclusive of superannuation, per annum as at 30 June 2021 of $561,680, to be reviewed annually by the Remuneration and Nomination Committee.
- A cash bonus up to $249,775 for the year to 30 June 2021 allocated proportionately on the achievement of predetermined KPIs.
- The CEO is entitled to participate in a STI and LTI equity plan, subject to receiving any required or appropriate shareholder approval.
- Fringe benefits consist of on-site car parking.

The CEO's termination provisions are as follows:

	Notice Period	Payment in lieu of notice	Treatment of equity STI	Treatment of LTI
Resignation	12 months	N/A	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	None	Unvested awards (including an exercisable, vested right) forfeited	Unvested awards (including an exercisable, vested right) forfeited
Termination without cause, including redundancy	12 months	6 months payment in lieu of notice with 6 month notice period	Unvested awards lapse unless the Board determines otherwise after considering the portion of the performance period that has elapsed and the extent to which performance conditions have been met. Vesting of the rights may be accelerated in this case.	Unvested awards lapse unless the Board determines otherwise after considering the portion of the performance period that has elapsed and the extent to which performance conditions have been met. Vesting of the rights may be accelerated in this case.
Termination in cases of death, disablement or other cause approved by the Board	N/A	N/A	Unvested awards lapse, unless the Board determines otherwise after considering the portion of the performance period that has elapsed and the extent to which performance conditions have been met. Vesting of the rights may be accelerated in this case.	Unvested awards lapse, unless the Board determines otherwise after considering the portion of the performance period that has elapsed and the extent to which performance conditions have been met. Vesting of the rights may be accelerated in this case.

Other KMP executives

Standard executive termination provisions are as follows:

	Notice Period	Payment in lieu of notice	Treatment of equity STI	Treatment of LTI
Resignation	3 months	N/A	Same as for CEO	Same as for CEO
Termination for cause	None	None	Same as for CEO	Same as for CEO
Termination without cause, including redundancy	Typically 3 months (range 3-6 months)	3 months (3-6 months)	Same as for CEO	Same as for CEO
Termination in cases of death, disablement, or other cause approved by the Board	N/A	N/A	Same as for CEO	Same as for CEO

There are no loans, or other transactions, to the CEO or Other KMP executives.

8. Additional disclosures relating to employee equity schemes

Ordinary shares
The number of ordinary shares in the company provided as remuneration during the financial year to any of the directors or the key management personnel of the group, including their close family members and entities related to them, are set out below. The table may also reflect changes to shareholdings which are unrelated to remuneration.

2021 Name	Balance at the start of the year	Granted during the year as compensation	On exercise of performance rights during the year	Other changes during the year*	Balance at the end of the year
Directors					
R B Thomas	825,000	–	–	50,000	875,000
J K Fairley	3,905,434	–	–	20,000	3,925,434
R A Hazleton#	208,466	–	–	–	208,466
Z Peach	48,975	–	–	–	48,975
P R Turvey	179,821	–	–	13,334	193,155
D J McIntyre	16,240	–	–	–	16,240
Other KMP executives					
N J Baade	494,079	–	–	(139,779)	354,300
A Eglezos	322,542	–	–	(25,000)	297,542
D J Owen	579,802	–	–	(327,716)	252,086
J R Paull	231,103	–	–	(190,000)	41,106

* Other changes relate to market transactions and purchases under the Share Purchase Plan undertaken in the year.
# Retired as a non-executive director on 20 November 2020, balance at the end of the year reflects his shareholding as at 20 November 2020.

Performance rights
The number of rights over ordinary shares in the company provided as remuneration during the financial year to any of the executive directors and the KMP executives, including their close family members and entities related to them, are set out below. No non-executive director held performance rights in FY21 or the prior year.

2021 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year#	**Balance at the end of the year**	Vested and exercisable at the end of the year	Total Unvested
Directors							
J K Fairley	4,453,114	973,221	-	(192,093)	**5,234,242**	3,361,058	1,873,184
Other KMP executives							
N J Baade	1,161,491	300,335	-	(40,887)	**1,420,939**	883,039	537,900
A Eglezos	1,163,171	294,711	-	(43,539)	**1,414,343**	876,443	537,900
D J Owen	1,163,223	294,711	-	(43,980)	**1,413,954**	876,054	537,900
J R Paull	1,320,183	325,484	-	(35,812)	**1,609,855**	1,021,755	588,100

Other changes during the year relate to the forfeiture of rights.

The market value at vesting date of performance rights that vested during 2021 was $3,503,718 (2020: $2,222,235). The increase in market value reflects a higher share price at date of vesting as well as the STI equity awarded in lieu of cash bonuses for FY20. No other shares were issued on the vesting of performance rights provided as remuneration to any of the directors or any KMP of the group in the current year.

The market value is calculated using the opening share price on the respective vesting/exercise date or forfeit date.

Dilutionary impact of performance rights on issue
As at 30 June 2021 there were 17,472,497 performance rights on issue, representing 4.3% of the 406,078,026 shares on issue (SOI) at 30 June 2021. There were 11,093,333 rights which were held by KMP, representing 2.7% of SOI, of which 5,234,242 (1.3% of SOI) were approved by shareholders.

The terms and conditions of the grant of performance rights to the directors or the key management personnel of the group in the current year or which impact future years are as follows:

Grant date	Vesting date	Number of rights granted	Performance measure	Fair value per right at grant date	% vested
10 August 2017	30 September 2020	890,800	Achievement of KPIs	$0.77	85
10 August 2017	30 September 2020	157,200	TSR	$0.54	100
29 November 2017	30 September 2020	535,816	Achievement of KPIs	$1.29	70
29 November 2017	30 September 2020	360,063	TSR	$1.23	100
16 August 2018	30 June 2020	158,000	Achievement of KPIs	$1.26	87
16 August 2018	30 September 2021	537,200	Achievement of KPIs	$1.26	Nil
16 August 2018	30 September 2021	94,800	TSR	$0.85	Nil
29 November 2018	30 June 2020	134,980	Achievement of KPIs	$1.48	83
29 November 2018	30 September 2021	377,945	Achievement of KPIs	$1.48	Nil
29 November 2018	30 September 2021	161,976	TSR	$1.13	Nil
17 October 2019	30 June 2021	158,000	Achievement of KPIs	$1.15	82
17 October 2019	30 September 2022	537,200	Achievement of KPIs	$1.15	Nil
17 October 2019	30 September 2022	94,800	TSR	$0.71	Nil
21 November 2019	30 June 2021	134,199	Achievement of KPIs	$1.29	75
21 November 2019	30 September 2022	375,758	Achievement of KPIs	$1.29	Nil
21 November 2019	30 September 2022	161,039	TSR	$0.85	Nil
30 October 2020	30 June 2021	277,441	N/A	$1.47	100
30 October 2020	30 June 2022	187,560	Achievement of KPIs	$1.47	Nil
30 October 2020	30 September 2023	637,704	Achievement of KPIs	$1.47	Nil
30 October 2020	30 September 2023	112,536	TSR	$1.20	Nil
20 November 2020	30 June 2021	176,755	N/A	$1.32	100
20 November 2020	30 June 2022	159,293	Achievement of KPIs	$1.32	Nil
20 November 2020	30 September 2023	446,021	Achievement of KPIs	$1.32	Nil
20 November 2020	30 September 2023	191,152	TSR	$0.96	Nil

Information of the performance measures:

Achievement of KPIs:	The achievement of certain key business performance indicators linked to matters which the Board believes are key drivers of shareholder value.
Relative TSR (TSR):	As set out on page 29 of the remuneration report.

- end of remuneration report -

Shares under rights

Unissued ordinary shares of Starpharma Holdings Limited under the Employee Performance Rights Plan at the date of this report are as follows:

Grant date	Vesting date	Number of rights granted	Balance of rights at date of report
11 Nov 2015	30 Sep 2018	2,076,800	1,051,794
11 Nov 2015	30 Jun 2017	519,200	245,625
19 Nov 2015	30 Sep 2018	893,851	836,260
19 Nov 2015	30 Jun 2017	219,395	181,001
13 Oct 2016	30 Jun 2018	594,450	277,314
13 Oct 2016	30 Sep 2019	2,377,800	1,323,372
29 Nov 2016	30 Jun 2018	223,022	172,842
29 Nov 2016	30 Sep 2019	876,978	846,281
10 Aug 2017	30 Jun 2019	694,120	409,980
10 Aug 2017	30 Sep 2020	2,776,480	1,741,547
29 Nov 2017	30 Jun 2019	224,121	197,226
29 Nov 2017	30 Sep 2020	895,879	736,665
16 Aug 2018	30 Jun 2020	203,500	170,356
16 Aug 2018	30 Sep 2021	814,000	814,000
2 Nov 2018	30 Jun 2020	259,147	97,600
2 Nov 2018	30 Sep 2021	1,036,587	780,609
29 Nov 2018	30 Jun 2020	134,980	112,708
29 Nov 2018	30 Sep 2021	539,921	539,921
17 Oct 2019	30 Jun 2021	459,767	379,034
17 Oct 2019	30 Sep 2022	1,839,067	1,701,175
21 Nov 2019	30 Jun 2021	134,199	101,320
21 Nov 2019	30 Sep 2022	536,797	536,797
30 Oct 2020	30 Jun 2021	567,083	561,459
30 Oct 2020	30 Jun 2022	548,270	536,878
30 Oct 2020	30 Sep 2023	2,193,080	2,147,512
20 Nov 2020	30 Jun 2021	176,755	176,755
20 Nov 2020	30 Jun 2022	159,293	159,293
20 Nov 2020	30 Sep 2023	637,173	637,173

Performance rights and the resultant shares are granted for nil consideration.

Shares issued on the exercise of vested rights

The following ordinary shares of Starpharma Holdings Limited were issued during the year to the date of this report on the exercise of vested performance rights granted under the Employee Performance Rights Plan. The shares are issued for nil consideration.

Date rights granted	Issue price of shares (Exercise price of right)	Number of shares issued
11 Nov 2015	$ -	70,000
13 Oct 2016	$ -	190,362
10 Aug 2017	$ -	523,735
2 Nov 2018	$ -	113,227

Insurance of officers

During the financial year, Starpharma Holdings Limited paid a premium to insure the directors and executive officers of the company and related bodies corporate, against certain liabilities and expenses.

In accordance with normal commercial practice, the disclosure of the amount of premium payable, and the nature of the liabilities and expenses covered by the policy, is prohibited by a confidentiality clause in the relevant insurance contract.

Audit & non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit services provided during the year is set out below. There were no non-audit services provided by the auditor during the financial year.

During the year, the following fees were paid or payable for services provided by the auditor (PricewaterhouseCoopers) of the company, its related practices and non-related audit firms.

Assurance Services	2021 $	2020 $
Audit or review of financial reports of the entity or any entity in the group under the *Corporations Act 2001*	146,462	146,462

No other assurance services, taxation or advisory services have been provided by the auditor in either the current or prior year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 45.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.

Robert B Thomas *AO*
Chairman
Melbourne, 26 August 2021

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Starpharma Holdings Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Starpharma Holdings Limited and the entities it controlled during the period.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
26 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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Corporate Governance Statement

Starpharma Holdings Limited ("the company") and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board guides and monitors the company's activities on behalf of the shareholders. In developing policies and setting standards, the Board considers the Australian Securities Exchange ("ASX") Corporate Governance Principles and Recommendations (4th Edition) ("the 4th Edition CGC Recommendations").

This Corporate Governance Statement sets out and describes the company's current corporate governance principles and practices which the Board considers to comply with the 4th Edition CGC Recommendations. This Corporate Governance Statement is available on the company's website. The company and its controlled entity together are referred to as "the group" in this statement. This report is current as at 26 August 2021 and was approved by the Board on that date.

