ASX & Media Release

Quarterly Activities Report and 4C Quarterly Cash Flow Report

Highlights:

- **Studies confirm full-sized IgG deoxymab antibody, PAT-DX3 is able to cross the blood brain barrier in animal model of primary brain cancer**
- **PAT-DX1 significantly improves survival in animal model of pancreatic cancer**
- **Preclinical data highlights the potential for using PAT-DX3 as a targeting agent in antibody drug conjugates (ADCs)**
- **Cash and short-term investment balance of $9.8M on 30 September 2021**

Melbourne, Australia; 20 October 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 September 2021.

Patrys Chief Executive Officer and Managing Director, Dr. James Campbell said: "This quarter has delivered a period of significant momentum for Patrys. We have continued to build the portfolio of data for deoxymabs which has further expanded the broad and promising utility for our antibody assets in addition to meeting important research milestones as we head towards the clinic. Most notably, the successful preclinical study that demonstrates the potential for using our deoxymab antibodies as targeting agents in antibody drug conjugates (ADCs), has opened up a range of new development and partnering possibilities for our platform. Our financial position also remains strong and, despite some minor production delays due to COVID-19, we remain on track to complete the first full scale manufacturing run of clinical-grade PAT-DX1 before year end and to commence the preclinical toxicology studies required for our phase 1 trial in early 2022 as planned."

R&D Update

In July 2021, Patrys announced results from animal studies that showed, like PAT-DX1, its full-sized IgG deoxymab antibody, PAT-DX3 is able to cross the blood brain barrier (BBB) in an animal model of primary brain cancer (glioblastoma multiforme, GBM). The BBB prevents many drugs, and virtually all therapeutic antibodies, from entering the brain. Having a full-sized IgG antibody such as PAT-DX3 able to cross the BBB opens up a number of potential therapeutic opportunities for Patrys including looking at the possibility of using deoxymabs to deliver therapeutic payload to primary and secondary brain cancers.

Also in July 2021, Patrys announced new data showing that PAT-DX1 is able to reduce tumour growth by 26% and improve survival by 47% in an animal model of pancreatic cancer. This study was conducted with Associate Professor Marina Pajic at the Garvan Institute of Medical Research. PAT-DX1 has now been shown to significantly reduce tumour growth in multiple animal models of difficult-to-treat solid tumours including glioblastoma (brain cancer), triple negative breast cancer (TNBC), and now pancreatic cancer. This adds to the compelling data set Patrys has been building in relation to its lead PAT-DX1 asset ahead of its planned clinical trial in 2022.

In September 2021, Patrys announced proof-of-concept data that supports the potential use of PAT-DX3 as a cancer-targeting agent for antibody drug conjugates (ADCs). This is the first set of pre-clinical data from Patrys' exploratory R&D program that was initiated in early 2020 looking at the potential to use deoxymabs as targeting agents. Antibody drug conjugates are designed to leverage the targeting attributes of antibodies to deliver therapeutic payloads to sites of disease. Patrys conjugated the anti-cancer drug monomethyl auristatin E (MMAE) to its full-sized IgG deoxymab, PAT-DX3. MMAE has been used in several ADC's which are approved or in late-stage clinical development. In an animal model of human breast cancer, administration of PAT-DX3-MMAE ADC resulted in statistically significantly 95% inhibition of tumour growth by day 31. Clearly additional studies will need to be performed to better understand the potential impacts of on-target and off-target toxicity using this approach. As a subsequent event Patrys reported positive survival data for this study on 18 October 2021, noting that only 20% of PAT-DX3-MMAE treated animals had died at the end of the experiment (day 60), while 50% of untreated animals had died by day 35, and all untreated animals had died by day 49. The results from this study have clearly demonstrated the proof-of-concept, and we look forward to advancing this program.

Corporate Update

In August 2021, Patrys provided an update on the clinical trial plans for its PAT-DX1 asset. Unforeseeable delays related to the COVID-19 pandemic impacted supply of key media components for Patrys' PAT-DX1 production runs. The Company expects the engineering run for PAT-DX1 to occur in Q4-2021. On this revised timeline, Patrys now expects to submit a Human Research Ethics Application (HREA) for its Phase 1 clinical trial in H2 2022.

During the quarter ended 30 September 2021, Patrys had net cash outflows of A$1.175M, with A$605k invested in R&D activities. As Patrys progresses to the clinic expenditure on operating activities is anticipated to increase. At 30 September 2021, Patrys held A$5.862M in cash and A$4.0M in term deposits, a total of A$9.862M. Based on the net cash used in operating activities in the September quarter, the company has 8.39 quarters of funding available, not 4.99 quarters as indicated in Item 8.5, which does not include 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$255k. These payments include non-executive director fees and consulting services as well as salary and related payments (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.

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).

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 September 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(605)	(605)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(222)	(222)
	(f) administration and corporate costs	(280)	(280)
1.3	Dividends received	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other		
	- IP expenditure	(70)	(70)
	- Government Incentive	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,175)**	**(1,175)**

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 deposits	(2,002)	(2,002)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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) investment in term deposits	2,000	2,000
	(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**	**(2)**	**(2)**

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	65	65
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	-	-
3.10	**Net cash from / (used in) financing activities**	**65**	**65**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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	6,917*	6,917*
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,175)	(1,175)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	65	65
4.5	Effect of movement in exchange rates on cash held	57	57
4.6	**Cash and cash equivalents at end of period***	**5,862***	**5,862***

**In addition to the cash and cash equivalents balance above as at 30 September 2021 and 30 June 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	5,862	6,917
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)**	**5,862***	**6,917***

**In addition to the cash and cash equivalents balance as at 30 September 2021 and 30 June 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	255
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)	(1,175)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,862
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,862
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.99*

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 8.39.*

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: 20 October 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.