ASX & Media Release

31 January 2023

Quarterly Activities Report and 4C Quarterly Cash Flow Report

Highlights:

- **Remaining GLP toxicology studies of PAT-DX1 in two species underway and on track for completion in Q2 CY2023 to support Phase 1 clinical trial commencing in 2H CY2023**
- **New preclinical data announced demonstrating ability of PAT-DX3 to cross blood-brain barrier in healthy animals opening up potential use for delivery in neurological conditions**
- **Experiments requested by potential partners underway to evaluate use of deoxymabs for synthetical lethal approaches and the delivery of gene-editing constructs**
- **Cash and short-term investment balance of $5.8 M on 31 December 2022.**
- **$3.35 M R&D Tax Incentive Refund for the 2021/2022 financial year received as subsequent event**

Melbourne, Australia; 31 January 2023: 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 31 December 2022.

Patrys Chief Executive Officer and Managing Director, Dr. James Campbell said: "During the quarter we made significant progress in the development of our deoxymabs for our own programs as well for other applications that may provide commercial partnership opportunities. We remain clearly focused on getting PAT-DX1 into the clinic during 2023 but, in parallel, want to ensure we leverage the range of development opportunities for our deoxymab technology. These include developing a GMP production process for our second deoxymab asset, PAT-DX3, which we believe offers a range of additional applications due to its larger size and IgG format. In parallel, we have shown the potential for PAT-DX3 to be used for drug-delivery in neurological applications and are currently generating data to support its use for the delivery of gene-editing constructs and the use of deoxymabs as a synthetic lethality treatment for certain cancers. This highlights the range of opportunities that deoxymabs offers to develop new therapeutic approaches for treating different diseases."

Operations Update

In August 2022, Patrys announced the PAT-DX1 drug material produced by its Contract Development Manufacturing Organisation (CDMO) in the commercial-scale engineering run had successfully passed

all the specification requirements. This has allowed the material to be used for the remaining preclinical toxicology studies that need to be completed prior to initiating a Phase 1 clinical trial of PAT-DX1 that is planned to commence in H2 CY2023. During the quarter, Patrys initiated these studies, which are being conducted in two different species (rats and non-human primates). These studies are progressing well and remain on-track to complete and provide data during Q2 CY2023.

In February 2022, Patrys announced it had identified and selected an optimised stable cell line for the production of its full-sized IgG deoxymab, PAT-DX3. During the quarter, Patrys continued to work on the establishment of a Master Cell Bank (MCB) for the selected cell line which will be used for all future production of PAT-DX3. In parallel, Patrys is using the selected cell line to develop and optimise a process for the commercial-scale production of GLP-grade PAT-DX3. GLP-grade PAT-DX3 is required for the remaining preclinical studies and future clinical trials and also can be used for programs with commercial partners directed at the use of PAT-DX3 as an agent for the delivery of drugs and gene editing technologies across the blood-brain barrier or to the cell nucleus.

In October, Patrys announced new preclinical data which demonstrated that PAT-DX3 was able to cross the blood-brain barrier in healthy animals. Previous studies had only been conducted in animals with various forms of cancer in the brain which potentially may have disrupted the physiological integrity of the blood-brain barrier. In this study, the uptake of PAT-DX3 was 3–4 fold higher, and the area under the curve (AUC—a measurement of overall drug exposure) was seven times greater than the control antibody. These results support the potential to use deoxymabs for the delivery of small molecule therapeutics and gene editing technologies across the blood-brain barrier in order to treat various neurological conditions

As part of ongoing business development activities, during the quarter Patrys initiated several experiments at the request of a potential pharmaceutical partners. One of these is a sophisticated experiment designed to examine the effects of both PAT-DX1 and PAT-DX3 in tumours with and without mutations in their DNA damage repair (DDR) systems that have been implanted in the same animal. This experiment is designed to confirm the synthetic lethality mode of action of deoxymabs and will be completed and analysed during the current quarter (Q1 CY2023).

Also reflecting an active business development program Patrys has commenced work on a series of experiments directed at conjugating a range of different gene-editing constructs to PAT-DX3. These experiments are being conducted in collaboration with a potential licensee of the PAT-DX3 technology and are expected to identify the preferred conjugation methods for attaching nucleic acid payloads to PAT-DX3. These experiments will potentially create new intellectual property to strengthen Patrys' business development offering in this commercially-active field.