Principle 1: Lay solid foundations for management and oversight

Relationship between the Board and management
The relationship between the Board and senior management is critical to the group's long-term success. The directors are responsible to the shareholders for the performance of the group in both the short and long term, and they seek to balance sometimes competing objectives in the best interests of the group. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the group is properly managed.

1.1 Responsibilities of the Board
The responsibilities of the Board include oversight, accountability and approval in relation to certain:

- Strategic issues;
- Shareholding items;
- Financial items;
- Expenditure items;
- Audit related items; and
- Board and senior management, delegation and succession.

Other Board responsibilities include:

- Enhancing and protecting the reputation and culture of the group;
- Overseeing the operation of the group, including its systems for control, accountability, and risk management;
- Monitoring financial performance;
- Liaising with the company's auditors;
- Ensuring there are effective management processes in place and approving major corporate initiatives;
- Setting company values and code of conduct;
- Satisfying itself regarding the risk management framework and setting risk appetite;
- Overseeing the process for timely and balanced disclosure of material information; and
- Reporting to shareholders.

Further details regarding the responsibilities of the Board are detailed in the Board charter. The Board's conduct is governed by the company's constitution. Both documents are available at www.starpharma.com/corporate_governance

1.2 Director/senior management appointment and director election
Before appointing a director or senior management, and before putting forward a director candidate to shareholders for election, the Remuneration and Nomination Committee will undertake appropriate background checks. The Remuneration and Nomination Committee will also provide all material information which is relevant to whether or not a person should be elected or re-elected as a director to the Board for provision to shareholders (including in relation to independence and a recommendation regarding support or otherwise to the candidate's appointment or election).

The other commitments of non-executive directors are routinely reviewed by the Board in addition to being considered by the Remuneration and Nomination Committee prior to their appointment to the Board, and are reviewed at least annually. Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

The company's constitution specifies that all non-executive directors must retire from office no later than three years or the third annual general meeting ("AGM") following their last election (whichever is longer), and that an election of directors must take place each year. Any director, excluding the Managing Director (CEO of the group), who has been appointed during the year, must stand for election at the next AGM.

In relation to director tenure, the Board charter provides that it is anticipated that non-executive directors would generally hold office for up to ten years, and shall serve a maximum of fifteen years from date of first election by shareholders.

The Board, on its initiative and on an exceptional basis, may exercise discretion to extend this maximum term where it considers that such an extension would benefit the company.

Starpharma's policy on non-executive director tenure is consistent with ASX guidance which acknowledges that shareholders are likely to be served well by a mix of directors, including some with a longer tenure who have accumulated experience and developed a 'corporate memory' over a substantial period.

Director	Date first elected by shareholders
R B Thomas	November 2014
R A Hazleton	November 2007 (retired 20 November 2020)
Z Peach	November 2011
P R Turvey	November 2012 (resigned 29 July 2021)
J K Fairley	N/A, appointed by the Board in 2006
D J McIntyre	November 2020
L Cheng	Appointed by the Board on 1 August 2021 and standing for election at November 2021 AGM

1.3 Written agreements with Directors and Senior Executives
New directors receive a letter of appointment, which outlines the company's expectations of the director in relation to their participation, time commitments and compliance with policies and regulatory requirements.

Senior executives and all employees are required to sign employment agreements which set out the key terms of their employment. All roles have formal position descriptions.

1.4 Responsibilities of the Company Secretary
The Company Secretary supports the effective functioning of the Board and its committees. The Company Secretary is accountable directly to the Board, through the Chair, on all matters related to the proper functioning of the Board. The specific responsibilities of the Company Secretary are detailed in the Board charter, which is available at www.starpharma.com/corporate_governance

1.5 Diversity objectives and achievement
The company is committed to workplace diversity, and the Board values the level of diversity already present within the organisation, believing that continuing to promote diversity is in the best interests of the company, its employees and its shareholders. The Board last revised its Diversity Policy in May 2021, which operates alongside the Code of Conduct (including Anti-Discrimination, Bullying and Harassment) policy, and it provides a framework for Starpharma to achieve several diversity objectives. The Diversity Policy is available at www.starpharma.com/corporate_governance

Independent of external corporate governance initiatives, the company has embraced a culture of inclusion and equal opportunity across diversity areas recognised as potentially impacting upon equality in the workplace, with a focus on gender but without limiting other aspects of diversity.

The company recognises the corporate benefits of diversity of its workforce and the Board, and realises the importance of being able to attract, retain and motivate employees from the widest possible pool of available talent. In accordance with the Diversity

Policy, the Board has established measurable objectives for achieving gender diversity and has conducted an assessment of the objectives and progress in achieving them.

Objectives set by the Board for the 2021 financial year, and progress against these objectives is set out below:

Objective	Measurement	FY21 Performance
Female participation/talent pipeline	Achieve greater than 40% female participation for direct reports to the CEO or senior executives ("CEO minus 2").	50% of *CEO minus 2* positions are held by females.
	Actively support and encourage training, networking and development opportunities for high potential employees.	Professional development opportunities and options that are aligned with the group's needs and the individual's role are considered for all employees as part of the group's annual performance review process and as needed during the year. Investments in formal/external development programs are made where appropriate and in FY21, 44 professional development programs including conferences were attended by female employees across all levels of the organisation. The group also continues to support participation of all female staff in a biotech industry networking initiative, which included presentations by industry role models. In FY21 this event was not run due to COVID-19 restrictions.
Equal opportunity employer	Inclusion of female candidates in recruitment process for each role with female applicants, including for Board appointments.	Female candidates participated in all recruitment processes throughout FY21. 60% of the positions were filled with female candidates. 50% of the internal promotions that occurred in FY21 were female employees.
	Consistent and merit-based selection criteria and recruitment processes used when choosing successful candidates in all cases.	100% of successful candidates were selected on merit-based criteria after taking part in Starpharma's selection process.
Remuneration parity	Ensure no significant remuneration difference for individuals in similar roles, based on gender.	Analysis was completed of pre- and post-remuneration review "remuneration differentials to benchmarks" by gender, and confirmed there were no significant gender differences in remuneration relative to role benchmarks.
Flexible working arrangements	Employees working under flexible working arrangements (including part time).	16% of employees work under flexible working arrangements, unrelated to the COVID-19 restrictions.
	Granting a majority of requests for flexible work arrangements for family responsibilities.	Mutually satisfactory flexible work arrangements were reviewed and agreed between the requesting employee and the company in 100% of cases during FY21.
Support for return to work after parental leave	Target a return to work following primary care parental leave of 75%.	Three employees were on primary care parental leave during FY21. Of the two who were due to return to work in FY21, both (100%) returned to work.

Slightly under half (47%) of Starpharma's employees are female, maintaining a similar gender representation to that of previous years. As captured in Starpharma's diversity objectives (above), the group strives to put in place measures, such as flexible working arrangements, specifically to encourage participation by all. The table below sets out the proportion of female employees in the whole organisation, in leadership/management roles ("CEO minus 2"), in senior executive positions and on the Board as at 30 June 2021.

Starpharma continues to have a high level of both gender and general diversity, however given the relatively small number of total employees, a change of one or few employees may have a significant impact on the group's performance in respect of the measurable diversity objectives.

Starpharma is also proud of the ethnic diversity of our employee population, with 45% of all employees born outside Australia in 17 different countries.

Starpharma continues to improve its range of objectives to support workplace diversity. For FY22, the group has expanded its objectives, adding a measurement for awareness of unconscious bias, and also plans to broaden its measurement of diversity.

% Female (at 30 June)	2021	2020
Whole organisation (staff and Board)	**47%**	**49%**
Leadership/management roles	**42%**	**50%**
Senior executive (CEO & direct reports)	**43%**	**43%**
Board	**40%**[#]	**33%**

[#] 60% at the date of this report.

1.6 Board, committee and director performance
The performance of the Board and its committees are reviewed each year by the Chairman based on the completion of a formal feedback questionnaire by each director. The summarised results are then reported back to and discussed by the Board. This performance evaluation took place in FY21.

1.7 CEO and senior executive performance
Performance assessments for senior executives take place annually and took place during the year. Performance review timing of executives occur throughout July/August in respect of the prior financial year. The process for these assessments is described in the remuneration report under the heading "Remuneration governance" on page 22 of this report.

As part of the Board discussion on senior executive performance, directors give consideration to succession planning and development to ensure continuity and a smooth leadership transition in the event of senior executive movements. Separate succession planning discussions are also held as appropriate during the year.

Principle 2: Structure the Board to be effective and add value

2.1 Board committees
The Board has established two committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The appropriateness of the committee structure and membership is reviewed on an annual basis. Board committees are chaired by an independent director other than the Chairman of the Board. Where applicable, matters determined by committees are submitted to the full Board as recommendations for Board decisions.

The committees established by the Board are:
- Remuneration and Nomination Committee; and
- Audit and Risk Committee.

Each committee's charter sets out its role, responsibilities, composition and structure. The committee charters are reviewed annually and were last reviewed in May 2021. Committee charters are available at www.starpharma.com/corporate_governance

Both committees report regularly to the Board and minutes of committee meetings are provided to the Board.

2.1.1 Remuneration and Nomination Committee
For the entire reporting period to 30 June 2021, the Remuneration and Nomination Committee comprised of at least three independent non-executive directors.

At the date of this report, the Remuneration and Nomination Committee is comprised of three independent non-executive directors, consisting of the following:

Ms Z Peach (Chairman)
Mr R B Thomas
Ms L Cheng

Details of these directors' qualifications and attendance at committee meetings are set out in the directors' report on pages 13 to 20.

The charter of the Remuneration and Nomination Committee deals with items, to the extent delegated by the Board, related to reviewing and making recommendations to the Board in respect of the following:
- Board and director candidate identification, appointments, elections, composition, independence, tenure and succession;
- Remuneration and incentive policies and practices generally;
- Remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors;
- The succession of the CEO and other senior executives;
- Diversity related items;
- Board skills matrix;
- Background checks for director candidates;
- Provision and oversight of induction and training development opportunities for directors; and
- Minimum shareholding requirements for non-executive directors (if any).

The Remuneration and Nomination Committee charter is available at www.starpharma.com/corporate_governance

2.1.2 Audit and Risk committee
For the entire reporting period to 30 June 2021, the Audit and Risk Committee comprised of at least three independent non-executive directors.

At the date of this report, the Audit and Risk Committee is comprised of four independent non-executive directors consisting of the following:

Mr D McIntyre (Acting Chair)
Mr R B Thomas
Ms Z Peach
Ms L Cheng

Details of these directors' qualifications and attendance at committee meetings are set out in the directors' report on pages 13 to 20.

Each member of the Audit and Risk Committee is financially literate, and jointly possess a number of relevant finance qualifications and experience. As a collective, the members of the Audit and Risk Committee between them have substantial financial, accounting and risk management related/technical expertise, as well as a sufficient understanding of the biotechnology industry, to be able to discharge the committee's mandate effectively. Members have held relevant senior positions in companies and organisations, including in finance and risk management and are or have been members of other ASX-listed company audit committees. Such positions include chief financial officer, head of risk management and Chairman of Corporate Risk Management Committee, M&A director, and broker/analyst roles. Mr McIntyre is a CPA, and Mr Thomas is approved under the NSW prequalification scheme for Audit and Risk Committee Independent Chairs and Members for government/public sector agencies.

Ms Cheng was appointed to the Audit and Risk Committee on 1 August 2021. Ms Cheng has a strong background in finance with more than 25 years of experience as a finance executive and having previously served as Chair of an audit and risk committee for a large organisation.

The Board continually reviews committee membership to ensure the appropriate qualifications, skills and experience, which are currently optimal.

The committee meets at least twice a year, and has direct access to the company's auditor.

The charter of the Audit and Risk Committee deals with items, to the extent delegated by the Board, related to reviewing and making recommendations to the Board in respect of the following:
- Annual report, half-year financial report and financial forecasts or guidance given to the market;
- Systems of risk management and internal controls and review and recommendations on certain material exposure;
- All aspects related to the external auditor;
- Related party transactions;
- Material incidents; and
- Insurance.

