



PATRYS LIMITED
ABN 97 123 055 363

**APPENDIX 4D HALF YEAR REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

1. Company details

Name of entity:	Patrys Limited
ABN:	97 123 055 363
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	671.1% to	1,654,970
Loss from ordinary activities after tax attributable to the Owners of Patrys Limited	up	125.0% to	(4,509,693)
Loss for the half-year attributable to the Owners of Patrys Limited	up	125.0% to	(4,509,693)
		31 December 2021	31 December 2020
		Cents	Cents
Basic loss per share		(0.24)	(0.14)
Diluted earnings per share		(0.24)	(0.14)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$4,509,693 (31 December 2020: \$2,004,257).

During the period, the Group had total revenue of \$1,654,970 (31 December 2020: \$214,623), consisting of R&D incentive income of \$1,636,183 (31 December 2020: \$82,324) licensing revenue of \$13,750 (31 December 2020: \$13,750), interest income of \$5,037 (31 December 2020: \$1,549) and government grants and incentives nil (31 December 2020: \$117,000).

The Group's research and development expenditure during the half-year was \$5,206,939 (31 December 2020: \$1,003,971). This includes direct research and development activities associated with pre-clinical and manufacturing work, as well as wages, salaries and other overheads associated with research and development.

Cash and cash equivalents at 31 December 2021 was \$10,762,741 (30 June 2021: \$6,916,604). In addition, the Group had term deposits of \$2,001,984 at 31 December 2021 (30 June 2021: \$4,000,000). The working capital position as at 31 December 2021 of the Group results in an excess of current assets over current liabilities of \$14,884,512 (30 June 2021: \$11,554,489).

3. Control gained over entities

Not applicable.

4. Loss of control over entities

Not applicable.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

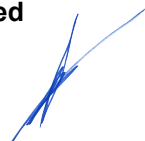
10. Attachments

Details of attachments (if any):

The financial report of Patrys Limited for the half-year ended 31 December 2021 is attached.

11. Signed

Signed



Date: 24 February 2022

Patrys Limited

ABN 97 123 055 363

Half-year financial report - 31 December 2021

Patrys Limited
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For the half-year ended 31 December 2021



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Directors	Mr. John Read (Non-Executive Chairman) Mr. Michael Stork (Non-Executive Director and Deputy Chairman) Ms. Suzy Jones (Non-Executive Director) Dr. James Campbell (Managing Director & CEO) Dr. Pamela M. Klein (Non-Executive Director)
Company secretary	Mr. Stefan Ross
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Phone: +61 3 9692 7222
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC, 3205
Share register	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford VIC 3067 Phone: 1300 850 505 (within Australia) Phone: +61 3 9415 5000
Auditor	BDO Audit Pty Ltd Tower 4, Level 18, 727 Collins Street Melbourne VIC 3008 Australia
Stock exchange listing	Patrys Limited shares are listed on the Australian Securities Exchange (ASX code: PAB and Listed Options: PABO & PABOA)
Website	www.patrys.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or the 'Group') consisting of Patrys Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were Directors of Patrys Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr. John Read (Non-Executive Chairman)
Mr. Michael Stork (Non-Executive Director and Deputy Chairman)
Ms. Suzy Jones (Non-Executive Director)
Dr. James Campbell (Managing Director & CEO)
Dr. Pamela M. Klein (Non-Executive Director)

Principal activities

Patrys is leveraging its proprietary deoxymab antibody technology platform to develop new therapies for the treatment of cancer. Unlike most other antibodies, Patrys' deoxymabs are able to cross the blood-brain barrier, enter cells and the cell nucleus, and block DNA damage repair systems. Patrys is using these properties to develop new therapies that incorporate deoxymabs as a single agent, as part of a combination therapy, and for the targeted delivery of therapeutic agents to cancer cells.

