ASX & Media Release

29 July 2021

Quarterly Activities Report and 4C Quarterly Cash Flow Report

Highlights

- **New pharmacokinetic data highlights potential to use PAT-DX1 and PAT-DX3 for different therapeutic applications**
- **Collaboration with Imagion Biosystems established to develop new, improved imaging agents for brain cancers using Patrys' deoxymabs**
- **Preclinical data supporting potential for PAT-DX1 to be used for primary and secondary brain cancers published in peer reviewed scientific journal**
- **Cash and short term investment balance of $10.9 M on 30 June 2021 following receipt of $626,780 from the R&D Tax Incentive Refund scheme**

Melbourne, Australia; 29 July 2021: Patrys Limited (ASX: PAB, "**Patrys**" or the "**Company"**), a therapeutic antibody development company, today released its Quarterly Activities Report and Appendix 4C Quarterly Cash Flow report for the quarter ended 30 June 2021.

Patrys' Chief Executive Officer and Managing Director, Dr. James Campbell said: "The June quarter has been very constructive, as we are starting to see the benefits of our investments to broaden the applications of the deoxymab platform. The collaboration with Imagion is the most recent example and will leverage the key attributes of deoxymabs - being able to cross the blood brain barrier and then home in on cancers. We were also very pleased to report that the recently added full-size IgG deoxymab, PAT-DX3, has a different pharmacokinetic profile to the PAT-DX1 antibody fragment, which may open up different applications. We continue to see a rich set of opportunities based on the unique properties our deoxymabs antibodies have."

R&D Update

During the quarter, Patrys made significant progress with additional data supporting different development opportunities for its deoxymabs antibodies.

In April 2021, Patrys announced the completion of animal pharmacokinetic (PK) studies for both its deoxymab antibody fragment, PAT-DX1, and its full-sized IgG deoxymab antibody, PAT-DX3. As expected, both antibodies had favorable PK profiles in healthy animals with differences due to their different sizes. PAT-DX1, as an antibody fragment is smaller and consequently was more rapidly

cleared from circulation in comparison with the full-size IgG antibody, PAT-DX3. This data is consistent with what has been reported in the literature for similar antibody formats and may open up different product opportunities each of these antibodies.

In May 2021, Patrys announced a collaboration with Imagion Biosystems Limited for combining both companies' technologies to develop products that improve brain tumour imaging and diagnosis. Imagion's MagSense® imaging technology has the ability to generate high-specificity images of hard-to-diagnose cancers, such as brain cancers. The collaboration will leverage PAT-DX1's ability to cross the blood-brain barrier and then target cancer cells. Initial studies by Imagion have demonstrated that the Patrys PAT-DX1 molecule can be conjugated to Imagion's MagSense® nanoparticles. Imagion will have an exclusive option to a future license agreement, should it elect to commercialise any imaging agents that result from this program. Under the current collaboration each party is bearing its own costs.

In June 2021, Patrys reported new preclinical data from the testing of PAT-DX1 in three different animal models of cancer in the brain. The paper, entitled "*ENT2 facilitates brain endothelial cell penetration and blood-brain barrier transport by a tumor-targeting anti-DNA autoantibody*", was published in the leading, peer reviewed journal *The Journal of Clinical Investigation—Insight*. The investigators show that Patrys' humanised deoxymab fragment, PAT-DX1, uses the same mechanism as the full-size parent mouse antibody 3E10 (namely a nucleoside transporter protein called ENT2) to cross the BBB. Using this mechanism, PAT-DX1 was able to significantly inhibit the growth of tumours in three different models of brain cancers, two glioblastoma models and one metastatic breast cancer model.

Corporate Update

In June, Patrys' wholly-owned subsidiary Nucleus Therapeutics Pty Ltd received a $627k R&D Tax Incentive Refund for eligible R&D expenditure in the 2019/2020 financial year. With the two capital raisings Patrys conducted in CY2020, the Company continues to have a strong balance sheet.

During the quarter ended 30 June 2021, Patrys had net cash outflows of A$1,163k, with A$1,215k invested in R&D activities. As Patrys progresses to the clinic expenditure on operating activities is anticipated to increase. At 30 June 2021, Patrys held A$6.9M in cash and A$4.0M in term deposits. Payments to related parties and their associates during the quarter, which are outlined in Section 6 of the accompanying Appendix 4C to this quarterly activity report, were A$139k. These payments include non-executive director fees and consulting services as well as salary (including superannuation) for the CEO and Managing Director.