The Audit and Risk Committee charter is available at www.starpharma.com/corporate_governance

2.2 Board skills
Part of the role of the Remuneration and Nomination Committee is to assist the Board to review the Board's composition and succession planning. Both the Board and the Remuneration and Nomination Committee work to ensure that the Board continues to have the right balance and mix of diversity (including gender), skills, experience, background and independence necessary to discharge its responsibilities.

The current composition of Starpharma's Board includes directors with core industry experience, as well as senior finance, legal and risk management experience, essential for the Audit and Risk Committee.

A skills and experience matrix is used to review the combined capabilities of the Board. A mix of general and specialty skills and experience areas critical to the success of the company are selected for directors to assess themselves against. Each area is closely linked to the company's core objectives and strategy.

The directors rated the depth of their skill and experience in each of the following areas:

1. Leadership in Healthcare and/or Scientific Research;
2. Pharmaceutical/Product Development and Supply Chain;
3. International experience;
4. Regulation/Public Policy;
5. Licensing and commercialisation of innovation;
6. Science and Technology
7. Sales, Marketing and Business Development;
8. Governance;
9. Strategy & Risk Management;
10. Accounting/Corporate Finance;
11. Health, Safety & Environment;
12. Remuneration;
13. M&A/Capital Markets; and
14. Audit and Risk.

The results of the matrix show that there are three or more directors with intermediate to deep skills and experience in each of the fourteen areas above. The Board reviews the matrix at least annually to ensure it covers the skills needed to serve the existing and emerging areas of Starpharma's business.

The breadth and depth of the desired skills and experience represented by the directors is notable considering the size of the Board, and no existing or projected competency gaps have been identified. This process provides an important input to succession planning for the Board.

Having regard to the current and future activities of the group, the Board considers that collectively it has the appropriate skills and experience in each area listed above.

2.3 Board members
Details of the members of the Board, their experience, qualifications, term of office and independence status are set out in the directors' report under the heading "Information on Directors". There are four non-executive directors, all of whom are deemed independent under the principles set out below, and one executive director, at the date of signing the directors' report. The Board seeks to ensure that:

– at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the group and directors with an external or fresh perspective; and
– the size of the Board is appropriate for the company and conducive to effective discussion and efficient decision-making.

The Board reviews the commitments of each non-executive director, such as other directorships, to consider each director's capacity to dedicate sufficient time to the company.

Starpharma's CEO also sits on the board of listed small-cap investment company Mirrabooka as a non-executive director. This external post exposes both Dr Fairley and Starpharma to insights from institutional investors and further extends the company's network and provides her with a different vantage point. Dr Fairley remains fully committed to her CEO role at Starpharma and the Board has carefully considered the time commitment to ensure her leadership of Starpharma is not impacted.

The Remuneration and Nomination Committee and Board assessed the executive and non-executive roles held by David McIntyre and Lynda Cheng in relation to their time commitment, and determined there was no question as to their time commitment to serve on Starpharma's Board.

2.4 Directors' independence
The Board charter contains guidelines for assessing the materiality of directors' relationships that may affect their independence. These guidelines are aligned with the 4th Edition CGC Recommendations. The Board charter is available at www.starpharma.com/corporate_governance

The Board reviews the independence of directors before they are appointed, on an annual basis and at any other time where the circumstances of a director change such as to require reassessment. The Board has determined that all non-executive directors are independent at the date of this report.

The CEO is not considered independent by virtue of being an executive director and a member of management.

2.5 Chairman and Chief Executive Officer (CEO)
The current Chairman, Mr Thomas, is an independent non-executive director appointed in 2013 and Chairman in June 2014. The CEO, Dr Jackie Fairley, was appointed as a director and CEO on 1 July 2006. The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the group's senior executives. The Board has established the functions delegated to the CEO. The CEO is responsible for implementing company strategies and policies, and for the day-to-day business operations of the group in accordance with the strategic objectives of the group as approved by the Board from time to time.

In accordance with current practice, the company's policy is for the roles of Chairman and CEO to be undertaken by separate people.

2.6 Director induction and professional development
The Remuneration and Nomination Committee oversees, reviews and makes recommendations to the Board in relation to the induction, training and development of non-executive directors, to ensure they have access to appropriate learning and development opportunities to develop and maintain the skills and knowledge required to effectively perform in their role as a director.

The Board receives regular updates at Board meetings and Board workshops which assist directors in keeping up to date with relevant market and industry developments.

Corporate Governance Statement

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

3.1 Values
Starpharma prides itself on a strong culture based on accountability, performance, and ethical behaviours. The company's core values are disclosed in its Diversity Policy and its Code of Conduct, as well as its Environmental, Social and Governance ("ESG") Report.

3.2 Code of conduct
The Board is committed to the principles underpinning best practice in corporate governance, with a commitment to the highest standards of legislative compliance and financial and ethical behaviour. The company has established a code of conduct reflecting the core values of the company and setting out the standards of ethical behaviour expected of directors, officers and employees in all dealings and relationships including with shareholders, contractors, customers and suppliers, and with the group. The code of conduct is provided to new starters as part of their induction and behaviour is continually monitored to ensure compliance.

The code of conduct is reviewed periodically and was last updated in May 2021. The code of conduct covers employment practices, equal opportunity, harassment and bullying, conflicts of interest, use of group assets and disclosure of confidential information.

3.3 Whistleblower policy
Starpharma has a whistleblower policy which sets out the procedures for reporting of instances of illegal, fraudulent, or undesirable behaviour to ensure that Starpharma's code of conduct and other policies are promoted and implemented, and that compliance with the law is maintained.

3.4 Anti-bribery and corruption policy
Starpharma has an anti-bribery and corruption policy which sets out responsibilities in relation to key areas of fraud, corruption, and bribery; gifts and entertainment; and political donations. Breaches of this policy may result in disciplinary action up to and potentially including dismissal.

The group has not had any material breaches in relation to its code of conduct, whistleblower policy or anti-bribery and corruption policy, and if such an event were to occur, Starpharma's directors would be appropriately informed. Starpharma's policies, including the code of conduct, whistleblower policy and anti-bribery and corruption policy are available at www.starpharma.com/corporate_governance.

Principle 4: Safeguard the integrity of corporate reports

4.1 Audit and Risk Committee
The company has established an Audit and Risk Committee consisting of four independent non-executive directors. Details regarding composition, meetings and charter are set out in sections 2.1 and 2.1.2 of this Corporate Governance Statement.

External auditors
The company's policy is to appoint an external auditor who clearly demonstrates quality and independence. The performance of the external auditor is reviewed annually. The current auditor, PricewaterhouseCoopers, has been the external auditor of the company since it commenced operations. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years. Starpharma's audit engagement partner was last appointed in FY20. An analysis of fees paid to the external auditor is provided in note 19 to the FY21 financial statements in this annual report.

It is the policy of the external auditor to provide an annual declaration of their independence to the Audit and Risk Committee. The external auditor attends each AGM and is available to answer questions shareholders may have in relation to the Auditor's Report and the conduct of the audit

4.2 CEO and CFO declarations for financial statements
Before the Board approves the company's financial statements for the half year or full year, the CEO and the CFO are required to provide a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

These declarations have been provided by the CEO and CFO to the Board in respect of the 2021 half year financial statements and the 2021 full year financial statements which are included in this annual report.

4.3 Verification process for unaudited reports
The company has established processes for management to review, and verify the accuracy of information and ensure the appropriate balance of information in its corporate reporting. For example, the group's management has procedures in place with relevant staff to allow the CEO and CFO to make appropriate certifications prior to approval of Starpharma's quarterly cashflow and activities report. Where appropriate, the company uses a documented verification process for the information and data contained in other reports, such as the ESG report.

Principle 5: Make timely and balanced disclosures

5.1. Continuous disclosure policy
The company has developed a continuous disclosure and shareholder communication policy to ensure compliance with the ASX Listing Rules and to facilitate effective communication with shareholders.

The Board has appointed the Company Secretary as the person responsible for disclosure of information to the ASX. The CEO and Company Secretary are responsible for ensuring that all announcements made by Starpharma to the ASX are accurate, balanced and comply with legal and ASX requirements, and are expressed in a clear and objective manner that allows an investor or its professional advisers to understand its ramifications and to assess its impact on the price or value of Starpharma securities.

The policy also sets out the requirements for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co-ordinating disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Procedures have been established for reviewing whether there is any price sensitive information that should be disclosed to the market or whether any price sensitive information may have been inadvertently disclosed.

Except in exceptional circumstances, all ASX announcements (other than standard compliance announcements or newsletters with no new material information) require the approval of the Chairman, or another non-executive director in his absence.

A copy of the policy is available on the company's website at www.starpharma.com/corporate_governance

5.2. Board promptly receives material announcements
To ensure directors have visibility of Starpharma's market disclosures, the Board receives copies of all ASX announcements promptly as they are lodged with the ASX.

5.3. Investor presentations
AGM presentations and any investor presentations containing material new information are disclosed, in accordance with ASX listing rule 3.1. From time to time, the company will participate in investor, industry and scientific conferences, and for those events would typically publish an accompanying presentation on its website, or lodge it on the ASX announcements platform, as appropriate.

Principle 6: Respect the rights of shareholders

6.1 Information on website
The company provides ready access to its shareholders and members of the public to information about the company and its governance on its website at www.starpharma.com

6.2 Communication with investors
The company recognises that shareholders may not be aware of all group developments at all times, notwithstanding the release of information to the ASX in accordance with the company's continuous disclosure policy and the law. In addition to ensuring that all ASX announcements and company reports are available on the company's website as soon as possible following confirmation by the ASX of receipt of the announcement, the company will send to each shareholder who has so requested, either by post or email to their nominated address, annual reports.

ASX announcements are also posted on the OTCQX website (www.otcqx.com) in order to provide timely disclosure to US investors trading in the company's Level One ADRs (OTCQX:SPHRY). The company's website also has an option for shareholders to register their email address for direct email updates which the company may send for material company matters to, where they have previously been released to ASX and OTCQX.

6.3 Participation at Annual General Meetings
The AGM is generally held in November each year. The Notice of Meeting and related Explanatory Notes are distributed to shareholders in accordance with the requirements of the *Corporations Act 2001* (Cth).

The AGM provides an opportunity for the Board to communicate with shareholders through the Chairman's address and the CEO's presentation.

Shareholders are given the opportunity, through the Chairman, to ask general questions of the Board. Shareholders who are unable to attend the meeting in person may submit written questions together with their proxy form, to be addressed in the Chairman's address, the CEO's presentation or put to the meeting by the Chairman. For the 2020 AGM, the company used technology to conduct a virtual AGM, which included the ability for shareholders to ask questions. The external auditor attends each AGM and is available to answer questions shareholders may have in relation to the Auditor's Report and the conduct of the audit.

6.4 Voting by poll
All resolutions at Starpharma's shareholder meetings are voted on by poll rather than by show of hands.

6.5 Electronic communication with the company and its share registry
Shareholders and other interested parties are able to subscribe to Starpharma news via the company's website or to certain information via the company's share registry. Significant ASX announcements and financial reports are emailed to subscribers promptly following confirmation by the ASX of receipt of the relevant report or announcement.

Shareholders are also able to contact the company or submit questions or comments to the company's investor relations email address, and where appropriate, a response will be provided. No price sensitive information will be provided unless previously released to the ASX.

Principle 7: Recognise and manage risk

7.1. Audit and Risk Committee
The company has established an Audit and Risk Committee consisting of at least three independent non-executive directors. Details regarding its composition, meetings and charter are set out in section 2.1 and 2.1.2 of this Corporate Governance Statement.