The most advanced deoxymab that Patrys is developing is PAT-DX1, a humanised antibody fragment based on the original mouse deoxymab, 3E10. Patrys is advancing PAT-DX1 through late pre-clinical development towards an anticipated first in human clinical study in mid-2023. An engineering manufacture run of GMP-grade PAT-DX is planned for H2 FY22 and that is expected to provide the material required to complete the final preclinical studies and first clinical studies. In addition, Patrys is also developing a process for the large-scale, GMP-grade manufacture of a full-sized IgG deoxymabs called PAT-DX3 which expands the opportunities for deoxymabs include their potential use as targeting agents for Antibody Drug Conjugates (ADCs).

Patrys has an exclusive, worldwide right to the deoxymab technology for cancer applications from Yale University to develop and commercialise a portfolio of anti-cancer and diagnostic agents that include: anti-DNA antibodies, antibody fragments, variants and conjugates.

Review of operations

PAT-DX1 – progressing pre-clinical studies and manufacturing workstreams ahead of Phase 1 clinical trial

Patrys' focus during the half-year ended 31 December 2021 was on advancing the manufacturing and preclinical programs for PAT-DX1 required to enable the initiation of a Phase 1 clinical trial, and expansion of its deoxymab pipeline through testing PAT-DX3 in various animal models and initiating a formal development program for its commercial-scale GLP-production.

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.

Commercial scale manufacturing program for PAT-DX1 experienced two setbacks which have delayed the likely start date for the Phase 1 clinical trial of PAT-DX1 until mid-2023. The first setback arose from the impact of the COVID-19 pandemic on the global supply of key media components required for the engineering manufacturing run of PAT-DX1. This run was subsequently able to be started in Q2 FY22. In January 2022, subsequent to the end of the half-year, Patrys announced that the engineering run had been completed but, as a result of lower recoveries from the scaled-up purification process, had not provided sufficient drug material to conduct the final GLP toxicology studies and initiate the Phase 1 clinical trial of PAT-DX1. Patrys' Contract Development Manufacturing Organisation (CDMO) has commenced working on modifications and improvements to the scaled-up purification process and an additional manufacturing run is expected to commence in Q4 FY22. The need to conduct an additional manufacturing run for PAT-DX1 means that the final GLP toxicology studies, and consequently the Phase 1 clinical trial of PAT-DX1, will be delayed by approximately 6 months.

During the half-year, Patrys made significant progress in the development and advancement of its full-sized IgG deoxymab, PAT-DX3. In July 2021, Patrys announced results from animal studies which showed that 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 the possibility of using deoxymabs to deliver therapeutic payloads to primary and secondary brain cancers.

In September 2021, Patrys announced proof-of-concept data supporting the potential to use PAT-DX3 as a cancer-targeting agent for antibody drug conjugates (ADCs). 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. 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. This resulted in improved survival with 80% of PAT-DX3-MMAE treated animals still alive at end of the experiment (day 60), whereas all untreated animals had died by day 49.

On the back of this promising preclinical data, Patrys initiated a formal development program for the commercial-scale production of clinical-grade drug material of its full-sized IgG deoxymab antibody, PAT-DX3. Progress for this program has exceeded expectations, with multiple cell lines already meeting the prespecified selection criteria required for commercial scale production. The Company intends to identify and select a cell line for commercial-scale production of clinical-grade PAT-DX3 antibody in coming months. The upstream and downstream development programs have also advanced faster than expected, these are critical steps in preparation for PAT-DX3 manufacturing.

Corporate developments

During the half-year ended 31 December 2021, Patrys successfully completed a capital raising for a total of \$7.8 million before costs. This was by way of a \$2.5 million Placement to an institutional investor, Territory Funds Management Pty Ltd at \$0.035 per share and a \$5.3 million fully-underwritten one (1) for twelve (12) Rights Issue to eligible Patrys shareholders at the same issue price as the Placement. These funds have provided the Company with a strong balance sheet and sufficient capital to accelerate development of Patrys' full-sized IgG Deoxymab antibody PAT-DX3, that is expected to provide Patrys with additional development and partnering opportunities.

