



*ASX Limited  
Market Announcements Office*

## **Phosphagenics Signs Non-Binding Term Sheet for TPM<sup>®</sup>/Oxymorphone Patch in Japan**

31 January 2017, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), is pleased to announce the signing of a term sheet with Terumo Corporation, for the TPM<sup>®</sup>/Oxymorphone patch in Japan.

Following a successful 6-month technical due diligence period, plus an additional 3-month due diligence extension, Terumo and Phosphagenics have agreed to a non-binding term sheet. The term sheet details the proposed terms of an agreement granting Terumo exclusive rights to develop, market and sell the TPM<sup>®</sup>/Oxymorphone patch in Japan. Phosphagenics will receive a non-refundable payment of 35 million JPY (approximately \$400,000) within 30 days of signing the term sheet, in exchange for granting exclusive negotiation rights.

Prior to the signing of a definitive agreement, the parties will finalise a development plan for the TPM<sup>®</sup>/Oxymorphone patch in Japan, and may request a formal consultation with the Japanese regulatory agency (Pharmaceutical and Medical Devices Agency). It is anticipated that Phosphagenics would continue to support some development, with Terumo funding the development and commercial activities required for the Japanese market. Negotiations related to the financial terms in the agreement have already begun, and include upfront, development and sales milestones, as well as single to double digit royalties on net sales in Japan.

Mr Yoshiya Kikawa, General Manager of the Pharmaceutical Group, Hospital Systems Division, General Hospital Company, Terumo Corporation, said, "Terumo has completed technical due diligence and continues to work hard to move the project forward. We look forward to working with Phosphagenics over the coming months to finalise the agreement and initiate formal development. Our goal is to meet unmet medical needs in the field of pain management in Japan with innovative products and we regard the TPM<sup>®</sup>/Oxymorphone patch to be very promising. Last but not least, we are honored to establish a business relationship with Phosphagenics, an excellent business partner throughout the project."

Phosphagenics' Chief Executive Officer, Dr Ross Murdoch, said, "We are pleased that Terumo has taken this important step towards a definitive agreement. Depending on commercial success, the opportunity for Japan alone could be worth tens of millions to Phosphagenics. Furthermore, we believe that a Japanese data package will help progress the product in other markets."

Entry into a definitive agreement remains subject to agreement by each party, and there is no assurance that a formal agreement will be concluded, or that the terms will not change from those described above. Phosphagenics will keep the market informed of further progress as appropriate.

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## **About Phosphagenics**

Phosphagenics Limited is focused on developing and commercialising innovative Human Health, Animal Health and Personal Care products using its proprietary drug delivery system called TPM<sup>®</sup> (Targeted Penetration Matrix). TPM<sup>®</sup> is derived from Vitamin E using a unique, proprietary and patented process and has been proven to enhance the solubility and oral, dermal and transdermal absorption of drugs and nutrients

Amongst its major projects, Phosphagenics' is developing TPM<sup>®</sup> enhanced patches, gels and injectable products for the human health market and is also developing TPM<sup>®</sup> to enhance the feed efficiency and health of livestock.

Phosphagenics' shares are listed on the Australian Securities Exchange (POH) and its ADR – Level 1 program in the US is with The Bank of New York Mellon (PPGNY).

## **About Terumo**

Terumo Corporation is engaged in the manufacture and sales of medical products and devices, including pharmaceuticals. The company is headquartered in Japan, with extensive global operations.

Terumo is listed on the Tokyo Stock Exchange (TSE: 4543) with a market capitalisation in excess of ¥1.5 trillion.

## **Inherent Risks of Investment in Biotechnology Companies**

There are a number of inherent risks associated with the development of pharmaceutical products to a marketable stage. The lengthy clinical trial process is designed to assess the safety and efficacy of a drug prior to commercialisation and a significant proportion of drugs fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology.

## **Forward-looking Statements**

Certain statements in this announcement may contain forward-looking statements regarding Company business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing Company goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the process of discovering, developing and commercialising drugs that can be proven to be safe and effective for use as human therapeutics, and in the endeavour of building a business around such products and services.

[www.phosphagenics.com](http://www.phosphagenics.com)