7.2 Risk assessment and management
The Board, through the Audit and Risk Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The company operates in a challenging and dynamic environment, and risk management is viewed as integral to realising new opportunities as well as identifying issues that may have an adverse effect on the company's existing operations and its sustainability. The company is committed to a proactive approach towards risk management throughout its entire business operations. The Board aims to ensure that effective risk management practices become embedded in the company's culture and in the way activities are carried out at all levels of the group. The Board and management recognise the importance that risk management plays in ensuring the business is able to fully capitalise on the opportunities available to it, as well as mitigating potential loss.

Health and safety are considered to be of paramount importance and are the focus of significant risk management activities within the group. Other risk areas that are addressed include product liability, business continuity, cyber-security, reputation, intellectual property, product development and clinical trials. Adherence to the code of conduct is required at all times and the Board actively promotes a culture of quality and integrity. The Board has required management to design and implement a risk management and internal control system to manage the group's material business risks. The risk management policy sets out policies for the oversight of material business risks, and describes the responsibilities and authorities of the Board, the Audit and Risk Committee, the CEO, CFO & Company Secretary, and the senior management team. A summary of the policy is available on the company's website at www.starpharma.com/corporate_governance

The CEO and CFO & Company Secretary are responsible to the Board through the Audit and Risk Committee for the overall implementation of the risk management program. During the financial year management has reported to the Board as to the effectiveness of the group's management of its material risks.

7.3 Internal audit function
Given the size of the company, there is no internal audit function. As detailed in section 7.2 of this Corporate Governance Statement, detailed risk assessments are carried out in respect of a wide range of items, and where appropriate and possible, risk mitigation strategies are implemented to minimise the chance of the risks occurring, and to minimise any impact where a risk eventuates.

7.4 Sustainability risks and management
The company's key economic, environmental and social sustainability risks are outlined on pages 18 to 19 of the directors' report under the heading 'Material Business Risks'.

In addition to the risk assessment and management strategies outlined in section 7.2 of this Corporate Governance Statement and set out in the ESG section on page 12 of the annual report, as well as in the ESG Report available on Starpharma's website, the company utilises a number of risk mitigation strategies including employing qualified staff and consultants, external advisors, maintaining a portfolio/pipeline of products and applications, and holding insurance in a number of areas.

Principle 8: Remunerate fairly and responsible

8.1 Remuneration and Nomination Committee
The company has established a Remuneration and Nomination Committee consisting of three independent non-executive directors. Details regarding composition, meetings and charter are set out in sections 2.1 and 2.1.1 of this Corporate Governance Statement.

8.2 Non-executive and executive remuneration
Each member of the senior executive team has signed a formal employment contract covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. Each role has a position description which is reviewed by the CEO (or the committee in the case of the CEO) and relevant executive. Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the remuneration report on pages 21 to 43.

Executive directors and senior management receive a mix of fixed and variable pay, comprising both cash and equity incentives.

Non-executive directors receive fees only and do not receive bonus payments or equity incentives. Non-executive directors do not receive termination/retirement benefits, whereas executive directors and senior management are entitled to termination payments in accordance with the terms of their contracts (detailed on page 41).

8.3 Prohibition on hedging of unvested/restricted entitlements
Employees are prohibited from entering into transactions in products which limit the economic risk of any equity granted under an employee incentive scheme which are unvested or subject to a disposal restriction. Details in relation to this policy are contained in the securities dealing policy which is available at www.starpharma.com/corporate_governance

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These financial statements are the consolidated financial statements for the consolidated entity consisting of Starpharma Holdings Limited and its subsidiaries (collectively, "the group"). The financial statements are presented in dollars denominated in Australian currency. Starpharma Holdings Limited is a public company limited by shares, incorporated and domiciled in the State of Victoria, Australia.

Its registered office and principal place of business is:

Starpharma Holdings Limited
4-6 Southampton Crescent
Abbotsford, Victoria, 3067
Australia

A description of the nature of the group's operations and its principal activities is included in the Chief Executive Officer's Report on pages 3 to 11 and in the operating and financial review in the Directors' Report on pages 16 to 20, which are not part of this financial report.

The financial statements were authorised for issue by the directors on 26 August 2021. The directors have the power to amend and reissue the financial report.

Through the use of the internet, Starpharma ensures that corporate reporting is timely and complete. All recent press releases, financial reports and other information are available on the group's website (www.starpharma.com), as well as ASX announcements and releases available via the Australian Securities Exchange (www2.asx.com.au/markets/trade-our-cash-market/historical-announcements).

Consolidated Income Statement for the year ended 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Continuing operations			
Revenue	5	2,151	6,556
Cost of goods sold		(791)	(890)
Other income	5	1,336	559
Research and product development expense (net of R&D tax incentive)	6	(15,075)	(14,808)
Commercial and regulatory operating expense	6	(3,336)	(3,426)
Corporate, administration and finance expense	6	(4,017)	(2,669)
Loss before income tax		**(19,732)**	**(14,678)**
Income tax expense	7	-	-
Loss from continuing operations attributable to equity holders of the company		**(19,732)**	**(14,678)**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		**$**	**$**
Basic loss per share	25	($0.05)	($0.04)
Diluted loss per share	25	($0.05)	($0.04)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income for the year ended 30 June 2021

	30 June 2021	30 June 2020
	$'000	$'000
Loss for the period	**(19,732)**	**(14,678)**
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss	-	-
Other comprehensive income (loss) for the period	-	-
Total comprehensive income (loss) for the period	**(19,732)**	**(14,678)**

The above statement of consolidated comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet as at 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Current Assets			
Cash and cash equivalents	8	60,500	30,054
Trade and other receivables	9	8,534	6,128
Inventories	10	1,721	494
Total Current Assets		**70,755**	**36,676**
Non-Current Assets			
Property, plant and equipment	11	1,373	877
Right-of-use assets	13	1,110	1,525
Total Non-Current Assets		**2,483**	**2,402**
Total Assets		**73,238**	**39,078**
Current Liabilities			
Trade and other payables	12	7,954	4,472
Lease liabilities	13	692	604
Provision for employee benefits	14	1,371	1,184
Deferred income	5	412	437
Total Current Liabilities		**10,429**	**6,697**
Non-Current Liabilities			
Lease liabilities	13	475	970
Provision for employee benefits	14	34	85
Total Non-Current Liabilities		**509**	**1,055**
Total Liabilities		**10,938**	**7,752**
Net Assets		**62,300**	**31,326**
Equity			
Contributed capital	15	240,630	193,661
Reserves	16	24,077	20,340
Accumulated losses	17	(202,407)	(182,675)
Total Equity		**62,300**	**31,326**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 30 June 2021

	Notes	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019		**193,621**	**16,775**	**(167,997)**	**42,399**
Loss for the year		-	-	(14,678)	(14,678)
Other comprehensive income (loss)		-	-	-	-
Total comprehensive income (loss) for the year		**-**	**-**	**(14,678)**	**(14,678)**
Transactions with owners, recorded directly in equity					
Employee share plans	15	40	-	-	40
Employee performance rights plan	16	-	3,565	-	3,565
Total transactions with owners		**40**	**3,565**	**-**	**3,605**
Balance at 30 June 2020		**193,661**	**20,340**	**(182,675)**	**31,326**
Loss for the year		-	-	(19,732)	(19,732)
Other comprehensive income (loss)		-	-	-	-
Total comprehensive income (loss) for the year		**-**	**-**	**(19,732)**	**(19,732)**
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs		46,931	-	-	46,931
Employee share plans	15	38	-	-	38
Employee performance rights plan	16	-	3,737	-	3,737
Total transactions with owners		**46,969**	**3,737**	**-**	**50,706**
Balance at 30 June 2021		**240,630**	**24,077**	**(202,407)**	**62,300**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Cash Flows from Operating Activities			
Receipts from trade and other debtors (inclusive of GST)		2,436	7,229
Grant income and R&D tax incentives (inclusive of GST)		7,103	5,261
Payments to suppliers and employees (inclusive of GST)		(24,652)	(23,749)
Interest received		362	562
Interest paid		(57)	(79)
Net cash outflows from operating activities	24	**(14,808)**	**(10,776)**
Cash Flow from Investing Activities			
Payments for property, plant and equipment		(246)	(125)
Proceeds from sale of available-for-sale financial assets		-	-
Net cash outflows from investing activities		**(246)**	**(125)**
Cash Flow from Financing Activities			
Proceeds from issue of shares		48,862	-
Share issue transaction costs		(1,931)	-
Lease repayments		(628)	(584)
Net cash inflows (outflows) from financing activities		**46,303**	**(584)**
Net increase (decrease) in cash and cash equivalents held		**31,249**	**(11,485)**
Cash and cash equivalents at the beginning of the year		30,054	41,251
Effects of exchange rate changes on cash and cash equivalents		(803)	288
Cash and cash equivalents at the end of the year		**60,500**	**30,054**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Starpharma Holdings Limited ("the company" or "parent entity") and its subsidiaries (collectively, "the group" or "the consolidated entity").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Starpharma Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2020:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [AASB 9, AASB 139 and AASB 7]
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia [AASB 1054]
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iii) Early adoption of standards

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2020.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(vi) Going Concern

For the year ended 30 June 2021, the group has incurred losses from continuing operations of $19,732,000 (2020: $14,678,000) and experienced net cash outflows of $14,808,000 from operations (2020: $10,776,000), as disclosed in the income statement and statement of cash flows, respectively. The group is in the development and early commercialisation phase, and given the entity's strategic plans, the directors are satisfied regarding the availability of working capital for the period up to at least 31 August 2022. Accordingly, the directors have prepared the financial report on a going concern basis in the belief that the consolidated entity will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial report.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the group as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group has one subsidiary, Starpharma Pty Limited.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

(e) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in note 5.

(f) Government grants

Grants from the Australian government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all relevant conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. All government grants, with the exception of the Australian Government Research & Development Tax Incentive (note 3(ii)), are recorded in the income statement within Other Income (note 5).

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity, respectively. The company and its wholly-owned Australian controlled entity, Starpharma Pty Limited, are not consolidated for tax purposes.

(i) Investment allowances and similar tax incentives

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg. investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(h) Leases

The group's leasing policy is described in note 13.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite life are not subject to amortisation. They are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The amount of significant cash and cash equivalents not available for use is disclosed in note 8.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss. Trade receivables are generally due for settlement within 30 to 60 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of trade receivables is reviewed on an ongoing basis. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. An expected credit loss is recognised when there is objective evidence that the group will not be able to collect the relevant receivable.

(l) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Costs are assigned to individual items of inventory on the basis of weighted average. costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

The classification depends on the each entity's business model for managing the financial assets and the contractual terms of the cash flows.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) in the balance sheet.

1. Significant Accounting Policies (continued)

(n) Property, plant and equipment and leasehold improvements

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of the residual values, over their estimated useful lives. The expected useful lives are 2 to 20 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

The cost of improvements to or on leasehold properties is amortised over the remaining notice period under the premises lease (being 1.5 years at the reporting date) or the estimated useful life of the improvement to the group, whichever is shorter.

(o) Intangible assets

(i) Patents and licenses

Costs associated with patents are expensed as incurred. Licenses and acquired patents with a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licenses and patents over the period of the expected benefit, which is up to 20 years. As at the reporting date no patents or licenses are recognised as intangible assets.

(iii) Research and development

Research and development expenditure is expensed as incurred except that costs incurred on development projects, relating to the design and testing of new or improved products, are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. To date no research and development costs have been recognised as intangible assets.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(q) Provisions

Provisions for legal claims, service claims and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, and it is more probable than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate for the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessment of the time, value of money, and the risks specific to the liability. The increase of the provision due to the passage of time is recognised as interest expense.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual and long-service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(iii) Superannuation and Pension Benefits

Group companies make the statutory superannuation guarantee contribution in respect of each employee to their nominated complying superannuation or pension fund. In certain circumstances pursuant to an employee's employment contract the group companies may also be required to make additional superannuation or pension contributions and/or agree to make salary sacrifice superannuation or pension contributions in addition to the statutory guarantee contribution. The relevant entities legal or constructive obligation is limited to the above contributions. Contributions to the employees' superannuation or pension plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(iv) Share-based payments

Share-based compensation benefits are offered to employees via an Employee Performance Rights Plan and an Employee Share Plan ($1,000 Plan). Information relating to these plans is set out in note 26 and in the remuneration report under the directors' report.