Subsequent to the end of the half-year, Patrys announced that its wholly-owned subsidiary, Nucleus Therapeutics Pty Ltd had received a refund of approximately \$1.2 million in relation to the Federal Government's R&D Tax Incentive Program for eligible research and development activities conducted by the Company during FY21.

During the half-year, Patrys was actively involved in a range of global business development conferences. These

meetings have resulted in several ongoing discussions with a range of pharmaceutical and biotech companies who are attracted to both the anti-cancer activity of deoxymabs generally, and the specific potential of PAT-DX3 to be used in ADCs for targeted intracellular delivery of cancer drugs and a range of other payloads such as nucleic acids. ADCs continue to be one of the most commercial active areas in terms of deal making with substantial licensing deals being announced by Genmab, ADC Therapeutics, and Legochem in recent months.

Looking ahead

Patrys will continue to focus on the advancing its deoxymabs, PAT-DX1 and PAT-DX3 towards the clinic as well as building a robust package of non-clinical studies to expand and facilitate potential commercial partnering opportunities for these assets.

The immediate focus for PAT-DX1 is to implement improvements to the up-scaled purification process prior to initiating an additional engineering run during H2 FY22. It is anticipated that the improved purification process will provide the necessary drug material to commence the final, GLP animal toxicology studies in H1 FY23 and the Phase 1 clinical trial of PAT-DX1 in mid-2023.

Patrys will also continue to build the non-clinical data package supporting potential clinical applications for its full-sized IgG deoxymab, PAT-DX3. In addition to therapeutic options for PAT-DX3 in its own right, Patrys will continue to explore opportunities to use PAT-DX3 as a vehicle for the targeted delivery of pharmaceuticals and other therapeutic molecules. In parallel, Patrys will progress its formal development program for the commercial-scale production of clinical grade PAT-DX3 including the selection of a producer cell line and the establishment of a Master Cell Bank.

Patrys has transformed itself from a single asset company to a platform technology with a lead agent approaching the clinic and believes that the value being realised from the broader platform may be substantial.

Statement of Financial Position

At 31 December 2021, cash and term deposits of \$12,764,725 (30 June 2021: \$10,916,604) were held at the reporting date. Patrys' policy is to hold its cash and cash equivalent deposits in 'A' rated or better deposits.

Patrys' strategy is to outsource product development expenses, including manufacturing, regulatory and clinical trial expenses, to specialist, best of breed partner organisations. As a consequence, Patrys has not incurred any major capital expenditure for the period and does not intend to incur substantial commitments for capital expenditure in the immediate future.

Operating results

During the period, the Group had total revenue of \$1,654,970 (31 December 2020: \$214,623), consisting of R&D incentive income of \$1,636,183 (31 December 2020: \$82,324) licensing revenue of \$13,750 (31 December 2020: \$13,750), interest income of \$5,037 (31 December 2020: \$1,549) and government grants and incentives nil (31 December 2020: \$117,000),

Total consolidated operating expenses for the period were \$6,164,663 (31 December 2020: \$2,218,880).

- Research and development expenditures of \$5,206,939 (31 December 2020: \$1,003,971).
- Management and administration costs of \$957,724 (31 December 2020: \$1,214,909).

Statement of Cash Flows

The Group's cash outflow from operations over the period was \$5,751,582 (31 December 2020: outflow of \$1,553,014). Net increases in cash and cash equivalent during the period were \$3,801,032 (31 December 2021: inflow of \$9,454,597). This includes proceeds from issue of shares net of transaction costs amounting to \$7,554,599 (31 December 2021: inflow of \$11,011,157).

Significant changes in the state of affairs

On 2 July 2021, the Company issued 26,790 fully paid ordinary shares at an issue price of \$0.04 (4 cents) per share in relation to the exercise of quoted PABOA options.

On 2 July 2021, the Company issued 2,500,000 fully paid ordinary shares at an issue price of \$0.0072 (0.72 cents) per share in relation to the exercise of unquoted options.

