



ASX & Media Release

\$7.8M Capital Raising to Accelerate Development of Patrys' Full-Sized IgG Deoxymab Antibody PAT-DX3

Key highlights

- \$2.5 million Placement to institutional investor, Territory Funds Management Pty Ltd;
- Fully underwritten, non-renounceable, one (1) for twelve (12) Rights Issue offer to all eligible shareholders to raise approximately \$5.3 million;
- Issue price of \$0.035 per share for the Placement and the Rights Issue;
- Proceeds will significantly strengthen Patrys' balance sheet and provide funds towards:
 - Initiation of a formal development program for PAT-DX3, Patrys' full-sized IgG deoxymab antibody, that is expected to provide Patrys with additional development and partnering opportunities;
 - Development of a manufacturing process to provide clinical-grade PAT-DX3 at commercial scale including establishing a stable, high-yielding producer cell line;
 - Further R&D studies including use of deoxymabs for targeted delivery to support potential inhouse and partnered programs for antibody drug conjugates (ADCs); and
 - Expansion of the Company's business development activities, working capital, corporate activities, and offer costs.

Melbourne, Australia; 1 November 2021: Patrys Limited (ASX: PAB, "Patrys" or the **Company**), a therapeutic antibody development company, is pleased to announce a \$7.8 million capital raising via a Placement and fully underwritten Rights Issue offer.

Patrys Chief Executive Officer and Managing Director, Dr. James Campbell said: "This capital raising will enable Patrys to formally add a second deoxymab asset to its development pipeline. Based on the promising data we have seen for PAT-DX3 since we announced it 12 months ago, we believe there are a range of very attractive potential applications for this deoxymab that will significantly expand opportunities for internal development and partnering which we believe have the potential to generate significant shareholder value.

"Our lead asset PAT-DX1 remains on track to commence the final preclinical toxicology studies in H1 2022, which will support the initiation of a Phase 1 clinical trial in late 2022. While the costs of PAT-DX1 program are covered by our existing financial capacity, there was no capacity to support the additional activities required to meaningfully progress PAT-DX3. We are delighted that existing shareholder Territory Funds Management has supported the Company so strongly in this raise and we are equally delighted at this pivotal time in the Company's development to be able to provide the opportunity to existing shareholders to invest in this exciting expansion program for Patrys via the fully underwritten 1:12 Rights Issue."



In September 2020, Patrys announced it had completed initial production and characterisation of a full sized, IgG deoxymab antibody called PAT-DX3. Since that time, Patrys has demonstrated in various animal models that PAT-DX3 has a different pharmacokinetic profile to the Company's lead asset PAT-DX1 (22 March 2021), is able to cross the blood brain barrier (12 July 2021), and can potentially act as a targeting agent for antibody drug conjugates (15 September 2021).

As a result of its different size and structure, PAT-DX3 is likely to open up additional opportunities for Patrys' deoxymabs platform. In particular, its larger size makes it more suitable for attaching payloads. Data from the recent proof-of-concept study that Patrys announced (15 September 2021, and 18 October 2021), showed the potential for using deoxymabs as targeting agents. We believe this is likely to be of significant interest to potential partners for a range of applications, as well as providing internal development opportunities for Patrys. Having a manufacturing process in place or under development will put the Company in a strong position for securing partnering opportunities and assist with negotiating more attractive commercial terms.

Patrys is continuing to make excellent progress with progressing its lead asset, the deoxymab antibody fragment PAT-DX1, into clinical development. Following a manufacturing delay due to COVID-19 pandemic related supply chain disruptions (3 August 2021), Patrys is expecting to complete the first full-scale manufacturing run of clinical-grade PAT-DX1 before year end, allowing the preclinical toxicology studies required for the Phase 1 clinical trial to commence in early 2022.

"We believe that this is a key inflection point in Patrys' evolution. This capital raise provides the Company with the ability to take advantage of the opportunities provided by PAT-DX3, and to properly resource the growing business development activities that are expected to emerge from the expanded portfolio. The ability of deoxymabs to act as a delivery mechanism for other therapeutics as well as their potential to provide a pan-cancer treatment platform is expected to generate a number of unique product development opportunities for Patrys and potential partners" said Gareth Jakeman, Chief Investment Officer at Territory Funds Management, "While its deoxymabs are still a year away from the clinic, these assets are very licensable and compare favourably to the valuations we see in public and private market companies at a similar stage."

Placement

The Company has received a firm commitment from existing institutional investor, Territory Funds Management Pty Ltd (**Territory**) in relation to a single tranche placement for the issue of 71,428,571 fully paid ordinary shares (**Shares**) at an issue price of \$0.035 per share to raise gross proceeds of \$2.5 million before costs (**Placement**). The Company will pay a commitment fee of 6% to Territory Funds Management Pty Ltd, payable in Shares at a deemed issue price of \$0.035 per share, amounting to 4,285,714 fully paid ordinary shares (**Commitment Fee Shares**), plus GST.

