

## 1. Company details

Name of entity:	Patrys Limited
ABN:	97 123 055 363
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	149.1% to	3,333,576
Loss from ordinary activities after tax attributable to the Owners of Patrys Limited	up	66.9% to	(6,780,363)
Loss for the year attributable to the Owners of Patrys Limited	up	66.9% to	(6,780,363)

### 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 \$6,780,363 (30 June 2021: \$4,062,920).

During the period, the Group had total income of \$3,333,576 (2021: \$1,338,377), consisting of the R&D tax incentive of \$3,297,980 (2021: \$1,188,581), licencing revenue of \$27,500 (2021: \$27,500) and interest income of \$8,096(2021: \$5,296).

The Group's research and development expenditure during the financial year was \$8,085,228 (2021: \$2,861,902). 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 at bank at 30 June 2022 was \$7,817,841 (30 June 2021: \$6,916,604) including a short-term deposit investment of \$2,006,251. In addition, the Group also had another short-term investment of \$2,004,002 with an original term of maturity of 6 months. Excluding prepaid expenses, the working capital position at 30 June 2022 was \$12,690,342 (30 June 2021: \$11,344,066).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.63</u>	<u>0.64</u>

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## **6. 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.

---

## **7. Dividend reinvestment plans**

Not applicable.

---

## **8. Details of associates and joint venture entities**

Not applicable.

---

## **9. Foreign entities**

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

Not applicable.

---

## **10. Audit qualification or review**

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

The financial statements have been audited and an unmodified opinion has been issued.

---

## **11. Attachments**

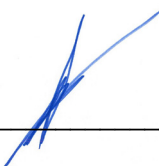
### *Details of attachments (if any):*

The Annual Report of Patrys Limited for the year ended 30 June 2022 is attached.

---

## **12. Signed**

Signed \_\_\_\_\_



Date: 30 August 2022

For persons only



## ANNUAL REPORT 2022

For personal use only

Novel antibodies.

Novel cancer therapies.

New hope.



# Contents

From the Chair	6
Our People	8
Patrys Snapshot	10
ASX News, Media Headlines	14
PAT-DX1	16
IP Update	18
Research Studies	20
Partnerships and Grants	22
ADCs Opportunity	24
Directors' Report	26
Auditor's Independence Declaration	44
Statement of Profit or Loss and Other Comprehensive Income	45
Statement of Financial Position	46
Statement of Changes in Equity	47
Statement of Cash Flows	48
Notes to the Financial Statements	49
Directors' Declaration	72
Independent Auditor's Report to the Members of Patrys Limited	73
Shareholder Information	76
Corporate Directory	80
Corporate and Social Responsibility	81

# From the Chair

On behalf of the Patrys team, I would like to express our gratitude for the support of our valued investors, research collaborators, and industry and commercial partners during the 2022 Financial Year (FY22).

Over the last two decades we have seen **antibodies emerge as a leading treatment for many challenging diseases**. At Patrys our research and development (R&D) is principally focused on treating some of the hardest cancers to access and treat. For example, a key development stream for Patrys is glioblastoma, the most common brain cancer with a five-year survival rate of just 20%, limited treatment options, and very few new therapies.

Despite ongoing challenges in the biotechnology sector due to COVID-19 – with resources being diverted to address the pressing needs of the pandemic, changing structures to global business operations and investor fatigue – we have continued to address key requirements to progress to the clinic.

During FY22, Patrys achieved significant commercial milestones including a **successful \$7.8m capital raising in November 2021**. This strengthened our balance sheet, providing for initiation of a formal development program for our full-sized IgG deoxymab antibody, PAT-DX3; development of a manufacturing process to provide clinical grade PAT-DX3 at commercial scale; 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 our business development activities at large.

We are now addressing the remaining essential steps needed before we can advance our technology to the clinic. **Key highlights from our development program in FY22** include confirming that PAT-DX3 crosses the blood brain barrier in animal models of brain cancer; showing that PAT-DX1 improves survival in a model of pancreatic cancer; completion of successful proof of concept studies that demonstrate the potential for PAT-DX3 to become an ADC targeting antibody; stable cell line for production of PAT-DX3; and after modifying our purification processes in a second engineering run, we confirmed our ability to produce large-scale quantities of PAT-DX1.

We continue to collaborate with **respected research bodies** working to produce novel cancer therapies and have attracted meaningful grant funding in FY22. This included \$250,000 in funding to our research collaborator from the inaugural Clinical Accelerator fund of Cure Brain Cancer Foundation to research potential therapeutic applications for PAT-DX1 and PAT-DX3 deoxymabs. This program is being led by the highly respected industry leader and Head of Telethon Kids Cancer Centre, Professor Terrance Johns.

Our work is also attracting coverage in the media and **reputable peer-reviewed journals**. In June 2022, new data was published in ImmunoHorizons from a series of studies by our collaborators Dr James Hansen, of Yale School of Medicine, and Dr Kim O'Sullivan, of Monash University, showing that PAT-DX1 suppresses the formation of neutrophil extracellular traps (NETs). These studies highlighted that PAT-DX1 may be used to regulate the formation of NETs – which are believed to contribute to immunity, inflammation and the pathophysiology of various inflammatory diseases and some cancers. These were unexpected and important discoveries.

This has been a significant year for our Company. We have undertaken **essential commercial groundwork and expanded our base of clinical evidence** to support preparing PAT-DX1 for the clinic in 2023. In addition to this, we have expanded our lean team to ensure we have the specialist expertise in-house to scale up, as needed.

At the end of August, I will retire as Non-Executive Director and Chair of the Patrys Board. It has been a privilege to be part of the Patrys leadership team since the Company's listing on the ASX in 2007, and I am particularly proud of our progress in advancing the deoxymab platform in preparation for its first in human clinical trial. With the successful conclusion of the PAT-DX1 engineering run, it is now wholly appropriate that Patrys appoints a new Chair for its next chapter as it focuses on becoming a clinical stage therapeutic antibody company.

I would once again like to thank our network of investors; commercial, clinical and academic partners; and to acknowledge the tireless work of our Board of Directors, our CEO and Managing Director, Dr James Campbell, and the broader Patrys team.

With thanks,



John Read  
Patrys Chair

For personal use only

*“ At Patrys we are driven to treat some of the hardest to reach and treat cancers.”*

- Patrys Chairman, John Read



# Our People

Our multidisciplinary team of specialists in research, development, and innovation, are driven by a desire to advance the development of novel cancer treatments.

## Board of Directors



### John Read

**Chairman**, BSc (Hons), MBA, FAICD

Mr. Read is an experienced Chairman and Director in public, private and government organisations. Through his extensive career in venture capital, private equity and commercialisation he has gained a depth of experience in the formation and growth of emerging companies with an emphasis on commercial entities that provide broad societal benefits.



### James Campbell

**Managing Director & Chief Executive Officer**, BSc (Hons), PhD, MBA, GAICD

Dr. Campbell has more than 20 years of international biotechnology research, management and leadership experience and has been involved in the creation and/or transformation of multiple successful Australian and international biotechnology companies.