On 2 September 2021, the Company issued 9,000,000 fully paid ordinary shares at an issue price of \$0.0072 (0.72 cents) per share in relation to the exercise of unquoted options.

On 2 September 2021, the Company issued 16,617 fully paid ordinary shares at an issue price of \$0.04 (4 cents) per share in relation to the exercise of quoted PABOA options.

On 2 September 2021, the Company issued 1,778 fully paid ordinary shares at an issue price of \$0.024 (2.4 cents) per share in relation to the exercise of quoted PABO options.

On 1 November 2021, the Company announced a \$7.8m capital raising via a placement and fully underwritten, non-renounceable one (1) for twelve (12) rights issue to support the accelerated development of PAT-DX3, development and partnering opportunities, further research on a PAT-DX3 antibody drug conjugate, funding operations, offer costs, working capital, and other business development and corporate activities.

The capital raising was by way of a \$2.5 million Placement to an institutional investor, Territory Funds Management Pty Ltd at \$0.035 per share and a \$5.3 million fully-underwritten one (1) for twelve (12) Rights Issue to eligible Patrys shareholders at the same issue price as the Placement.

On 4 November 2021, the Company issued 8,334 fully paid ordinary shares at an issue price of \$0.04 (4 cents) per share in relation to the exercise of quoted PABOA options.

On 8 November 2021, the Company issued 71,428,571 fully paid ordinary shares to an institutional investor at an issue price of \$0.035 (3.5 cents) per share in relation to the Placement, and an additional 4,285,714 fully paid ordinary shares at a deemed issue price of \$0.035 (3.5 cents) per share in relation to the 6% Commitment fee payable in shares in relation to the Placement.

On 18 November 2021, the Company issued 25,000,000 unlisted options, exercisable at \$0.059 (5.9 cents) each, expiring 30 September 2025 and subject to various vesting conditions, to Dr. James Campbell pursuant to Resolution 6 of the Company's Notice of Annual General Meeting held on 5 November 2021, and as approved by shareholders. In addition, the Company also issued 16,000,000 unlisted options to eligible employees under the Company's Equity Incentive Plan, exercisable at \$0.059 (5.9 cents) each, expiring 30 September 2025 and subject to various vesting conditions.

On 23 November 2021, the Company issued a total of 3,000,000 unlisted options to eligible employees under the Company's Equity Incentive Plan, with 500,000 unlisted options exercisable at \$0.059 (5.9 cents) each, expiring 30 September 2025, vesting immediately at grant, and 2,500,000 unlisted options exercisable at \$0.059 (5.9 cents) each, expiring 15 March 2026, with 50% vesting immediately at grant and 50% on 15 March 2022.

On 6 December 2021 the Company issued 128,070,116 fully paid ordinary shares in relation to the rights issue at an issue price of \$0.035 (3.5 cents) per share, raising \$4,482,454.

On 7 December 2021 the Company issued the shortfall shares relating to the rights issue, with 24,314,474 fully paid ordinary shares issued at an issue price of \$0.035 (3.5 cents) per share, raising \$851,007.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

The impact of the COVID-19 pandemic is ongoing, and has particularly affected supply chains and overall demand in the biotechnology and pharmaceutical industries. The Group is actively managing its exposure, but can be affected by timing and cost implications of these issues. The Group notes that other potential impacts, positive and/or negative, are possible. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 24 January 2022, the Company announced that it had completed the first engineering run of its lead asset PAT-DX1. It was noted that the product yield from the fermentation process for PAT-DX1 was consistent with the small scale pilot production run conducted previously. However the purification of PAT-DX1 from the cell harvest resulted in lower drug product recoveries than expected. In view of this, Patrys is currently working with its Contract Development Manufacturing Organisation (CDMO) to implement improvements for the large-scale purification process. It is anticipated that a further engineering run for PAT-DX1 using an improved large-scale purification process will commence in Q2, 2022.