The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period. Depending on the performance measure of the right vesting, the fair value at grant date represents either a volume weighted average price (VWAP) of shares leading up to the grant date, or a value calculated using a hybrid Monte-Carlo-trinomial option pricing model taking into account the absolute total shareholder return (TSR) target, the term of the right, the share price at grant date, the risk free rate, the expected dividend yield, expected share price volatility, the volatility of the relevant index, and the correlation between the share price and that index. The fair value excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of performance rights that are expected to become exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Under the Employee Share Plan ($1,000 Plan) shares are issued to employees for no cash consideration and vest at the earlier of three years or cessation of employment. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

(v) Bonus payments

The group recognises a liability and an expense for employee bonuses based on a formula that takes into consideration performance criteria that have been set. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

For non-cash incentives where equity is granted, please refer to note 26 and the remuneration report under the directors' report.

(vi) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or performance rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or performance rights, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable from, or payable to, the taxation authority and are included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(w) Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(x) Parent entity financial information

The financial information for the parent entity disclosed in note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Share-based payments

The grant by the parent entity of rights over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2. Financial Risk Management

The group's activities expose it to a variety of financial risks; including market risk, credit risk and liquidity risk. The group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The Chief Executive Officer, and Chief Financial Officer & Company Secretary, under the guidance of the Audit and Risk Committee and the Board, have responsibility for the financial risk management program.

(a) Market risk

(i) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The group operates internationally and is exposed to foreign exchange risk arising from currency exposures to major currencies including United States dollars (US$) and Great British pounds (£).

On the basis of the nature of these transactions, the group does not use derivative financial instruments to hedge such exposures but maintains cash and deposits in Australian dollars, United States dollars and Great British pounds. The directors regularly monitor the potential impact of movements in foreign exchange exposure.

The exposure to foreign currency risk at the reporting date calculated using the closing exchange rate as at 30 June 2021 for US$ of $0.7518 and for £ of $0.5429 was as follows:

	30 June 2021 US$ $'000	30 June 2020 US$ $'000	30 June 2021 £ £'000	30 June 2020 £ £'000
Cash and cash equivalents	4,461	6,317	955	1,518
Trade and other receivables	255	17	253	-
Trade and other payables	469	331	1,678	1,426

Group Sensitivity

The group is mainly exposed to US$ and £ on foreign currencies held, receivable and payable. The following table details the group's sensitivity to a 10% increase and decrease in the Australian dollar against the US$ or £. A positive number indicates a favourable movement; that is an increase in profit or reduction in the loss.

	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 £'000	30 June 2020 £'000
Impact on profit / (loss) on a movement of	**US$**	**US$**	**£**	**£**
Australian dollar strengthens (increases) against the foreign currency by 10%	(514)	(795)	79	(15)
Australian dollar weakens (decreases) against the foreign currency by 10%	628	972	(96)	18

(ii) Cash Flow Interest Rate Risk

The group holds interest bearing assets and therefore the income and operating cash flows are exposed to market interest rates. At the end of the reporting period, the group had the following value of term and at call deposits. Refer to note 8 for additional information.

	30 June 2021 $'000	30 June 2020 $'000
Term Deposits and deposits at call	57,299	25,984

Group Sensitivity

At 30 June 2021, if interest rates changed by 50 basis points (0.50%) either higher or lower from the year end rates with all other variables held constant, group profit for the year would have been $193,000 higher or lower (2020 - change of 50 bps: $131,000 higher/lower) due to either higher or lower interest income from cash or cash equivalents.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures from sales and distribution, product supply, licensing and royalty agreements. Credit risk for cash and deposits with banks and financial institutions is managed by maximising deposits held under major Australian banks. All cash and deposits are held with major Australian banks, with the majority being held with the National Australia Bank and Commonwealth Bank of Australia. Other than government grants, tax incentives and taxes receivable, third party receivables largely consist of customer receivables from leading, multinational organisations.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and marketable securities. The directors regularly monitor the cash position of the group, giving consideration to the level of expenditure and future capital commitments.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Income Taxes

The group is subject to income taxes in Australia. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. The group has not recognised deferred tax assets or liabilities, including from carried forward losses, due to the realisation of such benefits being uncertain. The utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are sought to be recouped.

ii) Australian Government Research & Development Tax Incentives

The group's research and development activities are eligible under an Australian Government tax incentive for eligible expenditure from 1 July 2011. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. For the period to 30 June 2021 the group has recorded a contra research and development expense of $7,248,000 (2020: $5,669,000). The total R&D Tax Incentive receivable recorded at 30 June 2021 is $7,233,000 (2020: $5,670,000).

4. Segment Information

The group has determined that on the basis of internal reporting and monitoring to the Chief Executive Officer, who is the chief operating decision maker, the group operates in one business segment, being the discovery, development and commercialisation of dendrimers for pharmaceutical, life science and other applications.

5. Revenue and Other Income

Revenue and other income from continuing operations	30 June 2021 $'000	30 June 2020 $'000
Revenue from contracts with customers	1,798	6,033
Interest revenue	353	523
Total revenue from continuing operations	**2,151**	**6,556**
Other income	1,336	559
Total revenue and other income from continuing operations	**3,487**	**7,115**

Disaggregation of revenue from contracts with customers
Revenue from contracts with customers includes licensing revenue, products sales, royalties, and research revenue from partners.

Total revenue from contracts with customers for the year was $1,798,000 (2020: $6,033,000) which is predominately product sales and royalties on VIRALEZE™ and VivaGel® products. Revenue from contracts with customers in the prior year included A$4,339,000 on AstraZeneca triggering a non-recurring US$3 million milestone for the first dose of AZD0466 administered in the phase 1 trial of its first DEP® product.

5. Revenue and Other Income (continued)

Assets and liabilities related to contracts with customers
The group has recognised the following current assets and current liabilities related to contracts with customers:

	30 June 2021 $'000	30 June 2020 $'000
Trade and other receivables	488	40
Contract liabilities	(1,141)	(437)

Customer trade and other receivables as at 30 June 2021 are $488,000. The movement from the prior year reflects VIRALEZE™ and VivaGel® BV product sales within standard terms of settlement of up to 60 days.

Contract liabilities include $399,000 for potential VivaGel® BV product discounts, that are dependent on product registrations in certain countries, and $729,000 for VIRALEZE™ product sales returns from LloydsPharmacy following the decision to temporarily pause commercial sales of VIRALEZE™ following the UK Medicines and Healthcare products Regulatory Agency (MHRA) review of the product promotional claims. A corresponding right to the returned goods from LloydsPharmacy has been recognised in inventories, see note 10.

Performance obligations
Revenue is recognised when the company satisfies a performance obligation by transferring control of the promised good or service to a customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. Information about the company's performance obligations are summarised below:

(i) Licensing revenue and royalties
Typically, a licence granted by the company provides the customer with the right to use, but not own, the company's intellectual property as it exists at the point in time the licence is granted. The company may receive signature payments, milestone payments for specific development (such as clinical or regulatory) or commercial based outcomes, and/or sales-based royalties as consideration for the licence. The performance obligation(s) for a licence are usually satisfied upon, or soon after, the granting of the licence to the partner. Signature payments are normally fixed, where-as development and commercial milestones are variable consideration as they are dependent on the achievement of certain events in the future. The company's estimate of variable consideration will only be recognised to the extent it is highly probable that a significant revenue reversal will not occur in future periods.

Royalties based on sales of product are recognised when the customer's sales of product occur. Where consideration includes guaranteed minimum royalties, they are recognised when the licence is granted or when they are no longer subject to constraint.

Milestones payments are generally due within 30 to 60 days from timing of the milestone event. Royalties are generally due 30 to 60 days after the end of the defined royalty reporting period.

(ii) Product sales
The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 60 days from delivery. Some contracts provide customers with a right of return for product non-conformance, or discounts based on product shelf-life, which may give rise to variable consideration subject to constraint.

(iii) Research revenue
The performance obligation is satisfied over-time upon completion of outlined deliverables and payment is generally due within 30 to 60 days of achievement of each deliverable.

Other income
Other income of $1,336,000 (2020: $559,000) includes grant funding awarded by the Medical Research Future Fund (MRFF) to expedite development and commercialisation of VIRALEZE™ ($877,000), as well as the final payment from phase one of the Australian Government's JobKeeper Payment scheme ($376,000). Despite remaining eligible to receive additional monies following the successful completion of the company's capital raising, the group elected not to pursue additional monies under the JobKeeper Payment scheme which ended on 27 September 2020. There are no unfulfilled conditions or other contingencies attaching to any grants.

6. Expenses

Loss from continuing operations before income tax expense includes the following items:	30 June 2021 $'000	30 June 2020 $'000
R&D tax incentive (contra expense)[1]	(7,248)	(5,669)
Employee benefits expenses (including share-based payments)	11,094	10,275
Depreciation of property, plant and equipment	298	275
Depreciation of right-of-use assets	636	636

[1] Included within the research and product development expense line item in the consolidated income statement.

7. Income Tax Expense

	30 June 2021 $'000	30 June 2020 $'000
(a) Income tax expense/(credit)		
Current Tax / Deferred Tax	–	–
Total income tax expense	**–**	**–**
Income tax attributable to continuing operations	–	–
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(19,732)	(14,678)
Tax at the Australian tax rate of 30% (2020: 30%)	(5,920)	(4,403)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Eligible expenses claimed under R&D tax incentive	2,814	2,209
Share-based payments	1,133	1,081
Sundry items	109	(287)
Future income tax benefits not brought to account	1,864	1,400
Income tax expense	**–**	**–**
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable)	126,175	119,974
Potential tax benefit	**37,852**	**35,992**
(d) Unrecognised temporary differences		
Temporary differences for which no deferred tax asset has been recognised (as recovery is currently not probable)	5,722	3,439
Unrecognised deferred tax relating to the temporary differences	**1,717**	**1,032**
(e) Deferred tax liabilities		
Unrecognised deferred tax liabilities relating to the above temporary differences:		
Lease right-of-use assets	333	457
Property, plant and equipment	201	-
Sundry items	4	5
Total deferred tax liabilities	**538**	**462**
Set-off of deferred tax assets pursuant to set-off provisions	(538)	(462)
Net deferred tax liabilities	**–**	**–**

Deferred tax assets and deferred tax liabilities have been set-off as there is a legally recognised right to set-off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the relevant tax authority. Deferred tax assets are mainly attributable to unused tax losses. Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 30 June 2021 because the directors do not presently believe that it is appropriate to regard realisation of the future income tax benefit as probable. Similarly, future benefits attributable to net temporary differences have not been brought to account as the directors do not regard the realisation of such benefits as probable.

Realisation of the benefit of tax losses would be subject to the group satisfying the conditions for deductibility imposed by tax legislation and no subsequent changes in tax legislation adversely affecting the group. The group has made an assessment as to the satisfaction of deductibility conditions at 30 June 2021 which it believes will be satisfied.

8. Current Assets – Cash and Cash Equivalents

	30 June 2021 $'000	30 June 2020 $'000
Cash at bank and on hand	3,201	4,070
Term Deposits and deposits at call	57,299	25,984
	60,500	**30,054**

Cash at bank and on hand
The cash is bearing floating interest rates based on current bank rates.

Term deposits and deposits at call
The term deposits have maturities of 3 months or less. Funds in deposits at call allow the group to withdraw funds on demand.

Deposits not available
There is $1,159,000 (2020: $558,000) of term deposits not available for use due to funds being utilised as security for a bank guarantee on the company's property lease, and for a finance lease facility.

Interest rate risk
Current receivables are non-interest bearing.