### Michael Stork

**Non-Executive Director**, BBA

Mr. Stork is the Managing Director of Stork Holdings Ltd, an Investment Holding company active in the Canadian technology startup sector. Mr. Stork is the Chairman of the Waterloo Accelerator Centre, a technology company incubator affiliated with the University of Waterloo. He is active on the Boards of a number of leading Canadian technology startup companies.



### Suzy Jones

**Non-Executive Director**

Ms. Jones is Founder and Managing Partner of DNA Ink LLC, a life sciences advisory firm in San Francisco with clients in the United States and Europe. Ms. Jones has very extensive networks within the pharmaceutical and biotech industry worldwide and the VC community in North America.



### Pamela M. Klein

**Non-Executive Director**, BSc, MD

Dr. Pamela M. Klein completed her medical training at Stritch School of Medicine, Loyola University in Chicago, followed by internal medicine training at Cedars-Sinai, Los Angeles, prior to spending seven years working at the U.S. National Cancer Institute. Dr. Klein currently serves as an advisor to a range of different biotech and investment companies, with roles on Scientific Advisory Boards and Corporate Boards as well as broader advisory roles.

## Management

Our expanding Management Team brings a cross-section of experience and expertise in clinical and commercial development.



### Stefan Ross

**Company Secretary**, BBus (Accounting)

Stefan Ross has over 10 years of experience in accounting and secretarial services for ASX Listed companies. His extensive experience includes ASX compliance, corporate governance control and implementation, statutory financial reporting, shareholder meeting requirements, capital raising management, preparation of prospectus', and board and secretarial support. Mr Ross has a Bachelor of Business, majoring in Accounting.



### Deanne Greenwood

**Vice President Business Development & Intellectual Property**, BSc (Hons), PhD, MBA, GAICD

Dr. Greenwood's efforts are focused on commercialisation of the Company's assets and management of the extensive intellectual property portfolio. Dr. Greenwood has worked in the health and life science sector for the last 14 years. She has extensive experience related to R&D drug development, relationship management, contracts, grants and industry partnerships.



### Valentina Dubljevic

**Vice President, Research and Development**, MBB, BSc, GAICD

Ms. Dubljevic is responsible for the pre-clinical development of Patrys' products. Ms. Dubljevic brings more than 20 years of scientific and commercial experience in the areas of anti-cancer therapies, vaccine development and diagnostics.



### Rebecca Tunstall

**Vice President, Corporate Development**, BApp Sc (Hons), PhD

Dr. Tunstall recently joined Patrys, bringing an impressive track record in clinical development and stakeholder engagement in oncology clinical research and development. She holds strong relationships with industry, government, regulators and research partners, both in Australia, and internationally.

## Scientific Advisory Board

Our scientific advisors are globally sought-after specialists in their fields.



### Peter Ordentlich

 BSc, PhD

Dr Peter Ordentlich completed a PhD in Immunology at the University of Pennsylvania and a Post-Doc at the Salk Institute for Biological Studies. He worked at X-Cepto Therapeutics, which was acquired by Exelixis in 2004, then in 2005 co-founded Syndax Pharmaceuticals, a NASDAQ-listed, clinical stage biopharmaceutical company developing an innovative pipeline of cancer therapies with three clinical stage assets.



### Allen Ebens

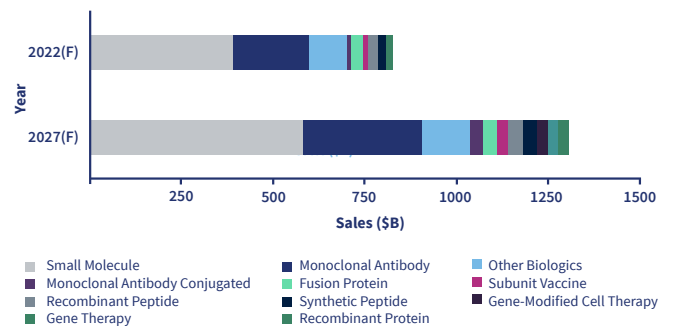
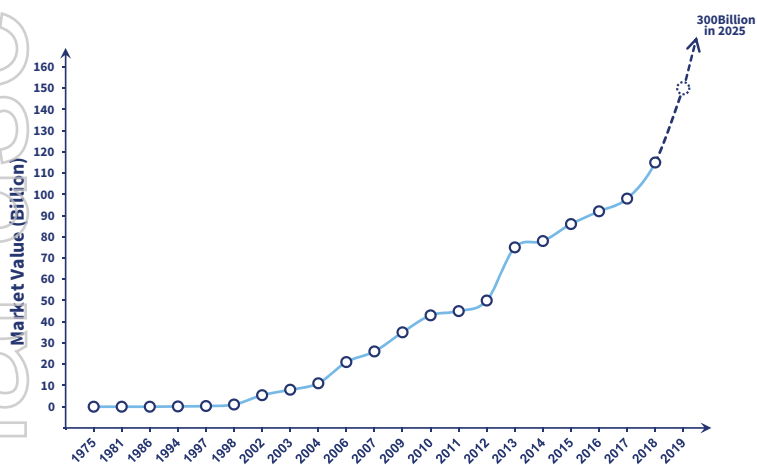
 BSc, PhD

Dr Allen Ebens completed a PhD at UCLA and Post-doctoral training at UCSF. Over 20 years his distinguished career has seen significant contributions to the scientific literature as well as advancement of multiple discovery projects to clinical development at companies including Exelixis, Genentech and Juno Therapeutics.

# Patrys Snapshot

## The Age of Antibody Therapeutics

The first therapeutic antibody was approved in 1986 and since then antibodies have emerged as a key treatment for the most challenging diseases. There are now over 80 approved therapeutic antibodies and nearly 600 different antibodies that have been tested in human clinical trials. It has been predicted that by 2027, the sales of biologics (protein-based therapeutics) will exceed the sale of small molecule drugs (chemical-based therapeutics) and nearly half of the biologic sales will be for therapeutic antibodies.



## What Antibodies Do

Antibodies have the ability to recognise and bind to specific proteins or chemicals – called targets. Most therapeutic antibodies have been developed to bind to a single very specific protein target that is predominantly found on cells associated with a specific disease state. These antibodies can provide a ‘magic bullet’ that can home in on the cells that express that target. This is what has made antibodies such an attractive option for developing new therapies. However, these antibodies can only work if the disease tissue is expressing that particular target for that antibody. Often, these disease targets are very specific and may only be found in a subset of patients, and their presence can change over time.

Patrys’ deoxymabs do not bind to a disease specific protein target but, instead, bind to fragments of DNA that are released from cells when they die. Most of the time, in healthy tissues, the rate at which cells die and turnover is very low, so not a lot of DNA is released. However, in cancer, the rate of cell turnover and cell death can be very high, resulting in the release of a lot of DNA. This is a feature of all cancers, regardless of where they occur, and Patrys has shown in animal experiments that its deoxymabs are able to seek out cancer tissue anywhere in the body, regardless of the type or nature (primary or secondary) of the cancer.

Patrys’ deoxymabs do not bind to a disease specific protein target but, instead, bind to fragments of DNA released from dying cancer cells.



## What Makes Patrys' Deoxymabs Special

As well as being able to seek out most forms of cancer tissue anywhere in the body, the ability of deoxymabs to bind to fragments of DNA has resulted in them having some special properties that are not usually found in antibodies.