Using available drug product, the non-GLP toxicology studies in non-human primates will progress as planned in Q1/Q2 2022. The lower yield from the first engineering run will impact the timing of the subsequent GLP (Good Laboratory Practice) toxicology studies, which, in turn, will impact on the initiation of the planned first human study of PAT-DX1. It is a requirement that these GLP toxicology studies are conducted using drug product generated by the same manufacturing process that will be used for the planned Phase 1 clinical trial. Accordingly, Patrys is currently working with its toxicology service provider with the aim of rescheduling the GLP rodent and GLP non-human primate toxicology studies to commence in Q3 2022.

This six-month delay will impact the timing of the first in human study of PAT-DX1, which is now planned for mid-2023.

On 24 January 2022, the Company announced that its wholly-owned subsidiary, Nucleus Therapeutics Pty Ltd had received a refund of approximately \$1.2 million in relation to the Federal Government's R&D Tax Incentive Program for eligible research and development activities conducted by the Company during FY21.


No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Mr. John Read
Chairman

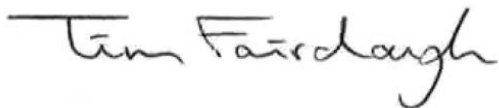
24 February 2022

DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF PATRYS LIMITED

As lead auditor for the review of Patrys Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect Patrys Limited and the entities it controlled during the period.



Tim Fairclough
Director

BDO Audit Pty Ltd

Melbourne, 24 February 2022

Patrys Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



		Consolidated	
	Note	31 December 2021	31 December 2020
		\$	\$
Revenue	3	1,654,970	214,623
Expenses			
Research & development expenses		(5,206,939)	(1,003,971)
Administration & management expenses		(957,724)	(1,214,909)
Loss before income tax expense		(4,509,693)	(2,004,257)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the Owners of Patrys Limited		(4,509,693)	(2,004,257)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		30,496	(11)
Other comprehensive income for the half-year, net of tax		30,496	(11)
Total comprehensive income for the half-year attributable to the Owners of Patrys Limited		<u>(4,479,197)</u>	<u>(2,004,268)</u>
		Cents	Cents
Basic loss per share	8	(0.24)	(0.14)
Diluted earnings per share	8	(0.24)	(0.14)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Consolidated	
	31 December	
Note	2021	30 June 2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	10,762,741	6,916,604
Trade and other receivables	2,985,818	1,277,326
Other financial assets	4,842,925	4,210,423
Total current assets	<u>18,591,484</u>	<u>12,404,353</u>
Non-current assets		
Property, plant and equipment	2,608	3,921
Intangibles	461,250	483,750
Total non-current assets	<u>463,858</u>	<u>487,671</u>
Total assets	<u>19,055,342</u>	<u>12,892,024</u>
Liabilities		
Current liabilities		
Trade and other payables	3,473,883	631,665
Employee benefits	233,089	218,199
Total current liabilities	<u>3,706,972</u>	<u>849,864</u>
Total liabilities	<u>3,706,972</u>	<u>849,864</u>
Net assets	<u>15,348,370</u>	<u>12,042,160</u>
Equity		
Issued capital	4 85,672,490	78,112,036
Reserves	5 1,703,961	1,448,512
Accumulated losses	<u>(72,028,081)</u>	<u>(67,518,388)</u>
Total equity	<u>15,348,370</u>	<u>12,042,160</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Patrys Limited
Statement of changes in equity
For the half-year ended 31 December 2021



