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Daily news on ASX-listed biotechnology companies

Dr Boreham's Crucible: Starpharma Holdings

By TIM BOREHAM

ASX code: SPL

Share price: 45 cents; **Shares on issue:** 479,739,115; **Market cap:** \$215.9 million

Chief executive officer: Cheryl Maley

Board: Rob Thomas (chair), Ms Maley, David McIntyre, Lynda Cheng, Dr Jeff Davies, Dr Russell Bassar (Mr Thomas retires as chairman, at the November 6 AGM but remains a director. Dr Bassar assumes the chair)

Financials (year to June 2026): revenue \$12 million (up 145%), net loss \$7.5 million (\$10 million deficit previously), cash balance \$44.5 million (as of August 11)

Major shareholders: Allianz SE 11.8%, Rhuroin Pty Ltd 9.52%, Ajava Holdings 7.26%, Dalkeith Securities 4.99%, Ingot Capital Investments 1.77%

As with a stand-up comedian performing before an audience of accountants – or, even worse, actuaries – drug developers face a tough crowd.

This was starkly evidenced last week with Starpharma, which faced a chorus of 'boos' from investors after announcing it would increase its minority 22.5 percent stake in a key joint venture (JV), Petalio Therapeutics, to a controlling 66 percent.

Investors delivered the unfunny punchline, sending Starpharma shares down by more than 30 percent on the day.

Starpharma CEO Cheryl Maley said she was "completely surprised" by the reaction.

A likely reason for the angst is the perception that the JV partner, the European venture capital fund Medicxi, was stepping back from Petalion's oncology drug development program.

"That's absolutely not the case," Ms Maley said.

She said the company's involvement always was going to be "tranching", with the majority ownership move stemming from months of negotiations.

"This [increased stake] was not gifted to us," she said. "We have worked hard over the last few months to get this outcome".

As it happens: months of hard labor spoiled by a few mad minutes of share trading.

Success DEP-ends on one thing

Despite corporate tweakings over the years, Starpharma's constant reason for being has been its dendrimer enhanced product (DEP) platform.

It's all a matter of how the DEPs are used. Dendrimers are nanoscale polymers aimed at improving drug efficacy and reducing side effects (such as bone marrow toxicity and hair loss).

Starpharma listed in September 2000 at the fag-end of the tech boom, as a Paul Keating-era pooled development fund (PDF).

The company shed this structure, which could be a pity as a PDF doesn't pay income tax or capital gains tax at revenue-producing stage.

Starpharma had an agricultural chemical division, which it sold to Canadian agri-giant Agrium in 2017 for \$35 million.

With a honed focus on human health, Starpharma commercialized its first DEP based product, Vivagel, as a condom coating in 2011 with Japan's Okamoto Industries and later launched Vivagel BV for bacterial vaginosis locally in April 2019 and then in Europe and Britain. The company had a contract with Ansell to treat condoms with Vivagel, but this ended in 2016 when Ansell sold its 'sexual health' arm.

Former veterinarian Dr Jackie Fairley became CEO in July 2006 and held the role for 17 years.

Holding a science degree majoring in human physiology, Ms Maley started out in a research role at CSIRO. She then had 25 years in the pharmaceutical sector, including as Novartis' Australia and New Zealand head of oncology.

Ms Maley was on the board of ASX-listed radio-pharmaceutical peer Clarity Pharmaceuticals, but ceded that role when she took on the Starpharma top job.

Staying focused ... on diversity

Starpharma is toeing a delicate line between having so many programs that it lacks focus and carrying the risk of a single asset play.

Ms Maley says recent high-profile, late-stage clinical trial disasters highlight the inherent risks of drug development.

“I feel incredibly bad for those companies because it's hard when so much time, effort, money, and patient involvement have been invested,” she says.

In the wake of such binary outcomes, Starpharma has ensured it has multiple options.

After clocking on as CEO in January 2024, Ms Maley oversaw the signing of no fewer than three oncology partnerships (see below).

She also identified the company as being too unfocused and “parked” three legacy oncology programs.

The company also has strongly embraced radio-pharmacy.

Pharma finds a wife

In April 2024, the company partnered with European venture capitalist Medicxi Ventures to form the UK based Petalio.

Medicxi committed to up to \$US25 million (\$A38 million) to fund the joint venture (JV). Starpharma earned its initial 22.5 percent Petalio stake by providing intellectual property.

Starpharma earns fees for research and development services, while continuing to own the background intellectual property.

Indeed, Starpharma upped its stake with a \$3 million cash payment and \$2 million of such services.

Ms Maley says that as well as helping Starpharma to control its own destiny, controlling Petalio enables it to be more forthcoming with shareholders about what the JV actually does.

Hence, we now know the key program relates to a differentiated fibroblast activation protein (FAP). The program is all about adding a FAP-targeted dendrimer drug to Starpharma's box of tricks.

Medicxi's approach is to set up single asset companies, bring in new investors and seek a lucrative exit within three to four years.

In October 2025, Starpharma announced a collaboration and licencing agreement with Genentech.

The deal involved a \$US5.5 million upfront payment to Starpharma, with up to \$US564 million in potential milestones (plus royalties).

The Genentech agreement involves a “limited number” of undisclosed oncology targets.

Starpharma remains free to licence its technology to other parties, beyond these cancers.