- **Able to cross the blood-brain barrier:** most antibodies are not able to cross from the blood into the tissues of the brain. Deoxymabs appear to be able to cross this physiological barrier by “hitchhiking” using the biochemical machinery that is designed to transport the building blocks of DNA into the brain.
- **Able to enter cells and the cell nucleus:** most antibodies bind to targets on the surface of cells and are broken down when they enter a cell. Deoxymabs can enter a cell, and even into the cell nucleus, intact, allowing them to recognise intracellular targets and also to be potentially used as a courier to deliver drugs or other molecules into the cell and cell nucleus.
- **Able to block the repair of damaged DNA:** when deoxymabs get into the cell nucleus, they can bind to strands of DNA preventing its repair. Cells with damaged DNA cannot divide and end up dying. As cancers often have high levels of damaged DNA, this can provide an approach for selectively killing them, particularly in cancers where the DNA repair mechanisms have already been compromised.

## How Could Deoxymabs Be Used in the Clinic

These special properties of deoxymabs mean that they could be used in the clinic in novel ways – not typically available for antibody-based therapeutics.

Patrys has successfully demonstrated the potential for deoxymabs to be used for each of these approaches in multiple preclinical studies. On their own, deoxymabs can improve survival of animals with tumours with a pre-existing mutation in their DNA damage repair. Deoxymabs can also improve the effectiveness of DNA damaging therapies such as radiation therapy or chemotherapy by preventing the repair of the damage caused to DNA. Finally, deoxymabs can be used for the targeted delivery of therapeutic payloads (drugs or nucleic acids) to the inside the cell or the cell nucleus.



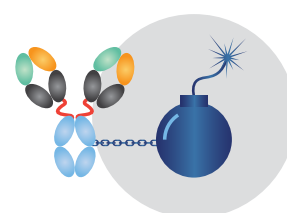
### Single agent therapies

To treat cancers with existing DDR deficiencies



### Combination therapies

Using deoxymabs in combination with chemo or radiation therapies

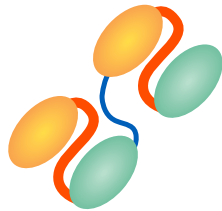


### Targeting agent

Delivers therapeutic payloads into the cell nucleus

## Patrys' Deoxymab Pipeline

Patrys has developed two different versions of deoxymabs: a small antibody fragment called PAT-DX1 and a full-sized IgG antibody called PAT-DX3.



**PAT-DX1**



**PAT-DX3**

**PAT-DX1:** is an antibody fragment essentially composed of two copies of just the part of the antibody that recognises and binds the target. Being much smaller, it should be able to penetrate into denser tissues and is likely to have a shorter half-life. This can be important for applications where rapid clearance is necessary to minimise any off-target activity, the time of drug exposure, or for imaging agents where non-bound antibody can cause high levels of background.

PAT-DX1 has recently completed an engineering production run to produce clinical grade antibody material. This will be used to complete the final preclinical toxicology studies, which will commence this year, required to support a phase 1 clinical trial in patients in 2023.

**PAT-DX3:** is a full-sized IgG deoxymab antibody. IgG antibodies are the class of antibody to which most therapeutic antibodies belong. Hence there is a lot of familiarity with their biology, properties, and the processes for manufacturing them. The larger size of IgG antibodies also means they typically have a longer half-life and different pattern of distribution in the body from antibody fragments. Being larger provides more places to attach drug or other chemical payloads if they are being used for delivery of payloads across the blood-brain barrier or into cells and the cell nucleus.

A stable cell line capable of producing high yields of PAT-DX3 has been established. Patrys is in the process of developing a commercial scale manufacturing process for PAT-DX3 using this cell line. As most of the therapeutic antibodies that have been developed are IgGs like PAT-DX3 there is a lot of experience and well-established knowledge for the commercial manufacture of clinical grade IgGs.

By having two different formats of deoxymab in development, Patrys will be able to leverage the unique properties of these special antibodies in a range of different therapeutic products for different applications.

## PAT-DX1 and PAT-DX3 – Same, but Different

PAT-DX1 and PAT-DX3 are both deoxymabs based on the same original deoxymab - a mouse antibody called 3E10. Over the past two years, Patrys has shown that despite their differences in size, both these antibodies demonstrate the features that make deoxymabs special such as being able to cross the blood brain barrier; enter into cells and into the cell nucleus; and block the repair of damaged DNA.

Furthermore, Patrys has shown that PAT-DX1 and PAT-DX3 are both able to inhibit the growth of certain tumours, either on their own or in combination with other treatments, in numerous animal models of cancer.

However, as expected, there are some differences between PAT-DX1 and PAT-DX3 which is why Patrys is developing both of them. For example, the larger size of PAT-DX3 results in it having a longer half-life in the bloodstream. Its larger size also provides more locations/sites to attach drugs or nucleic acids for targeted delivery to the brain, the inside of the cell, or even the cell nucleus.

By having two different formats of deoxymab in development, Patrys will be able to leverage the unique properties of these special antibodies in a range of different therapeutic products for different applications.

## Using Deoxymabs for Targeted Delivery of Drugs to the Brain and Cell Nucleus

Patrys' deoxymabs also can be used for the delivery of drugs, nucleic acids and other chemicals to locations that are not usually amenable to antibody-based delivery, namely brain tissue and the cell nucleus.

One of the reasons that brain cancer is so difficult to treat is that there is a natural, anatomical barrier that protects the brain by preventing chemicals (including most drugs) from entering it from the bloodstream. As Patrys' deoxymabs are able to cross this blood-brain barrier, they can be used to carry drugs into the brain tissues.

Similarly, many drugs, including those based on nucleic acids (such as oligonucleotides, antisense drugs etc) need to be delivered into the cell nucleus in order to be effective. Because cells have protective mechanisms to destroy many chemicals when they enter the cell, this can be difficult to achieve. Patrys' deoxymabs may be able to safely deliver these into the cell nucleus.

Patrys' collaborators are continuing to develop these potential targeted delivery applications for deoxymabs. Furthermore, the Company is in discussion with several companies that are interested in accessing Patrys' deoxymabs for the targeted delivery of their compounds to the brain or the cell nucleus.

## R&D Pipeline

Compound	Discovery	Preclinical	Clinical
PAT-DX1	[Progress bar spanning Discovery, Preclinical, and Clinical stages]		
PAT-DX3	[Progress bar spanning Discovery and Preclinical stages]		
PAT-DX1-NP	[Progress bar spanning Discovery and Preclinical stages]		

# ASX News, Media Headlines

## Milestones: FY2021-22

During FY22, Patrys announced a number of significant clinical and commercial milestones including a successful \$7.8m capital raising in November 2021.