Corporate Update

Following the retirement of John Read as Chair of Patrys, which was announced in August 2022, Patrys conducted and completed a successful executive search process for a replacement Chair. This concluded with the appointment of Dr Charmaine Gittleson as Chair of Patrys' Board of Directors effective from the conclusion of the Company's Annual General Meeting on 16 November 2022. Dr

Gittleson is the former Chief Medical Officer of CSL Limited, with more than 20 years of experience in pharmaceutical development in Australia and the USA. Dr Gittleson's expertise spans many aspects of the pharmaceutical industry, from drug development and clinical research through to strategic planning and executive management.

During the quarter ended 31 December 2022, Patrys had net cash outflows of $1,402k, with $956k invested in R&D activities. At 31 December 2022, Patrys held $3.8M in cash and $2M in term deposits, a total of $5.8M. As a notable event subsequent to the end of the quarter, the Company received a research & development incentive refund of $3.35M on 30 January 2023, resulting in a pro-forma balance of $9.15M.

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 $253k. 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 3E10 platform:

Patrys' deoxymab platform is based on the deoxymab 3E10 antibody. While most antibodies bind to cell surface markers, deoxymab 3E10 penetrates into the cell nuclei and binds directly to DNA where it inhibits the 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 3E10 can kill cancer cells while having little impact on normal cells. As a single agent, deoxymab 3E10 has been shown to significantly enhance the efficacy of both chemo- and radiotherapies in animal models of human cancer.

Patrys has developed two humanised forms of deoxymab 3E10, both which have improved activity over the original deoxymab 3E10 antibody. PAT-DX1 is a dimer (two joined subunits) of the short chain from the binding domain of deoxymab 3E10, while PAT-DX3 is a full-sized IgG antibody. In numerous pre-clinical studies, PAT-DX1 has shown significant ability to kill cancer cells in cell-based experimental systems, 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, non-brain cancers, and metastatic disease. PAT-DX1 is tumour-agnostic, meaning that it can target many different tumour types in the body, regardless of pathology-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. PAT-DX3, being a full-sized IgG molecule, also has potential for antibody drug conjugate (ADC) and antibody oligonucleoside conjugation (AOC) programs. A PAT-DX3 based ADC showed significant tumor targeting and survival benefit in proof-of-principle studies.

Patrys' rights to deoxymab 3E10 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. Overall, nine patents in the portfolio have been granted with six patents covering the unconjugated form of deoxymab 3E10 (and derivatives thereof) granted (Europe, Japan, China, and 3 in the USA), and three patents covering nanoparticle conjugation (Australia, India and Canada).

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	31 December 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(956)	(3,107)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs*	(176)	(284)
	(f) administration and corporate costs	(224)	(459)
1.3	Dividends received	-	-
1.4	Interest received	6	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Others - IP expenditure	(52)	(145)
1.9	**Net cash from / (used in) operating activities**	**(1,402)**	**(3,986)**

**A portion of staff costs are reallocated into payments for research and development.*

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments in term deposits	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investment in term deposits	-	-
	(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**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
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)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,234*	7,818*
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,402)	(3,986)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period***	**3,832***	**3,832***

**In addition to the cash and cash equivalents balance above as at 31 Decemberr 2022, the Company holds an additional $2million in term deposits (30 September 2022 and 30 June 2022: $2million), 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	3,832	3,228
5.2	Call deposits	-	2,006
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)**	**3,832***	**5,234***

**In addition to the cash and cash equivalents balance above as at 31 December 2022, the Company holds an additional $2million in term deposits (30 September 2022 and 30 June 2022: $2million), 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	253
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)	(1,402)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,832
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,832
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.73
	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 $2 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. In addition, the Company received a research & development incentive refund of $3.35M on 30 January 2023. 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 and the receipt of the research & development incentive refund. On a pro-forma basis with the $2M and $3.35M included to line 8.2 of the table above, the Group would have estimated quarters of funding available amounting to 6.55.*	
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: 31 January 2023

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.