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	67,086,513	1,252,973	(63,461,445)	4,878,041
Loss after income tax expense for the half-year	-	-	(2,004,257)	(2,004,257)
Other comprehensive income for the half-year, net of tax	-	(11)	-	(11)
Total comprehensive income for the half-year	-	(11)	(2,004,257)	(2,004,268)
<i>Transactions with Owners in their capacity as Owners:</i>				
Contributions of equity, net of transaction costs	10,952,882	(21,522)	-	10,931,360
Share-based payments	-	162,181	-	162,181
Balance at 31 December 2020	<u>78,039,395</u>	<u>1,393,621</u>	<u>(65,465,702)</u>	<u>13,967,314</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	78,112,036	1,448,512	(67,518,388)	12,042,160
Loss after income tax expense for the half-year	-	-	(4,509,693)	(4,509,693)
Other comprehensive income for the half-year, net of tax	-	30,496	-	30,496
Total comprehensive income for the half-year	-	30,496	(4,509,693)	(4,479,197)
<i>Transactions with Owners in their capacity as Owners:</i>				
Shares issued (note 4)	8,068,374	-	-	8,068,374
Share issue costs (note 4)	(507,920)	-	-	(507,920)
Share based payments	-	224,953	-	224,953
Balance at 31 December 2021	<u>85,672,490</u>	<u>1,703,961</u>	<u>(72,028,081)</u>	<u>15,348,370</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Patrys Limited
Statement of cash flows
For the half-year ended 31 December 2021



	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(5,758,302)	(1,672,191)
Interest received	6,720	2,177
Government grants and incentives	-	117,000
Net cash used in operating activities	(5,751,582)	(1,553,014)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(3,546)
Investment in term deposits	(6,505)	-
Proceeds from disposal of investment in term deposit	2,004,520	-
Net cash from/(used in) investing activities	1,998,015	(3,546)
Cash flows from financing activities		
Proceeds from issue of shares	7,899,801	11,620,661
Share issue transaction costs	(345,202)	(609,504)
Net cash from financing activities	7,554,599	11,011,157
Net increase in cash and cash equivalents	3,801,032	9,454,597
Cash and cash equivalents at the beginning of the financial half-year	6,916,604	3,981,210
Effects of exchange rate changes on cash and cash equivalents	45,105	(266,664)
Cash and cash equivalents at the end of the financial half-year	<u>10,762,741</u>	<u>13,169,143</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Patrys Limited as a Consolidated Entity consisting of Patrys Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Patrys Limited's functional and presentation currency.

Patrys Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 February 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Going concern

It is noted that for the half-year ended 31 December 2021, the Group incurred a loss from continuing operations after income tax of \$4,509,693 (31 December 2020: loss of \$2,004,257) and had operating cash outflows of \$5,751,582 (31 December 2020: outflows of \$1,553,014).

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

- At 31 December 2021, the Group had net current assets of \$14,884,512 (30 June 2021: \$11,554,489) and cash reserves of \$10,762,741 and term deposits of \$2,001,984;
- Cash flow forecasts prepared by management demonstrate that the Group has sufficient funds to meet commitments over the next twelve months;
- At 31 December 2021, the Group recognised a receivable of \$1,188,581 in relation to the actual R&D tax incentive for the year ended 30 June 2021 (which was received in January 2022) and the estimated R&D tax incentive for the half-year ended 31 December 2021 was \$1,636,183 (which is expected to be received after the end of the 2022 financial year); and
- The Directors have a track record of successful capital raisings, most recently having raised \$7.8m in the six months to December 2021 as per note 4.

Based on the above, the Directors believe the Consolidated Entity will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Note 3. Revenue

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Licensing revenue	13,750	13,750
R&D tax incentive	1,636,183	82,324
Interest income	5,037	1,549
Government grants and incentives	-	117,000
Revenue	<u>1,654,970</u>	<u>214,623</u>