Full size deoxymab PAT-DX3 crosses the blood brain barrier	July 2021
PAT-DX1 improves survival in model of pancreatic cancer	July 2021
PAT-DX3 proof of concept as potential ADC targeting antibody	September 2021
Patrys proof of concept ADC significantly increases survival	October 2021
\$7.8M Capital Raising	November 2021
PAT-DX1 engineering update	January 2022
Stable cell line for production of PAT-DX3 established	February 2022
Patrys strengthens executive team on path to clinic	April 2022
CBCF funding to support deoxymab brain cancer development	June 2022
New mechanism by which PAT-DX1 may reduce cancer metastasis	June 2022



For personal use only

*“We are proudly working with partners, collaborators and investors around the world, to realise the unique attributes of our deoxymab platform technology. This is truly an exciting time to be working in the cancer therapeutics field – and I have enormous confidence in Patrys’ R&D to positively impact peoples’ lives.”*

*- Patrys CEO and MD, Dr James Campbell*



# PAT-DX1

## **PAT-DX1: path to the clinic**

Delivering innovative, first in class therapies to patients with cancer is the key focus for Patrys. The Company's upcoming first-in-human phase 1 clinical trial is an essential first step in the process of evaluating its potential new treatments for cancer patients. After a brief hiatus due to unforeseen delays with manufacturing, the team is again firmly focused on activities required for Patrys' lead asset, PAT-DX1, to progress to the clinic in 2023.

Patrys continues to work with an outstanding team of local and international expert consultants for the delivery of ongoing manufacturing activities, animal efficacy and toxicology studies, in parallel to preparing for the clinical trial. Patrys has strengthened an already high calibre team, by welcoming Dr Rebecca Tunstall in May. As Vice President Corporate Development, Rebecca is leading preparations for the clinical trial.

Having chosen Australia as the location for conducting the trial due to its world-class quality infrastructure, medical expertise of global standing and streamlined ethics and regulatory environment, Rebecca has begun re-engaging with Australian CROs, clinical supplies companies and clinicians to prepare for the trial.

Driven by the science and focused on patients, these activities will gain momentum and intensify as Patrys ensures quality partner companies are engaged and the most appropriate clinical trial is designed. The Company remains focused on a timely execution of the phase 1 clinical trial and delivery of data to progress the development of this important asset for patients.

For personal use only



For personal use only



“Here at Patrys, we are energised and focused to advance PAT-DX1 to a first in human clinical trial - a truly exciting milestone for our team, global cancer research and patients.”

- Vice President Corporate Development, Dr Rebecca Tunstall

# IP Update

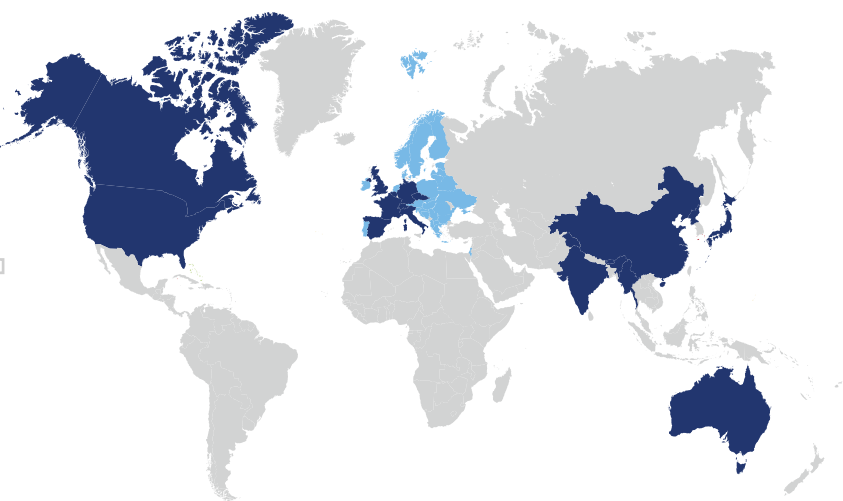
## Intellectual Property Portfolio

Patrys has an extensive global intellectual property (IP) portfolio with protection potentially extending through to at least 2042 in all major markets. This IP position is expected to provide the Company with substantial commercial advantages as it develops its product candidates for major markets including the United States, Europe, Japan and China.

### Deoxymab technology and product candidates

The patents that we have obtained, and continue to apply for, cover deoxymab antibodies PAT-DX1 and PAT-DX3 composition of matter, combination approaches, method of treatment and product candidates derived from these technologies. Among the indication-specific issued or pending patents covering product candidates derived from our deoxymab portfolio we have patents covering the use of deoxymabs in gliomas, metastases, breast, pancreatic, ovarian and prostate cancers and melanomas.

Patrys recently announced the granting of additional patents in its portfolio. The Company now has a total of nine granted patents. Three of those patents cover the unconjugated form of deoxymab 3E10 (and derivatives thereof) were granted in Europe, Japan, China and three in the USA. The Company has a further three patents covering the nanoparticle conjugation granted in Australia, India and now Canada. This provides the Company with a significant and material patent estate covering the use of its deoxymab antibodies. Patrys continues to focus on maintaining patent protection in major jurisdictions where future regulatory approvals and product sales are targeted, with 35 patent applications filed in key jurisdictions across 13 different patent families. In addition, in many major jurisdictions we may be able to extend commercial exclusivity period for our product candidates, which include, but are not limited to the exclusive right to reference our data, orphan drug exclusivity and patent term extensions.



IP protection granted



IP protection pending

### Deoxymab patent portfolio

13

Active patent families

9

Granted patents

32

Patent applications pending



For personal use only



*“We are working hard to secure an extensive portfolio of patents in major commercial markets – an essential part of our strategy to commercialise and extend the reach of our R&D.”*

**- Vice President Business Development & Intellectual Property, Dr Deanne Greenwood**



# Research Studies

## Proof-of-concept study shows potential for deoxymab antibody drug conjugate in breast cancer

In October 2021, Patrys released data from a completed proof-of-concept study demonstrating the potential of its full-sized deoxymab antibody, PAT-DX3, to be used as a targeting agent for antibody drug conjugates (ADCs) to deliver anti-cancer drugs to tumour tissue.

The preclinical study, which was carried out in mice implanted with human breast cancer cells, has shown that animals treated with the PAT-DX3-MMAE conjugate had a statistically significant increase in survival. At the end of the study, 80% of the mice treated with PAT-DX3-MMAE were still alive, compared to zero survival in the untreated control, and only a single survivor in the control antibody group.

ADCs harness the targeting attributes of antibodies to deliver drugs specifically to the sites of disease. Most ADCs are based on antibodies directed against antigens that are specific for a particular tumour; however, Patrys' deoxymabs are attracted to the DNA that is released from dying cells, potentially providing a pan-cancer therapeutic option.

Patrys Chief Executive Officer and Managing Director, Dr. James Campbell said:

"It is very exciting to report such positive data from our proof-of-concept study showing that Patrys' deoxymabs may have potential as targeting agents for ADCs.

"While most ADCs are based on antibodies directed against cell surface antigens that are specific for a particular tumour, our deoxymabs are attracted to the DNA that is released from most cancers as a result of the high rates of cell death and cell turnover in tumours.

"This preclinical study has shown that the affinity our deoxymabs have for DNA is sufficient for them to target the delivery of cancer drugs to tumours where they can inhibit tumour growth and improve survival. This exciting finding may open up new opportunities for deoxymabs as a basis for developing new therapeutic ADC products. Additional studies will need to be performed to better understand the potential impacts of on-target and off-target toxicity using this approach. However, the results from this study have clearly demonstrated the proof-of-concept".

