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Bioshares

24 November 2022
Edition 929

Delivering independent investment research to investors on Australian biotech, pharma and healthcare companies

Companies covered: ACR, BNO, IMM, PAB, RAD, TLX

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.6%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.4%
Year 7 (May '07 - May '08)	-35.8%
Year 8 (May '08 - May '09)	-7.4%
Year 9 (May '09 - May '10)	50.2%
Year 10 (May '10 - May'11)	45.4%
Year 11 (May '11 - May '12)	-18.0%
Year 12 (May '12 - May '13)	3.1%
Year 13 (May '13 - May '14)	26.6%
Year 14 (May '14 - May '15)	23.0%
Year 15 (May '15 - May '16)	33.0%
Year 16 (May '16 - May '17)	16.8%
Year 17 (May '17 - May '18)	-7.1%
Year 18 (May '18 - May '19)	-2.3%
Year 19 (May '19 - May '20)	39.5%
Year 20 (May '20 - May '21)	86.8%
Year 21 (May '21 - May '22)	-15.6%
Year 22 (May '22 - Current)	-1.7%
Cumulative Gain	1587%
Av. Annual gain (21 yrs)	19.0%

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Extract from Bioshares –

Patrys AGM Highlights

Novel antibody company Patrys (PAB: $0.021) held its AGM this week. The presentation by its CEO James Campbell is worth reading closely.

For antibody development companies, the path to clinical trials is complex and time consuming because of the difficulty in the manufacture of biological drug candidates through a fermentation process. However, the company is edging closer to the clinic with the first clinical study due to commence in the second half of next year, following completion of GLP toxicology testing which is underway.

Patrys continues to cite the sway to earlier stage deals for biologics companies, with 59% of deals done at the preclinical stage, compared to only 39% for small molecule drug candidates. This is because once preclinical work is completed, the risk of success in the clinic is higher for biologics because of their specific, non-off-target binding characteristics.

Exelixis Deal Indicates Potential for Patrys

Campbell pointed to a deal signed earlier this month between Exelixis and Cybrexa Therapeutics. The deal gives Exelixis access to a peptide drug conjugate that simply targets lower pH conditions in the tumour microenvironment, using low pH insertion peptides, to disrupt DNA replication. The peptides are attached to small molecule cancer drugs.

By comparison, Patrys' compounds have an affinity for tumour cells because of the innate attraction to the DNA secreted by those cells. Its compounds also make their way into the cell nucleus, which is a highly unusual capability, disrupting the DNA repair process. The Cybrexa compound is in Phase I studies. The deal was worth US$703 million in total, with an upfront payment of US$60 million.

Also of interest from this year's AGM was the significant interest in the company's gene editing technology from third parties, with editing delivery studies due to be completed by mid-next year. As the Patrys compounds make their way into the cell nucleus, there is the potential to achieve DNA modification of cells.

Ex-CSL CMO Joins Board

Patrys announced a new chair at the AGM, with former CSL CMO Dr Charmaine Gittleson joining the board. This is a significant appointment.

Progress Over Last 12 Months

Patrys' achievements over the last year have included: the successful manufacture of its lead drug candidate, PAT-DX1; completion of non-GLP toxicology studies; confirmation that its larger antibody drug candidate can cross the blood-brain-barrier (it is easier to

Continued over

attach payments to the larger antibody); and preclinical data showing its compounds may also have an application in inhibiting tumour metastases spreading through the body.

Patrys finished September with $7.2 million in cash after raising $7.8 million late last year at $0.035 per share. The company's Phase I study next year, most likely in patients with triple negative breast cancer, will be a major milestone. There is also the potential in 2023 for the company to sign a significant partnering deal.

Patrys is capitalized at $43 million.

Bioshares recommendation: **Speculative Buy Class B**

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How Bioshares Rates Stocks

For the purpose of valuation, Bioshares divides biotech stocks into two categories. The first group are stocks with existing positive cash flows or close to producing positive cash flows. The second group are stocks without near term positive cash flows, history of losses, or at early stages of commercialisation. In this second group, which are essentially speculative propositions, Bioshares grades them according to relative risk within that group, to better reflect the very large spread of risk within those stocks. For both groups, the rating "Take Some Profits" means that investors may re-weight their holding by selling between 25%-75% of a stock.

Group A

Stocks with existing positive cash flows or close to producing positive cash flows.

Buy	CMP is 20% < Fair Value
Accumulate	CMP is 10% < Fair Value
Hold	Value = CMP
Lighten	CMP is 10% > Fair Value
Sell	CMP is 20% > Fair Value

(CMP–Current Market Price)

Group B

Stocks without near term positive cash flows, history of losses, or at early stages of commercialisation.

Speculative Buy – Class A

These stocks will have more than one technology, product or investment in development, with perhaps those same technologies offering multiple opportunities. These features, coupled to the presence of alliances, partnerships and scientific advisory boards, indicate the stock is relative less risky than other biotech stocks.

Speculative Buy – Class B

These stocks may have more than one product or opportunity, and may even be close to market. However, they are likely to be lacking in several key areas. For example, their cash position is weak, or management or board may need strengthening.

Speculative Buy – Class C

These stocks generally have one product in development and lack many external validation features.

Speculative Hold – Class A or B or C

Sell

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