Note 4. Equity - issued capital

	Consolidated			
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>2,055,125,410</u>	<u>1,815,473,016</u>	<u>85,672,490</u>	<u>78,112,036</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	1,815,473,016		78,112,036
Issue of shares upon exercise of options	2 July 2021	2,500,000	\$0.00720	18,000
Issue of shares upon exercise of options	2 July 2021	26,790	\$0.04000	1,072
Issue of shares upon exercise of options	2 September 2021	9,000,000	\$0.00720	64,800
Issue of shares upon exercise of options	2 September 2021	1,778	\$0.02400	43
Issue of shares upon exercise of options	2 September 2021	16,617	\$0.04000	665
Issue of shares upon exercise of options	2 November 2021	8,334	\$0.04000	333
Issue of shares under equity placement	8 November 2021	71,428,571	\$0.03500	2,500,000
Issue of shares in settlement of placement fee	8 November 2021	4,285,714	\$0.03500	150,000
Issue of shares under entitlement offer - Right issue	6 December 2021	128,070,116	\$0.03500	4,482,454
Issue of shortfall shares under entitlement offer	7 December 2021	24,314,474	\$0.03500	851,007
Share issue costs		-	-	(507,920)
Balance	31 December 2021	<u>2,055,125,410</u>		<u>85,672,490</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 5. Equity - reserves

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Foreign currency translation reserve	(4,075)	(34,571)
Share option reserve	1,525,617	1,300,664
Share loan plan reserve	2,419	2,419
Other reserve	180,000	180,000
	<u>1,703,961</u>	<u>1,448,512</u>

Consolidated	Foreign currency translation reserve	Share option reserve	Share loan plan reserve	Other reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	(34,571)	1,300,664	2,419	180,000	1,448,512
Foreign currency translation	30,496	-	-	-	30,496
Share based payments	-	224,953	-	-	224,953
Balance at 31 December 2021	<u>(4,075)</u>	<u>1,525,617</u>	<u>2,419</u>	<u>180,000</u>	<u>1,703,961</u>

Note 6. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 7. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing, and has particularly affected supply chains and overall demand in the biotechnology and pharmaceutical industries. The Group is actively managing its exposure, but can be affected by timing and cost implications of these issues. The Group notes that other potential impacts, positive and/or negative, are possible. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 24 January 2022, the Company announced that it had completed the first engineering run of its lead asset PAT-DX1. It was noted that the product yield from the fermentation process for PAT-DX1 was consistent with the small scale pilot production run conducted previously. However, the purification of PAT-DX1 from the cell harvest resulted in lower drug product recoveries than expected. In view of this, Patrys is currently working with its Contract Development Manufacturing Organisation (CDMO) to implement improvements for the large-scale purification process. It is anticipated that a further engineering run for PAT-DX1 using an improved large-scale purification process will commence in Q2, 2022.

Using available drug product, the non-GLP toxicology studies in non-human primates will progress as planned in Q1/Q2 2022. The lower yield from the first engineering run will impact the timing of the subsequent GLP (Good Laboratory Practice) toxicology studies, which, in turn, will impact on the initiation of the planned first human study of PAT-DX1. It is a requirement that these GLP toxicology studies are conducted using drug product generated by the same manufacturing process that will be used for the planned Phase 1 clinical trial. Accordingly, Patrys is currently working with its toxicology service provider with the aim of rescheduling the GLP rodent and GLP non-human primate toxicology studies to commence in Q3, 2022.

This six-month delay will impact the timing of the first in human study of PAT-DX1, which is now planned for mid-2023.

On 24 January 2022, the Company announced that its wholly-owned subsidiary, Nucleus Therapeutics Pty Ltd had received a refund of approximately \$1.2 million in relation to the Federal Government's R&D Tax Incentive Program for eligible research and development activities conducted by the Company during FY21.

Note 7. Events after the reporting period (continued)

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 8. Earnings per share

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Loss after income tax attributable to the Owners of Patrys Limited	<u>(4,509,693)</u>	<u>(2,004,257)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,868,112,368</u>	<u>1,414,112,664</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,868,112,368</u>	<u>1,414,112,664</u>
	Cents	Cents
Basic loss per share	(0.24)	(0.14)
Diluted earnings per share	(0.24)	(0.14)

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr. John Read
Chairman

24 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Patrys Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Patrys Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in black ink. The first line reads 'BDO' in a stylized, blocky font. The second line is a cursive signature that appears to read 'Tim Fairclough'.

Tim Fairclough
Director

Melbourne, 24 February 2022