## Published research widens potential of deoxymab applications

New data was published in June 2022 from a series of studies by our collaborators Dr James Hansen, of Yale University School of Medicine and Dr Kim O'Sullivan, of Monash University, showing that PAT-DX1 suppresses the formation of neutrophil extracellular traps (NETs), which may reduce metastasis in some cancers.

The paper, which is published in the peer-reviewed journal *ImmunoHorizons*, is the first study showing that PAT-DX1 may be used to regulate the formation of NETs, which are believed to contribute to immunity, inflammation and the pathophysiology of various inflammatory diseases and some cancers.

Patrys Chief Executive Officer and Managing Director, Dr James Campbell, said:

"This is an exciting and important discovery for Patrys, offering mechanistic rationale to the previously-described ability of PAT-DX1 to reduce cancer spread by metastasis, and opening the door to broader uses of deoxymabs in non-cancer indications, particularly chronic inflammatory conditions that are driven by NET formation."

## What are NETs?

Neutrophil extracellular traps (NETs) are structures that are composed of DNA strands and certain proteins produced by neutrophils (a type of white blood cell). Recent studies, both in animal models and patients, have indicated that NETs may play an important role in the establishment and maintenance of cancer cells, cancer spreading (metastasis), and regulating inflammation. Patrys' antibodies are known to bind DNA and to inhibit the DNA damage repair process (DDR) in cell nuclei. The DDR process contributes to the mechanism of formation of NETs, a process called NETosis. The release of DNA that is associated with NETs is believed to contribute to immunity, inflammation and the pathophysiology of various inflammatory diseases and metastasis in some cancers.

For personal use only



# Partnerships and Grants

## Research funding supports deoxymab brain cancer research

In June, Patrys was delighted to receive the news that its collaborators at the Telethon Kids Institute had been awarded significant funding from the Cure Brain Cancer Foundation Clinical Accelerator to support research into the therapeutic potential of PAT-DX1 and PAT-DX3 in the treatment and management of brain cancers.

The grant will be used to investigate Patrys' deoxymab assets PAT-DX1 and PAT-DX3 in both in vitro and in vivo studies of high grade glioma (HGG), by combining with standard of care (SOC) treatments such as radiotherapy and temozolomide to determine efficacy.

Patrys' deoxymabs have demonstrated promising activity against cancers in the brain in multiple animal models. This is by virtue of their ability to both cross the blood-brain barrier, something that few other antibodies are able to achieve, and to block the DNA-damage repair (DDR) systems within cancer cells. The current standards of care for treating brain cancers, radiation or chemotherapies, primarily kill the cancer cells by causing damage to the DNA of rapidly dividing cancers cells. Combining these with the DDR-blocking activity of Patrys' deoxymabs has the potential to significantly increase the effectiveness of these established therapies.

Based within the Perth Children's Hospital, the Telethon Kids Institute conducts translational research focused on improving treatments for the health and wellbeing of children. The research will be led by Professor Terrance Johns, who is at the forefront of global brain cancer research initiatives.

Patrys CEO and Managing Director, Dr James Campbell, said it is one of our most exciting collaborations to date.

"Professor Johns and his team are pivotal in the brain cancer space internationally, and Australia is fortunate to host such expertise. We gratefully acknowledge Cure Brain Cancer Foundation's Clinical Accelerator for providing funding for therapeutic products with the potential to improve the pathway to the clinic."

## Research collaboration with Imagion Biosystems

Patrys has expanded its research collaboration with Imagion Biosystems (ASX: IBX). In May 2021, Patrys first reported initiation of its collaboration with Imagion to explore combination of Imagion's MagSense® technology and Patrys' DNA-targeting PAT-DX1 to develop a highly effective imaging agent with high specificity for hard-to-diagnose cancers such as brain cancer. Both companies have now engaged The University of Sydney to further explore the utility of these combined technologies as a diagnostic imaging marker in a patient derived animal model of Glioblastoma Multiforme. Progress of these studies will be shared in 2023.



CEO of Cure Brain Cancer Foundation, Lance Kawaguchi, said “This is a strong move towards the goal of improving the quality of life for people living with the disease”.

“Cure Brain Cancer Foundation is humbled to award our very first Clinical Accelerator to Professor Terrance Johns from Telethon Kids Cancer Centre in conjunction with leading Australian biotechnology company Patrys to continue our shared goal of improving treatments for people, especially children, living with brain cancer. To have a ground-breaking antibody that can potentially be in clinic by 2023 is life changing, and we are committed to drive research breakthroughs with rapid results. It’s our mission to move towards a future where there’s a cure for brain cancer and this is a bold step in the right direction. We must continue to support early-stage biotechs like Patrys, to close the gap in getting new therapies to patients.”

Professor Terrance Johns said it is a promising step forward for essential research.

“This partnership between Telethon Kids and Patrys is a tremendous opportunity to make a difference for brain cancer patients. Advances in new treatments have been stalled for over 30 years, consequently patient survival has barely improved in that time. Our approach represents a radically new strategy for treating brain cancer. We believe it could significantly improve the effectiveness of current treatments, extending patients’ lives.”

The announcement received national coverage, with Patrys CEO and Managing Director James Campbell featured on Channel 7 News to discuss the significance of the research.



# ADCs Opportunity

## Using Deoxymabs for Targeted Delivery of Cancer Drugs

One of the exciting opportunities for Patrys' deoxymabs is for the delivery of drugs, nucleic acids or other chemicals. The delivery of drugs using antibodies has opened up a class of highly targeted drugs called Antibody Drug Conjugates or ADCs. This is one of the most commercially active areas in cancer drug development with ADCs being the focus of some of the largest deals in the sector.