-Ends-

This announcement is authorised for release by the Board of Directors of Patrys Limited.

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About Patrys Limited

Based in Melbourne, Australia, Patrys (ASX:PAB) is focused on the development of its deoxymab platform of cell-penetrating antibodies as therapies for a range of different cancers. More information can be found at www.patrys.com.

About Patrys' deoxymab platform:

Patrys' deoxymab platform is based on the deoxymab antibody that was first identified as an autoantibody in a mouse model of the human disease systemic lupus erythematosus (SLE). While most antibodies bind to cell surface markers, deoxymab penetrates into the cell nuclei and binds directly to DNA where it inhibits DNA repair processes. Cancer cells often have high levels of mutations and underlying deficiencies in the DNA repair mechanisms. For these reasons, the additional inhibition of the DNA repair processes by deoxymab can kill cancer cells, but appears to have little impact on normal cells. As a single agent, deoxymab has been shown to significantly enhance the efficacy of both chemo- and radiotherapies. Further, deoxymabs can be conjugated to nanoparticles to target delivery of chemotherapeutics and imaging agents to tumours.

Patrys has developed two humanised forms of deoxymab, both which have improved activity over the original deoxymab antibody. PAT-DX1 is a dimer (two joined subunits) of the short chain from the binding domain of deoxymab, while PAT-DX3 is a full-sized IgG antibody. In a range of pre-clinical studies, PAT-DX1 has shown significant ability to kill cancer cells in cell models, human tumour explants, xenograft, and orthotopic models. PAT-DX1 has been shown to cross the blood brain barrier, reduce tumour size, and increase survival in multiple animal models of brain cancer, other cancers, and cancer metastases. PAT-DX1 is tumour-agnostic, meaning that it can target many different tumour types in the body, regardless of specific tumour antigens. Patrys believes that PAT-DX1 may have application across a wide range of cancers including gliomas, melanomas, prostate, breast, pancreatic, and ovarian cancers.

Deoxymabs, such as PAT-DX1 and PAT-DX3, can be used to target nanoparticles carrying a payload of anti-cancer drugs specifically to tumours. This allows specific delivery of cancer drugs to multiple types of cancer while having minimal impact on normal, healthy cells.

Patrys' rights to deoxymab are part of a worldwide license to develop and commercialise a portfolio of novel anti-DNA antibodies and antibody fragments, variants and conjugates discovered at Yale University as anti-cancer and diagnostic agents. Six patents covering the unconjugated form of deoxymab (and derivatives thereof) have already been granted (Europe, Japan, China, and 3 in the USA), and one patent covering nanoparticle conjugation has been granted (Australia).

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
PATRYS LIMITED	
ABN	**Quarter ended ("current quarter")**
97 123 055 363	30 June 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(1,215)	(2,712)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(147)	(651)
	(f) administration and corporate costs	(362)	(929)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	627	695
1.8	Other		
	- IP expenditure	(66)	(318)
	- Government Incentive	-	49
1.9	**Net cash from / (used in) operating activities**	**(1,163)**	**(3,864)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments in term deposit	-	(4,000)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**(4,000)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		11,620
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	56	86
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Share issue cost	(2)	(684)
3.10	**Net cash from / (used in) financing activities**	**54**	**11,022**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,009*	3,981
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,163)	(3,864)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4,000)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	54	11,022
4.5	Effect of movement in exchange rates on cash held	17	(222)
4.6	**Cash and cash equivalents at end of period***	**6,917***	**6,917***

**In addition to the cash and cash equivalents balance above as at 30 June 2021 and 31 March 2021, the Company holds an additional $4million in term deposits, classified in the statement of financial position as short-term investments.*

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	6,917	8,009
5.2	Call deposits		-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**6,917***	**8,009***

**In addition to the cash and cash equivalents balance as at 30 June 2021 and 31 March 2021, the Company holds an additional $4million in term deposits, classified in the statement of financial position as short-term investments.*

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	139
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,163)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,917
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,917
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	5.95*

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

**In addition to the cash and cash equivalents balance noted above at 8.4, the Company holds an additional $4 million in term deposits, classified in the statement of financial position as short-term investments, due to the maturity date being greater than 3 months. As a result, the estimated quarters of funding available will be greater than the figure provided in 8.5 due to holding these additional short-term investments. On a pro-forma basis with the $4 million included, the Group would have estimated quarters of funding available amounting to 9.39.*

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.