“Our goal was to go as narrow as possible and we’re really comfortable with where we landed with negotiations,” Ms Maley said.

Days later the company struck an option agreement with the ASX-listed Radiopharm Theranostics. Radiopharm is looking at developing a treatment that combines DEP with one of its numerous targeted therapy candidates.

In July, Radiopharm paid a \$500,000 option fee to Starpharma and is mulling whether to licence the undisclosed program.

If so, Starpharma could receive up to \$91 million in milestones (plus royalties).

Meanwhile, Starpharma is seeking partners for its ‘old’ (non-nuclear) DEP oncology programs involving irinotecan (colorectal cancer) and cabazitaxel (prostate cancer).

The company canned a third program (docetaxel).

Going nuclear

Radio-therapies are a hot research and development area – especially in oncology – but the company isn’t straying from its dendrimer roots.

The idea is that DEPs add to the efficacy of radio-therapies by enabling the treating agent to get to the tumor quickly and precisely.

Starpharma is focused on a planned first in human, phase I study of its candidate DEP human epidermal growth factor receptor-2 (HER2)-lutetium.

As the name suggests, this one zeroes in on HER-2 positive cancers such as breast and gastric, using lutetium isotopes as the targeting agent.

The company says pre-clinical data showed “strong tumor accumulation and retention, favorable biodistribution and clearance characteristics”.

The program focuses on HER-2 positive gastric cancer patients who have failed previous therapy.

Ms Maley notes 75 percent to 80 percent of gastric cancer patients treated with the antibody drug conjugate Enhertu required further treatment after 12 months.

Enrolling up to 15 patients, the phase I trial will focus on the usual safety, bio-availability and pharmaco-kinetic aspects.

A dose escalation phase then ensues.

While this sounds dull, Ms Maley said 'big pharma' partners were keen to see the bio-availability and safety of initial animal studies replicated in early human studies.

These include the agent rapidly clearing from the blood stream and avoiding the kidneys, while being retained in the tumor.

The company plans to kick-off the trial before the year is out, with a likely readout from the first three or four patients by July 2027.

Ms Maley said while breast cancer is a bigger indication, more treatments are available.

"We would have been another fish in a very competitive pond."

Viva Vivagel

Once the company's flagship product, Vivagel generates useful revenue.

The over-the-counter Vivagel both treats and prevents bacterial vaginosis (BV), an odiferous condition experienced by about one-third of women (depending on the geography).

BV is treated with prescription antibiotics, but because it's a recurring condition that's far from ideal.

Vivagel is subject to various distribution agreements.

Starpharma also sells a variant called Viraleze, an anti-viral spray claimed to prevent colds if used at the first signs of symptoms.

Viraleze has commonalities with Firebrick Pharma's Nasodine, the spray-based anti-viral formulation of Betadine.

Both Vivagel and Viraleze are registered in more than 35 countries, with the latter sold online in the UK and Europe.

For reasons beyond our ken, Vivagel is not approved in the US.

The company also plans to launch Vivagel online.

"On that channel, a very small investment in promotion can have a significant uplift," Ms Maley said.

Finances and performance

In the year to June 2026, Starpharma recorded revenue of \$12 million, up 145 percent.

This figure included the \$8.3 million Genentech upfront payment.

Most of the remainder derived pretty evenly from Vivagel and Viraleze sales.

Starpharma's net loss reduced to \$7.5 million, from \$10 million previously.

Research and development expense "net of [the Federal Government Research and Development Tax Incentive]" increased by 32 percent, to \$11.15 million.

At June 30, the company had cash of \$11 million. In July and August, the company raised \$32 million in a fully underwritten entitlement (rights) offer.

Unusually, the raising did not include an institutional placement.

"We had 99 percent support; we were blown away by that."

Subscribers paid 57 cents a share, a 25 percent discount. They received one share for every 7.5 shares held.

Ms Maley said the \$3 million paid to Medicxi was included in the raising.

The company says its cash runway now extends "into" the financial 2027-'28.

Over the last 12 months, Starpharma shares have ranged between 33 cents in late October 2025 and 87 cents on September 30 this year.

The stock hit an all-time high of \$2.36 in February 2021 and troughed at 8.9 cents in August 2024.

Despite last week's slump, the shares have risen 36 percent over the last 12 months.

Dr Boreham's diagnosis:

When Ms Maley clocked-on in January 2024, Starpharma shares had lost three-quarters of their value over the previous year.

"There is a strong belief in the value of the dendrimer technology, but there is also an increasing urgency to see a return on that value," she said.

Most 'business transformation initiatives' leave investors cold, so kudos to Ms Maley for overseeing three material partnerships and simplifying the company, as promised.

"We've got the HER-2 programs and the three partnerships and the phase II assets, as well as discovery and development work," Ms Maley said.

The increased Petalio stake means the company enjoys a greater share of the FAP spoils, but presumably would need to tip in more dough if the program advances.

Investors can expect an update on the company's diverse – but focused – activities at its November 6 annual general meeting in Melbourne.

Ms Maley points to potential non-oncology DEP uses such as neurological applications, given its ability to transcend the blood-brain-barrier.

“But first we must hit the milestones for our existing partnerships,” she says.

“It's one thing to have the agreements, but we actually have to deliver ... to get the value from them.”

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. He's often so funny he leaves his audience in stitches, but sadly it's unintentional