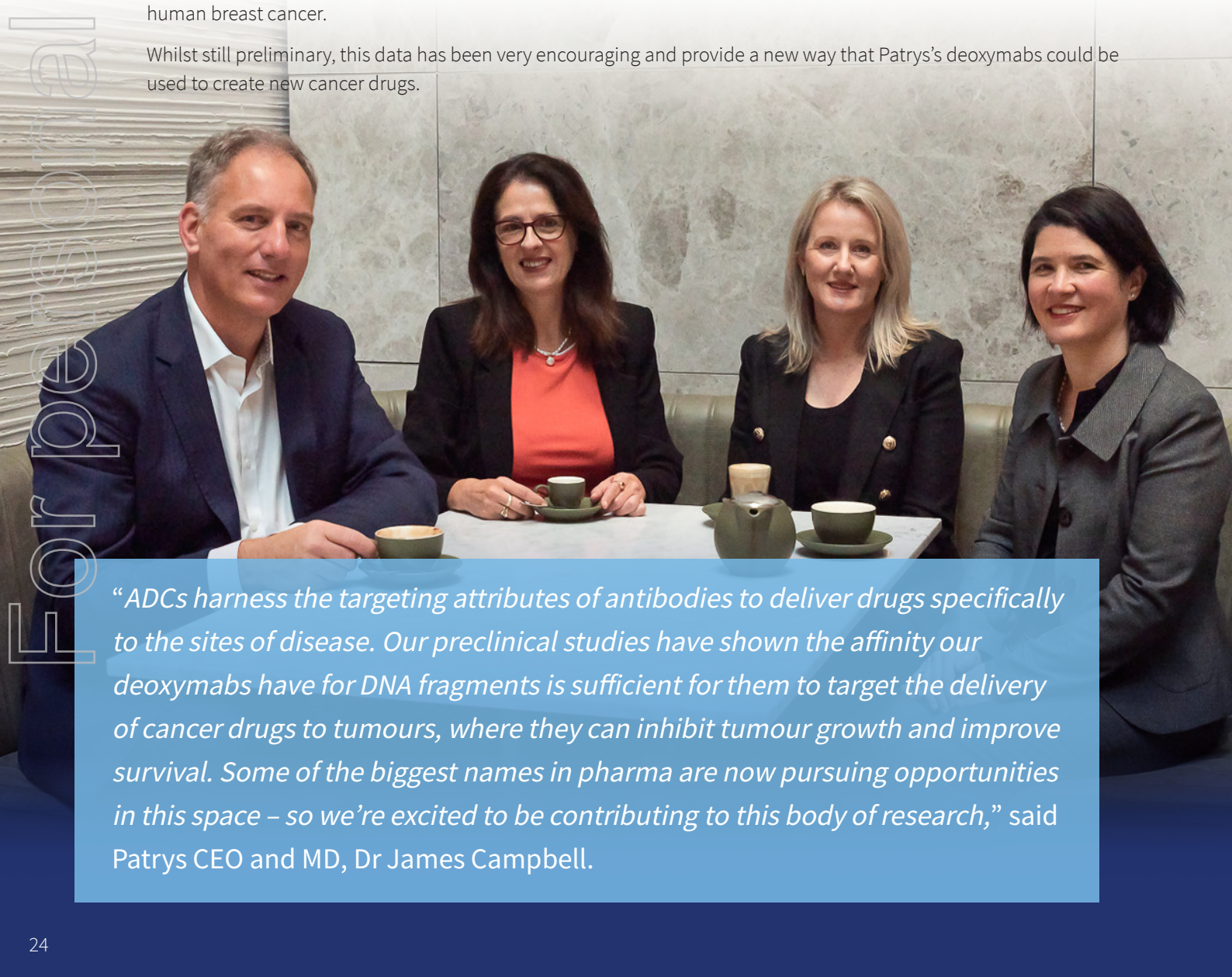
Most ADCs use an antibody that targets very specific antigens that are primarily found only on specific cancer cells. Patrys' deoxymabs target damaged DNA that is released by dying cancer cells. Patrys and its network of academic collaborators are conducting experiments to evaluate if the broader specificity of deoxymabs allows them to be used for cancer-targeting ADCs.

So far, labelling experiments in animals have shown that deoxymabs that are administered into the bloodstream are able to bind to tumours wherever they are located in the body and have not been detected in normal healthy tissues.

Late last year, Patrys tested an ADC construct that used PAT-DX3 as a cancer targeting agent and linked to a highly toxic anti-cancer drug called MMAE. This construct significantly improved the survival of animals with an animal model of human breast cancer.

Whilst still preliminary, this data has been very encouraging and provide a new way that Patrys's deoxymabs could be used to create new cancer drugs.

For personal use only



*“ADCs harness the targeting attributes of antibodies to deliver drugs specifically to the sites of disease. Our preclinical studies have shown the affinity our deoxymabs have for DNA fragments is sufficient for them to target the delivery of cancer drugs to tumours, where they can inhibit tumour growth and improve survival. Some of the biggest names in pharma are now pursuing opportunities in this space – so we’re excited to be contributing to this body of research,”* said Patrys CEO and MD, Dr James Campbell.

For personal use only

# Financials

**Patrys Limited**  
**Directors' report**  
**30 June 2022**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as 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 year ended 30 June 2022.

**Directors**

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

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

**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 progressing PAT-DX1 through late pre-clinical development with the aim of initiating a first in human clinical study in H2 CY2023. Following an initial low-yielding engineering manufacture run of PAT-DX1, the Company's Contract Manufacturing and Development Organisation (CDMO) completed a successful engineering run in late June/early July 2022. Once it has been confirmed that the drug substance from this engineering run meets specification, drug material from this batch of PAT-DX1 will be used to complete the final preclinical studies required before clinical studies can commence. Patrys is also developing a process for the large-scale, GMP-grade manufacture of PAT-DX3, a full-sized IgG deoxymab. PAT-DX3 significantly expands the clinical and business development opportunities available to Patrys due to its potential use as a targeting agent for Antibody Drug Conjugates (ADCs) and Antibody Oligonucleotide Conjugates (AOCs).

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

**Dividends**

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



**Patrys Limited**  
**Directors' report**  
**30 June 2022**

**Review of operations**

*R&D progress*

During the 2022 financial year, Patrys expanded its pipeline and advanced the preclinical and manufacturing programs for both PAT-DX1 and PAT-DX3.

Following an initial low-yielding engineering manufacture run of PAT-DX1, the Company's CDMO completed a successful engineering run in late June/early July 2022. Once it has been confirmed that the drug substance from the engineering run meets specification, material from this batch of PAT-DX1 will be used to complete the final preclinical studies required before clinical studies can commence. Data from the planned toxicology studies will support the Human Research Ethics Application (HREA) that needs to be approved before a phase 1 clinical study can start. The phase 1 clinical trial for PAT-DX1 is anticipated to commence in H2 CY2023.

PAT-DX3 has demonstrated functional equivalence with PAT-DX1 in several important attributes including the ability to penetrate the cell nucleus, and the ability to bind to the DNA that is released from damaged tumour cells. Significantly, PAT-DX3 has different pharmacokinetic attributes to PAT-DX1. PAT-DX3 offers Patrys the ability to further leverage its deoxymab platform by allowing the development of new, broad-based, anticancer therapeutics with different pharmaceutical profiles. The PAT-DX3 clinical development program also advanced considerably during the year, with the completion and selection of a stable cell line to be used for all future manufacturing of PAT-DX3 for clinical and commercial use. This stable cell line is currently being converted into a Master Cell Bank, that could be used for the initial full scale manufacturing run (an engineering run) of PAT-DX3 in H2 CY2023. The antibodies from this engineering run would be used for GLP toxicology studies.

In Q2 FY22, Patrys announced that the Telethon Kids Institute in Western Australia had been awarded \$250,000 in funding from the Clinical Accelerator fund of Cure Brain Cancer Foundation (CBCF) to support a program of research focused on potential therapeutic applications for Patrys' PAT-DX1 and PAT-DX3 deoxymabs for the treatment and management of brain cancers. This is the first award of funding from CBCF under this newly established initiative and will support a program of research led by Professor Terence Johns. Professor Johns is internationally recognised for his strong track record in translational research in brain cancer, and is the Professor of Paediatric Cancer Research, the Head of Telethon Kids Cancer Centre, and the Co-Director of the Australian Brain Cancer Research Alliance (ABCARA). The research will initially focus on the potential to use PAT-DX1 and PAT-DX3 deoxymabs to increase the effectiveness of standard-of-care (SoC) treatment for high-grade glioma (HGG) such as radiotherapy and temozolomide.

*Corporate developments*

During the financial year ended 30 June 2022, 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.

In January 2022, Nucleus Therapeutics Pty Ltd, a wholly-owned subsidiary of Patrys, 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 year, Patrys participated in a range of global business development conferences and meetings which have resulted in 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 and AOCs 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 in the past year.