30 June 2021		Floating Interest rate	Fixed interest maturing		Non-interest bearing		
	Notes	$'000	1 year or less $'000	1 to 5 years $'000	$'000	Total $'000	Contractual cash flows
Financial Assets							
Cash & deposits	8	51,214	6,373	–	2,913	60,500	N/A
Receivables	9	–	–	–	8,534	8,534	8,534
		51,214	**6,373**	**–**	**11,447**	**69,034**	**8,534**
Weighted average interest rate		*0.7%*	*0.2%*	*–%*	*–%*		
Financial Liabilities							
Payables	12	–	–	–	7,954	7,954	7,954
Lease liabilities	13	–	692	475	–	1,167	1,167
		–	**692**	**475**	**7,954**	**9,121**	**9,121**
Weighted average interest rate		*–%*	*4.3%*	*3.9%*	*–%*		

30 June 2020		Floating Interest rate	Fixed interest maturing		Non-interest bearing		
	Notes	$'000	1 year or less $'000	1 to 5 years $'000	$'000	Total $'000	Contractual cash flows
Financial Assets							
Cash & deposits	8	4,571	21,655	–	3,828	30,054	N/A
Receivables	9	–	–	–	6,128	6,128	6,128
		4,571	**21,655**	**–**	**9,956**	**36,182**	**6,128**
Weighted average interest rate		*0.8%*	*0.7%*	*–%*	*–%*		
Financial Liabilities							
Payables	12	–	–	–	4,472	4,472	4,472
Lease liabilities	13	–	604	970	–	1,574	1,574
		–	**604**	**970**	**4,472**	**6,046**	**6,046**
Weighted average interest rate		*–%*	*4.4%*	*4.4%*	*–%*		

9. Current Assets – Trade and Other Receivables

	30 June 2021 $'000	30 June 2020 $'000
Trade and grant receivables	7,905	5,905
Interest receivables	2	10
Prepayments	95	41
Other receivables	532	172
	8,534	**6,128**

Trade and grant receivables
Trade and grant receivables primarily comprise of $7,233,000 (2020: $5,670,000) of expenditure reimbursable under the Australian Government's Research & Development tax incentive scheme, with the balance related to other government grants receivable, and customer receivables from VIRALEZE™ and VivaGel® BV partners. Customer receivables are subject to normal terms of settlement within 30 to 60 days.

Other receivables
Other receivables comprise sundry debtors and GST/VAT claimable and are subject to normal terms of settlement within 30 to 90 days.

Credit risk
The group considers that there is no significant credit risk with respect to trade and other receivables. Grant receivables are with government bodies and trade receivables are from large companies.

Impaired receivables
As at 30 June 2021, there were no material trade and grant receivables that were past due (2020: nil). The group applies the accounting policy in note 1(k) to trade receivables. Under the expected credit loss model, no receivables are considered impaired at 30 June 2021 (2020: nil).

10. Inventories

Current Assets	30 June 2021 $'000	30 June 2020 $'000
Raw materials	909	494
Work in progress	68	-
Finished goods	618	-
Finished goods – right to recover products (see note 5)	126	-
	1,721	**494**

Assigning costs to inventories
The costs of individual items of inventory are determined using the weighted average cost method. See note 1(l) for detail on the group's accounting policy for inventories.

Amounts recognised in profit or loss
Inventories recognised as an expense during the year ended 30 June 2021 amounted to $791,000 (2020: $890,000). These were included in cost of goods sold.

Write-downs of inventories to net realisable value amounted to $67,000 (2020: Nil). These were included in cost of goods sold.

Finished goods
Finished goods are products that are subject to a customer purchase order, have completed production, or are awaiting delivery to the customer. The group has recognised a right to recover products of $126,000 for VIRALEZE™ product held by LloydsPharmacy at 30 June 2021.

11. Non-Current Assets – Property, Plant and Equipment

	Plant and Equipment $'000	Leasehold improvements $'000	Total $'000
At 30 June 2019			
Cost	3,607	656	4,263
Accumulated depreciation	(2,728)	(485)	(3,213)
Net book amount	**879**	**171**	**1,050**
Year ended 30 June 2020			
Opening net book amount	879	171	1,050
Adjustment for change in accounting policy	(22)	-	(22)
Restated opening net book amount	**856**	**171**	**1,028**
Additions	126	-	126
Disposals	(1)	-	(1)
Depreciation	(225)	(50)	(275)
Closing net book amount	**756**	**121**	**877**
At 30 June 2020			
Cost	3,620	656	4,276
Accumulated depreciation	(2,864)	(535)	(3,399)
Net book amount	**756**	**121**	**877**
Year ended 30 June 2021			
Opening net book amount	756	121	877
Additions	792	3	795
Disposals	-	-	-
Depreciation	(249)	(50)	(299)
Closing net book amount	**1,299**	**74**	**1,373**
At 30 June 2021			
Cost	4,412	659	5,071
Accumulated depreciation	(3,113)	(585)	(3,698)
Net book amount	**1,299**	**74**	**1,373**

12. Current Liabilities – Trade and Other Payables

	30 June 2021 $'000	30 June 2020 $'000
Trade payables and accruals	6,711	4,394
Other payables	1,243	78
	7,954	**4,472**

Trade payables and accruals

The majority of trade payables are related to expenditure associated with the group's research and product development programs, and the contract liability to LloydsPharmacy for VIRALEZE™ product sales returns (refer to note 5).

13. Current and Non-Current Assets/Liabilities – Leases

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	30 June 2021 $'000	30 June 2020 $'000
Premises	915	1,525
Plant and equipment	195	-
	1,110	**1,525**
Lease liabilities		
Current	692	604
Non-current	475	970
	1,167	**1,574**

The group leases premises (laboratory and offices space) until 19 December 2022, with an extension option. Payments associated with the option period are not included in the initial measurement of lease assets and liabilities as the exercise of the relevant option is uncertain.

The group also leases scientific equipment generally over a three to five year term.

The consolidated income statement includes the following amounts relating to leases:

Depreciation charge of right-of-use assets	30 June 2021 $'000	30 June 2020 $'000
Premises	610	610
Plant and equipment	26	26
Depreciation charge of right-of-use assets	**636**	**636**
Interest expense on lease liabilities	57	79
Expense relating to leases of low-value assets	7	8
Expense relating to variable lease payments not included in lease liabilities	70	68
Total cash outflow for leases	685	664

14. Current and Non-Current Liabilities – Provision for Employee Benefits

Leave obligations	30 June 2021 $'000	30 June 2020 $'000
Current	1,371	1,184
Non-current	34	85
	1,405	**1,269**

The leave obligations represent the group's liability for employee long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, and the unconditional entitlements to long service leave where employees have completed the required period of service. However, based on past experience, the group does not expect all employees to take the full amount of current accrued leave or require payment of the entire amount within 12 months from the reporting date. Current leave obligations expected to be settled after the date which is 12 months from the reporting date is $1,015,000 (2020: $843,000).

Refer to note 1(r) for further information.

15. Contributed Equity

(a) Share capital

	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Share Capital				
Ordinary shares – fully paid	406,078,026	372,562,687	240,630	193,661

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
1 Jul 2020		372,562,687		193,661
23 Sep 2020	Employee performance rights plan share issue	188,281	$ –	–
30 Oct 2020	Employee performance rights plan share issue	689,543	$ –	–
6 Oct 2020	Share placement	30,000,000	$ 1.50	45,000
4 Nov 2020	Share purchase plan	2,574,701	$ 1.50	3,862
	Less transaction costs for share placement and share purchase plan			(1,931)
27 Jan 2021	Employee share plan ($1,000) issue	24,814	$ 1.53	38
9 Apr 2021	Employee performance rights plan share issue	38,000	$ –	–
	Balance at 30 June 2021	**406,078,026**		**240,630**

Date	Details	Number of shares	Issue Price	$'000
1 Jul 2019		371,694,347		193,621
29 Jul 2019	Employee performance rights plan share issue	26,196	$ –	–
1 Oct 2019	Employee performance rights plan share issue	233,730	$ –	–
17 Oct 2019	Employee performance rights plan share issue	33,600	$ –	–
4 Dec 2019	Employee performance rights plan share issue	495,895	$ –	–
24 Jan 2020	Employee share plan ($1,000) issue	32,920	$1.22	40
24 Jan 2020	Employee performance rights plan share issue	25,600	$ –	–
20 Mar 2020	Employee performance rights plan share issue	20,399	$ –	–
	Balance at 30 June 2020	**372,562,687**		**193,661**

(c) Ordinary shares

As at 30 June 2021 there were 406,078,026 issued ordinary shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a duly convened shareholder meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have authorised capital. There is no current on-market share buy-back.

(d) Employee Share Plan ($1,000 Plan)

Information relating to the Employee Share Plan, including details of shares issued under the plan, is set out in note 26.

(e) Employee Performance Rights Plan

Information relating to the Employee Performance Rights Plan, including details of rights issued under the plan, is set out in note 26.

(f) Capital risk management

The group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

16. Reserves

(a) Reserves

	30 June 2021 $'000	30 June 2020 $'000
Share-based payments reserve	24,077	20,340
	24,077	**20,340**

(b) Movement in reserves

Share-based payments reserve	30 June 2021 $'000	30 June 2020 $'000
Balance at 1 July	20,340	16,775
Performance right expense	3,737	3,565
Balance at 30 June	**24,077**	**20,340**

(c) Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

17. Accumulated Losses

	30 June 2021 $'000	30 June 2020 $'000
Accumulated losses balance at 1 July	(182,675)	(168,001)
Application of AASB 16 Leases	-	4
Net loss for the year	(19,732)	(14,678)
Accumulated losses balance at 30 June	**(202,407)**	**(182,675)**

18. Related Party Transactions

(a) Parent entity and subsidiaries

The parent entity of the group is Starpharma Holdings Limited. Interests in subsidiaries are set out in note 23.

(b) Transactions with related parties

There are related party transactions within the group between the parent and subsidiaries. Transactions include funds advanced to/from entities and the associated interest charge; and management and services fees. All transactions were made on an arm's length basis.

(c) Key management personnel compensation

	30 June 2021 $	30 June 2020 $
Short-term employee benefits	2,470,508	1,964,009
Post-employment benefits	133,993	130,263
Other long-term benefits	31,994	39,955
Share-based payments	1,928,562	1,814,869
	4,565,057	**3,949,096**

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 43.

19. Remuneration of Auditors

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated group are important. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below. During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30 June 2021 $	30 June 2020 $
Statutory audit services		
Audit or review of financial reports of the entity or any entity in the consolidated entity		
PricewaterhouseCoopers	146,462	146,462
Total remuneration for statutory audit services	**146,462**	**146,462**

No other non-audit services were performed in the current or prior year.

20. Events Occurring After the Balance Sheet Date

No matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect:
(a) the consolidated entity's operations in future financial years; or
(b) the results of those operations in future financial years; or
(c) the consolidated entity's state of affairs in future financial years.

21. Commitments

(a) Capital Commitments

There is no material capital expenditure contracted not recognised as liabilities at the reporting date (2020: nil).

(b) Termination Commitments

The service contracts of key management personnel include benefits payable by the group on termination of the employee's contract. Refer to the remuneration report for details of these commitments.

22. Contingencies

Starpharma has licensed VivaGel® BV in the United States to ITF Pharma and is eligible to receive up to US$101M in regulatory approval and commercialisation milestones, plus royalties on net sales. Upon receipt of cash proceeds under the licence, Starpharma is required to pay a small proportion of its receipts to an investment bank which advised on the competitive licence process, up to a maximum of US$1.35M over the life of the licence (2020: US$1.35M).

Starpharma engaged a number of service providers to develop and assist with the implementation of a full direct to market commercialisation plan for VIRALEZE™ antiviral nasal spray. In order to preserve capital, Starpharma negotiated to defer a majority of the fee to a service provider until such time that the group begins recognising VIRALEZE™ sales and licensing proceeds. Pursuant to this arrangement, the maximum remaining amount payable by the group to the service provider is A$1.2M (30 June 2020: A$Nil), subject to VIRALEZE™ sales performance and licensing proceeds.