The Placement Shares and Commitment Fee Shares will be issued utilising Patrys' placement capacity under ASX Listing Rule 7.1 (75,714,285 Shares). The Placement Shares and Commitment Fee Shares are expected to be issued on or around Monday, 8 November 2021, after the below Record Date for the Rights Issue offer.



Rights Issue

Patrys is also launching a fully underwritten, non-renounceable rights issue on the basis of one (1) new Share for every twelve (12) shares held, at \$0.035 per Share, to raise approximately \$5.3 million before costs (**Rights Issue**).

Patrys is also offering Eligible Shareholders who subscribe for their full entitlement under the Rights Issue the right to increase their shareholding in the Company (**Share Top Up Facility**) should there be any shortfall under the Rights Issue.

Eligible Shareholders are those shareholders with a registered address within Australia or New Zealand as at 7.00 p.m. (AEDT) on 4 November 2021 (**Record Date**). Shareholders with a registered address outside Australia or New Zealand at the Record Date (**Excluded Shareholders**) will not be eligible to participate in either the Rights Issue or the Share Top Up Facility.

The Issue Price of \$0.035 per Share is a 17.8% discount to the 10-day volume weighted average price (VWAP) to 27 October 2021 of \$0.0426.

The Rights Issue is fully underwritten by Lazarus Corporate Finance Pty Ltd (**Underwriter**). The Underwriter will be entitled to a management fee of 1.0% and an underwriting fee of 5.0% of the total funds raised in the Rights Issue (excluding funds subscribed by the Directors and Territory).

The structure of the capital raising has been designed to cater for significant demand from institutional investors whilst also providing the opportunity for existing Eligible Shareholders to participate on the same terms as places, in the Rights Issue. The Share Top Up Facility has been included to provide the maximum opportunity for existing Patrys shareholders to subscribe for further shares in the Company.

The proceeds raised pursuant to the Placement and Rights Issue will be used to support the accelerated development of PAT-DX3 to prepare it for potential future human clinical trials, and for a range of development and partnering opportunities; for further research to build upon the successful proof of concept work on a PAT-DX3 antibody drug conjugate (ADC); as well as funding operations, offer costs, working capital, and other business development and corporate activities.

The Rights Issue and Share Top Up Facility is being undertaken without a prospectus in accordance with section 708AA of the *Corporations Act 2001 (Cth)* (Act). The Entitlement Offer document is expected to be available and lodged with ASX on 9 November 2021. The Offer document and the Entitlement and Acceptance Form are expected to be sent to all Eligible Shareholders on the same day.

The table below sets out, for illustrative purposes only, the existing Share capital structure (before the Rights Issue Offer) together with the impact of the issue of the New Shares under the Rights Issue Offer and the Placement (including the Placement Shares and Commitment Fee Shares). It assumes that no options are exercised prior to the Record Date.

Shares	Number
Existing Shares currently on issue	1,828,615,300
Maximum number of New Shares issued under the Offer (approximately)	152,384,608
Maximum number of New Shares to be issued under the Placement, including the Placement Shares and Commitment Fee Shares (approximately)	75,714,285
Total issued Shares following completion of the Placement and Rights Issue Offer.	2,056,714,193

The proposed timetable* for the Placement, Rights Issue and Share Top Up Facility is as follows:

Event	Date
Company announces Placement and Entitlement Offer	1 November 2021
Ex-date	3 November 2021
Record Date for the Entitlement Offer	4 November 2021
Settlement of the Placement Shares	5 November 2021
Allotment and Issue of the Placement Shares	8 November 2021
Dispatch of Entitlement Offer document and Entitlement and Acceptance Form to Eligible Shareholders via the Offer Website	9 November 2021
Entitlement Offer opens	9 November 2021
Last day to extend the Closing Date of the Entitlement Offer	24 November 2021
Entitlement Offer closes	29 November 2021
Shares quoted on a deferred settlement basis	30 November 2021
Announcement of Results of Entitlement Offer	2 December 2021
Settlement of Entitlement Offer	3 December 2021
Allotment of Shares under the Entitlement Offer	6 December 2021
Normal trading of Shares issued under the Entitlement Offer expected to commence on ASX	7 December 2021
Dispatch of holding statements	8 December 2021

* Note: The timetable above is indicative only and may be subject to change without notice. The Company, with the consent of the Underwriter, reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to amend or vary any or all of the dates and times without notice. In particular, the Company reserves the right to extend the closing date of the Entitlement Offer, accept late applications (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice.

The commencement of quotation of Shares is subject to confirmation from the ASX.

Full details of the Rights Issue and the Share Top Up Facility will be contained in the Entitlement Offer document expected to be available and lodged with ASX on 9 November 2021.

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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.

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Patrys has completed proof of concept studies showing that it is possible to conjugate small molecule payloads to PAT-DX3, and is advancing antibody drug conjugate (ADC) efforts using deoxymabs. In addition, 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).

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