*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 commence GLP animal toxicology studies in H1 FY2023 as the last step prior to initiating a first-in-human Phase 1 clinical trial of PAT-DX1 in H2 CY2023.

Patrys will also continue to build the non-clinical data package supporting potential clinical applications for its full-sized IgG deoxymab, PAT-DX3. This will include a number of head-to-head preclinical studies of PAT-DX1 versus PAT-DX3 in a range of cancer models. In addition to therapeutic options for PAT-DX3 as a single agent, Patrys will continue to advance opportunities to use PAT-DX3 as a vehicle for the targeted delivery of pharmaceuticals and other therapeutic molecules (ADCs and AOCs). In parallel, Patrys will continue to advance the development program for the commercial-scale production of clinical grade PAT-DX3. Priorities for FY2023 include establishing a Master Cell Bank for PAT-DX3 that could be used in an engineering run in the next 12-18 months. Patrys continues to transform itself from a single asset company to a platform technology company with a lead agent approaching the clinic and based on a range of ongoing discussions believes that the value being realised from the broader platform may be substantial.

*Statement of Financial Position*

At 30 June 2022, the Group held cash and term deposits of \$7,817,841 (30 June 2021: \$6,916,604). Patrys' policy is to hold its cash and cash equivalent deposits in 'A' rated or better deposits. In addition, the Group had \$2,004,002 (30 June 2021: \$4,000,000) with a 6-month maturity in short-term deposit. Excluding prepaid expenses, the working capital position at 30 June 2022 was \$12,690,342 (30 June 2021: \$11,344,066).

*Operating results*

The loss for the Group after providing for income tax amounted to \$6,780,363 (30 June 2021: \$4,062,920).

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.

Consolidated revenue including other income during the period was \$3,333,576 (2021: \$1,338,377). This revenue includes R&D tax incentive income of \$3,297,980 (2021: \$1,118,581) and licencing income of \$27,500 (2021: \$27,500).

Total consolidated operating expenses for the period were \$10,113,939 (2021: \$5,401,297). Operating expenses include research and development costs of \$8,085,228 (2021: \$2,861,902) which have been expensed in the year they were incurred. The increase in R&D costs in FY2022 is due to increase in activity related to pre-clinical and manufacturing works undertaken during the financial year. Administration and management costs contributed a further \$2,028,711 (2021: \$2,539,395) to expenses from continuing operations.



## **Risks and uncertainties**

The Company is subject to risks that are specific to the Company and the Company's business activities, as well as general risks.

### *Future funding risks*

Whilst the Company has a cash and cash equivalents balance of \$7.8 million, plus an additional \$2 million in short-term deposits, classified as other financial assets with a maturity term of 6-months, and net assets of \$13.4 million and is able to continue on a going concern basis, there is risk that the Company may require substantial additional financing in the future to sufficiently fund the continued research, development and commercialisation of its technology/products and its other longer-term objectives. As the Group is still in the R&D phase of activities it has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. Should there be any delay in R&D refunds, management are confident that they can reduce their level of expenditure in order to retain appropriate cash balances. Management remains very diligent in their ongoing monitoring of cash balances day by day. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Company was unable to raise future funds, its ability to achieve its milestones or continue future development / commercialisation of its technology / product would be significantly affected.

The Directors regularly review the spending pattern and ability to raise additional funding to ensure the Company's ability to generate sufficient cash inflows to settle its creditors and other liabilities. In addition, the Company is eligible for certain government grants and R&D tax incentive.

### *Regulatory and licensing risks*

The research, development, manufacture and sale of products deploying the Company's technology is subject to a number of regulations prescribed by government authorities in Australia and overseas. Generally, there is a high rate of failure for drug candidates proceeding through pre-clinical and clinical trials. Further, even if the Company views the results of a trial to be positive, the FDA or other regulatory authorities may disagree with the Company's interpretation of the data. Thus, any product deploying Patrys' technology may be shown to be unsafe, non-efficacious, difficult or impossible to manufacture on a large scale, uneconomical to market, compete with superior products marketed by third parties, fail to secure meaningful reimbursement approval, or not be as attractive as alternative treatments.

The Company monitors legislative and regulatory developments and engages proactively with key stakeholders to manage this risk.

### *Innovating technological development*

The Company's product range includes candidates that are in pre-clinical development and need to be further tested before they can progress to human clinical trials. Pre-clinical and clinical development of the Company's product candidates could take several years to complete and might fail for a number of reasons including but not limited to lack of efficacy, failure to obtain regulatory approval, difficulty or failure to manufacture the Company's products on a large scale, or toxicity. There is no guarantee that Patrys will be commercially successful.

### *Dependence on service providers and third-party collaborators*

There is no guarantee that the Company will be able to find suitable third-party providers and third-party collaborators including academic institutions to complete the development and commercialisation of its products. The Company therefore is exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, and collaborative agreements may be terminable by the Company's partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's product development efforts, financial condition and results of operations.

The COVID-19 pandemic creates particular risks and challenges for the Company, which outsources both research and manufacturing activities, as operational progress may be slowed or arrested as jurisdictions and suppliers respond to differing conditions.

The Company monitors commercial developments and engages proactively with key stakeholders to manage this risk.

*Reliance on key personnel*

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Company.

The Company maintains a mixture of permanent staff and expert consultants to advance its programs and ensure access to multiple skill sets. The Company, through the Remuneration and Nomination Committee reviews remunerations to human resources regularly.

*Inability to protect intellectual property*

The Company's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual property including maintaining patent protection for its product candidates and their respective targets and any improvements to it. A failure or inability to protect the Company's intellectual property rights could have an adverse impact on operating and financial performance.

The Company owns or has in-licensed issued and pending patent applications covering a range of antibodies, cell lines, molecular targets, potential drug candidates and platform technologies. The prospect of attaining patent protection for products such as those Patrys proposes to develop is highly uncertain and involves complex and continually evolving factual and legal questions. The Company may incur significant costs in prosecuting or defending its intellectual property rights.

The Company proactively monitors applications and renewals of patents and licences; and requires relevant stakeholders to comply with the requirements set out in the confidentiality policy.

*IT system failure and cyber security risks*

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Company is committed to preventing and reducing cyber security risks through outsourced the IT management to a reputable services provider. In addition, the Company has an insurance policy covering IT and cyber security matters.

*Impact of COVID-19*

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously evolving. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have a significant impact on capital markets and share prices.

To date, COVID-19 has affected equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions. These impacts are creating risks for the Company's business and operations in the short to medium term. Shipping and supply (domestic and international) delays have impacted and may continue to impact the Company, delaying the receipt of critical R&D material as part of the research and development program. This may extend to the receipt of manufactured kits for laboratory and clinical trial testing. Staff reduction in some international supplier businesses may also extend typical processing and shipping times. The pandemic has adversely affected enrolment of clinical trials globally, and while this challenge is abating it is possible that the Company may face delays with patient recruitment once it starts clinical trials.

The Company has in place business continuity plans and procedures to help manage the key risks that may cause a disruption to the Company's business and operations, but their adequacy cannot be predicted. The Company's Directors are closely monitoring the situation and considering the impact on the Company's business from both a financial and operational perspective.