The company has no contingent assets at 30 June 2021 (2020: nil).

23. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

			Equity Holding	
Name of entity	Country of Incorporation	Class of Shares	2021 %	2020 %
Starpharma Pty Limited	Australia	Ordinary	100.00%	100.00%

24. Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities

	30 June 2021 $'000	30 June 2020 $'000
Operating profit/(loss) after tax	(19,732)	(14,678)
Depreciation and amortisation	935	911
Foreign exchange (gain)/loss	803	(288)
Non-cash employee benefits: share-based payments	3,737	3,605
Net gain/(loss) on sale of property, plant and equipment	-	(1)
Change in operating assets and liabilities, net of effects of acquisitions and disposals of entities:		
Decrease/(increase) in receivables and other assets	(2,369)	31
(Increase)/decrease in inventories	(1,227)	(95)
Increase/(decrease) increase in trade creditors	2,934	(445)
Increase in employee provisions	136	175
Increase/(decrease) in deferred income	(25)	9
Net cash outflows from operating activities	**(14,808)**	**(10,776)**

25. Earnings Per Share

	30 June 2021	30 June 2020
Basic earnings/(loss) per share / Diluted earnings/(loss) per share		
Total earnings/(loss) per share attributable to the ordinary equity holders of the company ($)	(0.05)	(0.04)
Reconciliations of earnings/(loss) used in calculating earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings/(loss) per share: ($'000)	(19,732)	(14,678)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	396,875,857	372,231,992

As at 30 June 2021 the company had on issue 17,472,497 (30 June 2020: 14,780,525) performance rights. The rights are not included in the determination of basic earnings per share. The rights are also not included in the determination of diluted earnings per share. They are not considered dilutive as their conversion would not increase loss per share from continuing operations.

26. Share-Based Payments

Performance Rights

(a) Employee Performance Rights Plan
In 2010 the Board approved the introduction of the Employee Performance Rights Plan (Plan), which was subsequently approved by shareholders at the 2011, 2014, 2017 and 2020 annual general meetings. All executives and staff, including the Chief Executive Officer, are eligible to participate in the Plan. The Plan allows for the issue of performance rights (being rights to receive fully paid ordinary shares subject to continued employment with the company and the satisfaction of certain performance hurdles over a specified period). Performance rights are granted under the Plan for no consideration. The objective of the Plan is to assist in the recruitment, reward, retention and motivation of employees of the company.

(b) Fair value of performance rights granted
The weighted average assessed fair value at grant date of performance rights granted during the year ended 30 June 2021 was $1.41 per right (2020: $1.14). There were 4,281,654 performance rights granted in the current year (2020: 2,969,830).

The estimated fair value at grant date of rights with a Total Shareholder Return (TSR) performance measure have been valued using a hybrid Monte-Carlo-trinomial option pricing model taking into account the absolute TSR target, the term of the right, the share price at grant date, the risk free rate, the expected dividend yield, expected share price volatility, the volatility of the relevant index, and the correlation between the share price and that index. All other rights incorporate Key Performance Indicator (KPI) measures, and the fair value at grant date of these rights represents a volume weighted average price (VWAP) of shares leading up to the grant date.

Set out below are summaries of performance rights:

2021

Grant Date	Vesting Date	Balance at start of the year	Granted during the year	Converted during the year	Forfeited during the year	Balance at end of the year
		Number	Number	Number	Number	Number
11 Nov 2015	30 Jun 2017[1]	251,625	–	6,000	–	245,625
11 Nov 2015	30 Sep 2018[1]	1,115,794	–	64,000	–	1,051,794
19 Nov 2015	30 Jun 2017[1]	181,001	–	–	–	181,001
19 Nov 2015	30 Sep 2018[1]	836,260	–	–	–	836,260
13 Oct 2016	30 Jun 2018[1]	281,314	–	4,000	–	277,314
13 Oct 2016	30 Sep 2019[1]	1,528,234	–	204,862	–	1,323,372
29 Nov 2016	30 Jun 2018[1]	172,842	–	–	–	172,842
29 Nov 2016	30 Sep 2019[1]	846,281	–	–	–	846,281
10 Aug 2017	30 Jun 2019[1]	434,260	–	24,280	–	409,980
10 Aug 2017	30 Sep 2020[1]	2,451,673	–	499,455	210,671	1,741,547
29 Nov 2017	30 Jun 2019[1]	197,226	–	–	–	197,226
29 Nov 2017	30 Sep 2020[1]	895,879	–	–	159,214	736,665
16 Aug 2018	30 Jun 2020[1]	170,356	–	–	–	170,356
16 Aug 2018	30 Sep 2021	814,000	–	–	–	814,000
2 Nov 2018	30 Jun 2020[1]	210,827	–	113,227	–	97,600
2 Nov 2018	30 Sep 2021	833,409	–	–	52,800	780,609
29 Nov 2018	30 Jun 2020[1]	112,708	–	–	–	112,708
29 Nov 2018	30 Sep 2021	539,921	–	–	–	539,921
17 Oct 2019	30 Jun 2021[1]	448,344	–	–	69,310	379,034
17 Oct 2019	30 Sep 2022	1,787,575	–	–	86,400	1,701,175
21 Nov 2019	30 Jun 2021[1]	134,199	–	–	32,879	101,320
21 Nov 2019	30 Sep 2022	536,797	–	–	–	536,797
30 Oct 2020	30 Jun 2021[1]	–	567,083	–	5,624	561,459

30 Oct 2020	30 Jun 2022	–	548,270	–	11,392	536,878
30 Oct 2020	30 Jun 2023	–	2,193,080	–	45,568	2,147,512
20 Nov 2020	30 Jun 2021[1]	–	176,755	–	–	176,755
20 Nov 2020	30 Jun 2022	–	159,293	–	–	159,293
20 Nov 2020	30 Jun 2023	–	637,173	–	–	637,173
Total		**14,780,525**	**4,281,654**	**915,824**	**673,858**	**17,472,497**

[1] The balance of rights at end of the year have vested and remain available for employees to exercise into shares.

2020

Grant Date	Vesting Date	Balance at start of the year	Granted during the year	Converted during the year	Forfeited during the year	Balance at end of the year
		Number	Number	Number	Number	Number
11 Nov 2015	30 Jun 2017[1]	299,325	–	47,700	–	251,625
11 Nov 2015	30 Sep 2018[1]	1,364,555	–	248,761	–	1,115,794
19 Nov 2015	30 Jun 2017[1]	181,001	–	–	–	181,001
19 Nov 2015	30 Sep 2018[1]	836,260	–	–	–	836,260
13 Oct 2016	30 Jun 2018[1]	351,084	–	69,770	–	281,314
13 Oct 2016	30 Sep 2019[1]	1,990,600	–	307,499	154,867	1,528,234
29 Nov 2016	30 Jun 2018[1]	172,842	–	–	–	172,842
29 Nov 2016	30 Sep 2019[1]	876,978	–	–	30,697	846,281
10 Aug 2017	30 Jun 2019[1]	595,950	–	161,690	–	434,260
10 Aug 2017	30 Sep 2020	2,546,080	–	–	94,407	2,451,673
29 Nov 2017	30 Jun 2019[1]	197,226	–	–	–	197,226
29 Nov 2017	30 Sep 2020	895,879	–	–	–	895,879
16 Aug 2018	30 Jun 2020[1]	203,500	–	–	33,144	170,356
16 Aug 2018	30 Sep 2021	814,000	–	–	–	814,000
2 Nov 2018	30 Jun 2020[1]	236,747	–	–	25,920	210,827
2 Nov 2018	30 Sep 2021	946,987	–	–	113,578	833,409
29 Nov 2018	30 Jun 2020[1]	134,980	–	–	22,272	112,708
29 Nov 2018	30 Sep 2021	539,921	–	–	–	539,921
17 Oct 2019	30 Jun 2021	–	459,767	–	11,423	448,344
17 Oct 2019	30 Sep 2022	–	1,839,067	–	51,492	1,787,575
21 Nov 2019	30 Jun 2021	–	134,199	–	–	134,199
21 Nov 2019	30 Sep 2022	–	536,797	–	–	536,797
Total		**13,183,915**	**2,969,830**	**835,420**	**537,800**	**14,780,525**

[1] The balance of rights at end of the year have vested and remain available for employees to exercise into shares.

26. Share-Based Payments (continued)

Information used in assessing the fair value of performance rights granted during the year ended 30 June 2021 is as follows:

Right grant date	30 October 2020	30 October 2020	30 October 2020	30 October 2020
Number of rights granted	567,083	548,270	2,048,142	144,938
Vesting date	30 June 2021	30 June 2022	30 September 2023	30 September 2023
Performance Measure	KPIs	KPIs	KPIs	TSR
Expected price volatility of the company's shares	60%	60%	60%	60%
Risk-free interest rate	0.04%	0.04%	0.10%	0.10%
Expected dividend yield	–	–	–	–
Share price at grant date	$1.47	$1.47	$1.47	$1.47
Assessed fair value	$1.47	$1.47	$1.47	$1.20

Right grant date	20 November 2020	20 November 2020	20 November 2020	20 November 2020
Number of rights granted	176,755	159,293	446,021	191,152
Vesting date	30 June 2021	30 June 2022	30 September 2023	30 September 2023
Performance Measure	KPIs	KPIs	KPIs	TSR
Expected price volatility of the company's shares	60%	60%	60%	60%
Risk-free interest rate	0.04%	0.04%	0.10%	0.10%
Expected dividend yield	–	–	–	–
Share price at grant date	$1.32	$1.32	$1.32	$1.32
Assessed fair value	$1.32	$1.32	$1.32	$0.96

Information used in assessing the fair value of performance rights granted during the year ended 30 June 2020 is as follows:

Right grant date	17 October 2019	17 October 2019	17 October 2019
Number of rights granted	459,767	1,716,967	122,100
Vesting date	30 June 2021	30 September 2022	30 September 2022
Performance Measure	KPIs	KPIs	TSR
Expected price volatility of the company's shares	50%	50%	50%
Risk-free interest rate	0.61%	0.75%	0.75%
Expected dividend yield	–	–	–
Share price at grant date	$1.15	$1.15	$1.15
Assessed fair value	$1.15	$1.15	$0.71

Right grant date	21 November 2019	21 November 2019	21 November 2019
Number of rights granted	134,199	375,758	161,039
Vesting date	30 June 2021	30 September 2022	30 September 2022
Performance Measure	KPIs	KPIs	TSR
Expected price volatility of the company's shares	50%	50%	50%
Risk-free interest rate	0.57%	0.70%	0.70%
Expected dividend yield	–	–	–
Share price at grant date	$1.29	$1.29	$1.29
Assessed fair value	$1.29	$1.29	$0.85

Share price volatility and the risk-free interest rate are obtained through an independent valuation.

Shares

(a) Employee Share Plan ($1,000 Plan)

All staff are eligible to participate in the Starpharma Employee Share Plan ($1,000 Plan). The objective of the $1,000 Plan is to assist in the reward, retention and motivation of employees of the group. An annual allocation of up to $1,000 of shares may be granted and taxed on a concessional basis. Shares are granted under the $1,000 Plan for no consideration and are escrowed for 3 years whilst participants are employed by the group.

(b) Fair value of shares granted

The weighted average fair value at grant date of shares granted under the $1,000 Plan during the year ended 30 June 2021 was $1.53 (2020: $1.22 per share). The fair value at grant date is determined by the share price on the date of grant. These shares were granted for no consideration. There was no allocation of shares under the plan to key management personnel.

