

ASX Limited  
Market Announcements Office

## Phosphagenics Restructures

- **Focus shifts to later phase assets with shorter-term milestones**
- **Decrease focus on internal early research projects**
- **Financial runway extended into 2017**
- **Reduction in headcount**

12 October 2015, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), announced today a corporate restructure resulting from its recently completed strategic review. This restructure will reduce its early phase, higher risk research activities and redirect resources towards ensuring delivery of its short to medium term, later stage, development projects with higher probability of success. This change takes effect immediately and involves a reduction of up to ten staff positions and a change to a more outsourced model for several previously in-house activities.

Phosphagenics' CEO, Dr Ross Murdoch, said "...Not all of the changes we have made to the business over the past few months have been easy, particularly those that involve reducing staff numbers, but all have been made with the same goal in mind: optimize the delivery of value from our key assets. With these changes Phosphagenics is able to extend its financial runway well into 2017 improving its ability to deliver our high priority, short to medium term later phase projects, such as the opioid patch development programs, the animal health and nutrition trials and the TPM<sup>®</sup> manufacturing expansion project."

Moving forward, Phosphagenics will focus its resources on delivering the following priorities:

- **Human Health and Nutrition business:**
  - Phase 2 clinical development of the TPM<sup>®</sup>/Oxycodone patch for PHN,
  - reformulation of the TPM<sup>®</sup>/Oxymorphone patch, and
  - development of the unnamed TPM<sup>®</sup> antibiotic injectable with our partner Mylan.

The completion of enrolment and the delivery of initial results for the Phase 2 proof of concept with the TPM<sup>®</sup>/Oxycodone patch, and the agreement with a major manufacturing company for the initiation of the reformulation of the TPM<sup>®</sup>/Oxymorphone patch are targeted for this quarter.

- **Animal Health and Nutrition business:**
  - A comprehensive program involving multiple proof of concept studies across multiple species is planned for 2015-16.

The program is designed to provide valuable proof of principle for TPM<sup>®</sup> as a food additive and also the appropriate data to satisfy the requirements of both regulatory agencies and potential partners. The first of these trials has already initiated dosing and initial results are expected by the end of this quarter.

- **Bulk Production and Personal Care** business:
  - Development of a new reactor to upgrade Phosphagenics' manufacturing facilities in anticipation of increased demand in 2016.

Dr Murdoch continued: "...The business is continuing to move forward and I believe we are now poised to reap the benefits from all the hard work. A number of our most advanced projects are set to deliver key milestones over the remainder of 2015 into 2016, and we expect this to lead to greater news flow. The decision to streamline our operations and reduce our focus on early internal research will not only ensure that we can deliver key milestones as quickly and cost effectively as possible but also that we have the financial runway to capitalize on these."

## **Enquiries**

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## **About Phosphagenics**

Phosphagenics Limited is a drug delivery company that is commercialising various products within the pharmaceutical, cosmetics and animal health sectors, using its proprietary drug delivery system called TPM<sup>®</sup> (Targeted Penetration Matrix). TPM<sup>®</sup> is a patient friendly and cost effective system, based on Vitamin E, that enhances the topical or transdermal delivery of active molecules. The lead products advancing through clinical trials are oxymorphone and oxycodone patches for the relief of chronic pain.

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).

## **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.

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