Information used in assessing the fair value of shares granted during the year ended 30 June 2021 is as follows:

Share grant date	27 January 2021
Number of shares granted	24,814
Share price at grant date	$1.53
Assessed fair value	$1.53

Information used in assessing the fair value of shares granted during the year ended 30 June 2020 is as follows:

Share grant date	24 January 2020
Number of shares granted	32,920
Share price at grant date	$1.22
Assessed fair value	$1.22

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	30 June 2021 $'000	30 June 2020 $'000
Employee shares issued	38	40
Employee performance rights	3,737	3,565
	3,775	**3,605**

27. Parent Entity Financial Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	30 June 2021 $'000	30 June 2020 $'000
Balance Sheet		
Current assets	56,244	25,514
Total assets	56,244	25,514
Current liabilities	797	691
Total liabilities	797	691
Shareholders' equity		
Contributed equity	240,630	193,661
Reserves	23,568	19,433
Accumulated losses	(208,751)	(188,270)
Loss for the year	(20,481)	(15,651)
Total comprehensive income	(20,481)	(15,651)

(b) Contingencies of the parent entity

The parent entity has no contingent assets or liabilities at 30 June 2021 (2020: nil).

Directors' Declaration for the year ended 30 June 2021

In the directors' opinion:

(a) the financial statements and notes set out on pages 53 to 80 are in accordance with the *Corporations Act 2001*, including:

(i) complying with *Accounting Standards*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Robert B Thomas *AO*
Chairman
Melbourne, 26 August 2021

Independent auditor's report

To the members of Starpharma Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Starpharma Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $984,000, which represents approximately 5% of the Group's loss before income tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the annual financial report as a whole.
- We chose Group loss before income tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- All audit procedures are performed by PwC Australia, consistent with the location of Group management and financial records.
- We tailored the scope of our audit taking into account the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Research and Development Tax Incentive *(Refer to note 3 critical accounting estimates and judgements, note 6 expenses and note 9 current assets - trade and other receivables)* The Group's research and development (R&D) activities are eligible for a refundable tax offset under an Australian Government Tax Incentive. The Group has assessed these activities and related expenditure to determine their eligibility under the incentive scheme. The R&D Tax Incentive receivable recorded as at 30 June 2021 was $7.23 million and $7.23 million was recognised as contra R&D expense in the income statement for the period ended 30 June 2021. This is a key audit matter due to: • the significance of the amount receivable as at 30 June 2021; and • the degree of judgement and interpretation of the R&D tax legislation required by the Group to assess the eligibility of the R&D expenditure under the scheme.	We have performed the following procedures to assess the Group's estimate of the R&D Tax Incentive receivable as at 30 June 2021: • compared the estimate recorded in the financial statements as at 30 June 2020 to the amount of cash received after lodgement of the R&D Tax Incentive claim to assess historical accuracy of the estimate • compared the nature of the underlying R&D expenditure included in the current year estimate to the prior year estimate • assessed the nature of the expenses against the eligibility criteria of the R&D Tax Incentive programme • assessed the treatment of the JobKeeper receipts within the eligible R&D expenditure calculation • agreed the eligible expenditure in the estimate to the general ledger or other underlying accounting records • obtained copies of correspondence with the company's external tax advisor and agreed the advice to the R&D Tax Incentive calculation for the current financial year • evaluated the reasonableness of the disclosure against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition under AASB 15 Revenue from Contracts with Customers *(Refer to note 1 Significant Accounting Policies and note 5 revenue and other income)* The Group recognises licensing, product sales, royalty and research revenues from arrangements with commercial partners. The Group has recognised $1.80 million of revenue from contracts with customers for the period ended 30 June 2021. This is a key audit matter due to the nature of the Group's contractual arrangements and complexity of applying the accounting standard to those contractual arrangements.	We have performed the following procedures to assess the Group's revenue recognition for the period ended 30 June 2021: • obtained an understanding of the Group's contractual arrangements with commercial partners, focusing on the identification of performance obligations, license arrangements and the associated recognition of fixed and variable consideration, royalty income, product sales and product sales returns • tested a selection of transactions to the underlying supporting documentation • evaluated the reasonableness of the disclosure against the requirements of Australian Accounting Standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 21 to 43 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Starpharma Holdings Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
26 August 2021

Shareholder Information

The shareholder information set out below was applicable as at 10 August 2021.

Supplementary information as required by ASX listing requirements.

A. Distribution of Equity Shareholders

Analysis of numbers of equity security holders by size of holding

	Class of equity security	
	Shares	Performance rights
1 –1,000	2,761	–
1,001–5,000	3,303	–
5,001–10,000	1,356	–
10,001–100,000	1,821	22
100,001 and over	268	23
Total	**9,509**	**45**

There were 970 holders of less than a marketable parcel of ordinary shares.

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

		Ordinary shares	
	Name	Number held	Percentage of issued shares
1.	HSBC Custody Nominees (Australia) Limited	125,584,383	30.93
2.	JP Morgan Nominees Australia Pty Limited	49,079,638	12.09
3.	Citicorp Nominees Pty Limited	23,997,000	5.91
4.	National Nominees Limited	11,486,806	2.83
5.	BNP Paribas Noms Pty Ltd <DRP>	9,955,488	2.45
6.	T & N Argyrides Investments P/L <T & N Argyrides Pension A/C>	4,970,000	1.22
7.	BNP Paribas Nominees Pty Ltd ACF Clearstream	4,408,891	1.09
8.	Mirrabooka Investments Limited	4,067,044	1.00
9.	Applecross Secretarial Services Pty Ltd <L Gorr Family A/C>	3,361,550	0.83
10.	Ms Jacinth Fairley	3,252,386	0.80
11.	Mr Kingsley Bryan Bartholomew	3,054,025	0.75
12.	Mr Peter Murray Jackson	3,020,000	0.74
13.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	2,950,611	0.73
14.	BNP Paribas Nominees Pty Ltd <IN AU Noms Retail Client>	2,766,480	0.68
15.	HSBC Custody Nominees (Australia) Limited - A/C 2	2,484,209	0.61
16.	Dollar Coin Investments Pty Ltd <Cousins Discretionary A/C>	1,990,030	0.49
17.	Peppertree Custodian Services Pty Ltd <Mulcahy Superannuation>	1,669,950	0.41
18.	Merrill Lynch (Australia) Nominees Pty Limited	1,540,474	0.38
19.	Commonwealth Scientific and Industrial Research Organisation	1,448,798	0.36
20.	Mr David Michael Hosey + Mrs Andrea Jane Hosey	1,429,422	0.35
		262,517,185	**64.65**

	Unquoted equity securities over ordinary shares	
Name	Number on issue	Number of holders
Employee Performance Rights	17,472,497	45

C. Substantial Holders

Substantial shareholders with a shareholding greater than 5% as shown in substantial shareholder notices received by the company as at 10 August 2021:

	Ordinary shares	
Name	Number held	Percentage of issue shares
Allan Gray Australia Pty Ltd	43,597,242	10.82
Allianz SE	36,910,063	9.09
FIL Limited	33,514,716	8.32
M&G Plc	31,889,780	7.85
UIL Limited	19,046,000	5.12

D. Voting Rights

The voting rights attached to each class of equity securities are set out below:

(a) Ordinary shares	On a show of hands every member present at a meeting in person or by proxy shall have one vote and on a poll each share shall have one vote.
(b) Performance Rights	No voting rights.

Intellectual Property Report

The Starpharma patent portfolio currently has around 20 active patent families with over 200 granted patents and more than 70 patent applications pending.

Key patents within the Starpharma portfolio as at 31 July 2021:

Title	Priority Date & Publication Number	Patents Granted	Applications Pending
VivaGel® Patent Portfolio			
Agents for the Prevention & Treatment of Sexually Transmitted Diseases	30 March 2001 WO02/079299	Australia, Brazil, Canada, China, Europe, Hong Kong, Japan, Mexico, New Zealand, Singapore, South Korea, USA	
Microbicidal Dendrimer Composition Delivery System (Condom related)	18 October 2005 WO2007/045009	Australia, Canada, Europe, Hong Kong, India, Japan, Malaysia, Mexico, New Zealand, Russian Federation, South Korea, Taiwan, USA	
Method of Treatment or Prophylaxis of Bacterial Vaginosis	16 May 2011 WO2012/000891	Australia, Canada, China, Europe, Hong Kong, Israel, Japan, Mexico, Russia, South Korea, USA	Brazil, China, Hong Kong, India
Method of Treatment or Prophylaxis of Infection of the Eye	13 September 2012 WO2014/043576	Canada, China, Europe, Hong Kong, Japan, USA	China, India, USA
Drug Delivery Patent Portfolio (includes DEP® Patents)			
Macromolecules Compounds having Controlled Stoichiometry	25 October 2005 WO2007/048190	Australia, Canada, Europe, USA	
Modified Macromolecules	20 January 2006 WO2007/082431	Australia, Canada, China, Hong Kong, India, Japan, USA	Europe
Targeted Polylysine Dendrimer Therapeutic Agent	11 August 2006 WO2008/017125	China, Europe, India, USA	
Macromolecules (Drug linkers)	6 June 2011 WO2012/167309	Australia, Canada, China, Europe, Hong Kong, Japan, South Korea, USA	Brazil, China, India, USA
Dendrimer Drug Conjugates (DEP-Insulin/GLP1)	6 June 2014 WO 2015/184510	Europe, USA	India,
Therapeutic Dendrimer (DEP-Cabazitaxel)	19 July 2018 WO2020/014750		Australia, Brazil, Canada, China, Europe, India, Indonesia, Japan, Malaysia, Mexico, Saudi Arabia, Singapore, South Africa, South Korea, USA
Dendrimer for Therapy and Imaging (DEP-radiotheranostic)	29 November 2018 WO2020/107078		Australia, Brazil, Canada, China, Europe, India, Indonesia, Israel, Japan, Malaysia, Mexico, Saudi Arabia, Singapore, South Africa, South Korea, USA
Therapeutic Dendrimer (DEP-Irinotecan)	20 November 2018 WO2020/102852		Australia, Brazil, Canada, Chile, China, Europe, India, Indonesia, Israel, Japan, Malaysia, Mexico, Saudi Arabia, Singapore, South Africa, South Korea, UAE, USA
Therapeutic Dendrimer (DEP-GEM)	26 September 2019 WO2021/056077		International Patent Cooperation Treaty (PCT) application
Targeted Dendrimer Conjugates (DEP-targeted)	28 August 2019 WO2021/035310		International Patent Cooperation Treaty (PCT) application

Starpharma actively protects its trademark rights with filings and registrations in key markets. The primary marks protected are STARPHARMA, VIVAGEL, DEP and VIRALEZE.

Corporate Directory

Company name

Starpharma Holdings Limited
ABN 20 078 532 180

Directors

R B Thomas AO – *Chairman*
J K Fairley – *Chief Executive Officer and Managing Director*
Z Peach
D J McIntyre
L Cheng

Company Secretary

Nigel Baade

Registered office

4-6 Southampton Crescent
Abbotsford, Victoria 3067 Australia

Telephone +61 3 8532 2700

Postal address

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Preston VIC 3072 Australia

Share register

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452 Johnston Street, Abbotsford VIC 3067

GPO Box 2975
Melbourne, VIC 3001

1300 850 505 (within Australia)
+613 9415 4000 (outside Australia)
www.computershare.com

Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006 Australia

Solicitors

DLA Piper
80 Collins Street
Melbourne VIC 3000 Australia

Stock exchange listing

ASX Limited
Level 4, North Tower, Rialto, 525 Collins Street,
Melbourne VIC 3000 Australia

ASX Code: SPL

Starpharma's American Depositary Receipts (ADRs) trade under the code SPHRY (CUSIP number 855563102). Each Starpharma ADR is equivalent to ten ordinary shares of Starpharma as traded on the ASX. The Bank of New York Mellon is the depositary bank.

Starpharma's ADRs are listed on OTCQX International (www.otcmarkets.com), a premium market tier in the U.S. for international exchange-listed companies, operated by OTC Markets Group.

Website address

www.starpharma.com

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