**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.

**Patrys Limited**  
**Directors' report**  
**30 June 2022**

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 \$7.8 million 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.

On 8 February 2022 the Company issued 27,248 fully paid ordinary shares at an issue price of \$ 0.024 (2.4 cents) per share in relation to the exercise of PABO options.

On 14 April 2022, the Company issued 250,000 fully paid ordinary shares at an issue price of \$ 0.0072 (0.72 cents) per share in relation to the exercise of unquoted options.

There were no other significant changes in the state of affairs of the Group during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Likely developments and expected results of operations**

The Group will continue to pursue its objective of developing antibodies as therapies for a range of different cancers. Patrys has a pipeline of anti-cancer antibodies for both internal development and as partnering opportunities.

The Group's focus for the coming period will be to build further value into the Deoxymab platform through pre-clinical activities, to commence progression of the PAT-DX1 asset towards the clinic.



### **Environmental regulation**

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### **Information on Directors**

Name:	John Read
Title:	Non-Executive Chairman
Qualifications:	BSc (Hons), MBA, FAICD
Experience and expertise:	Mr. Read is an experienced Chairman and Director in public, private and government organisations. Through his extensive career in venture capital, private equity and commercialisation he has gained a depth of experience in the formation and growth of emerging companies with an emphasis on commercial entities that provide broad societal benefits. He was previously the Chairman of CVC Limited (ASX: CVC) from 1989 to 2020 and Chairman of Eildon Capital Limited (ASX: EDC) from 2013 to 2016, Pro-Pac Packaging Limited (ASX: PPG) from 2005 to 2010, The Environmental Group Limited (ASX: EGL) from 2001 to 2012 and The Central Coast Water Corporation from 2011 to 2014.
Other current directorships:	None
Former directorships (last 3 years):	CVC Limited (ceased on 31 March 2020)
Special responsibilities:	Chairman of Nomination and Remuneration Committee Member of Audit and Risk Committee
Interests in shares:	11,007,001 ordinary shares
Interests in options:	416,667 PABOA Listed options, exercisable at \$0.04 (4 cents), expiring 15 December 2023. 6,000,000 Unlisted options, exercisable at \$0.035, expiring on 22 November 2023. 1,200,000 Unlisted options, exercisable at \$0.027 (2.7 cents), expiring on 18 December 2024. 396,132 PABO Listed options, exercisable at \$0.024 (2.4 cents), expiring 5 August 2023.
Name:	James Campbell
Title:	Managing Director and Chief Executive Officer
Qualifications:	Ph.D, MBA, GAICD
Experience and expertise:	Dr. Campbell has more than 20 years of international biotechnology research, management and leadership experience and has been involved in the creation and/or transformation of multiple successful Australian and international biotechnology companies. Dr. Campbell was previously the CFO and COO of ChemGenex Pharmaceuticals Limited (ASX: CXS), where, as a member of the executive team he helped transform a research-based company with a market capitalization of \$10M to a company with completed clinical trials and regulatory dossiers submitted to the FDA and EMA. In 2011 ChemGenex was sold to Cephalon for \$230M. Dr. Campbell was a foundation executive of Evolve Biosystems, and has assisted private biotechnology companies in Australia, New Zealand and the USA with successful capital raising and partnering negotiations. Dr. Campbell sits on the Board of AusBiotech, Australia's peak industry body for biotechnology.
Other current directorships:	Non-Executive Director of Prescient Therapeutics Limited (ASX: PTX.)
Former directorships (last 3 years):	Non-Executive Director of Invion Limited (ASX: IVX) (ceased on 21 December 2019)
Interests in shares:	18,885,125 fully paid ordinary shares
Interests in options:	399,415 PABO Listed options, exercisable at \$0.024 (2.4 cents), expiring 5 August 2023, 401,544 PABOA Listed options, exercisable at \$0.04 (4 cents), expiring 15 December 2023, 10,000,000 Unlisted options, exercisable at \$0.035, expiring on 22 November 2023. 11,000,000 Unlisted options, exercisable at \$0.027 (2.7 cents), expiring on 18 December 2024. 25,000,000 Unlisted options, exercisable at \$0.059 (5.9 cents), expiring on 30 September 2025.

**Patrys Limited  
Directors' report  
30 June 2022**

**Name:** Michael Stork  
**Title:** Non-Executive Director and Deputy Chairman  
**Qualifications:** BBA  
**Experience and expertise:** Mr. Stork was the Managing Director of Stork Holdings Ltd, an Investment Holding company active in the Canadian technology start-up sector. Mr. Stork was on the Board of Governors of the University of Waterloo and is the Chairman of the Waterloo Accelerator Centre, a technology company incubator affiliated with the University. He was the Chairman of Spartan Biosciences Inc., an Ottawa based DNA analytics company, the Chairman of Dejero Labs Inc., a Waterloo based broadcast technology company, and active on the Boards of a number of other leading Canadian technology start-up companies.  
**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Member of Nomination and Remuneration Committee  
 Chairman of Audit and Risk Committee  
**Interests in shares:** 98,773,814 fully paid ordinary shares (These shares are held by Stork Holdings 2010 Ltd. The director has the ability to influence the voting and disposal of the shares of this company).  
**Interests in options:** 4,000,000 Unlisted options, exercisable at \$0.035, expiring on 22 November 2023.  
 800,000 Unlisted options, exercisable at \$0.027 (2.7 cents), expiring on 18 December 2024.

**Name:** Suzy Jones  
**Title:** Non-Executive Director  
**Experience and expertise:** Ms. Jones is Founder and Managing Partner of DNA Ink LLC, a life sciences advisory firm in San Francisco. Prior to starting her own firm, Ms. Jones spent 20 years at Genentech where she served in many roles in Immunology Research, Product Development and Business Development. During this time she managed Genentech's CD20 portfolio of assets, including Rituxan, the first monoclonal antibody launched to treat cancer, Ocrevus and Gazyva. Ms. Jones has very extensive networks within the pharmaceutical and biotech industry worldwide and the VC community in North America. Ms. Jones is a Non-Executive Director of Calithera Biosciences, Inc. (Nasdaq: CALA), a clinical-stage, precision oncology biopharmaceutical company focused on developing targeted therapies to refine treatment for biomarker specific populations.  
**Other current directorships:** Calithera Biosciences, Inc.(Nasdaq: CALA)  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Member of Nomination and Remuneration Committee  
 Member of Audit and Risk Committee  
**Interests in shares:** 3,000,000 fully paid ordinary shares.  
**Interests in options:** 4,000,000 Unlisted options, exercisable at \$0.035, expiring on 22 November 2023.  
 800,000 Unlisted options, exercisable at \$0.027 (2.7 cents), expiring on 18 December 2024.

Name:	Dr. Pamela M. Klein
Title:	Non-Executive Director
Experience and expertise:	Dr. Klein has a proven track record as an executive over more than 20 years in the oncology and biopharmaceutical industry. She is currently on the Board of Directors for Argenx, a dual-listed (Euronext Brussels and NASDAQ), clinical-stage therapeutic antibody company developing novel drugs in the areas of cancer and severe autoimmune disease. She is also on the Board of F-Star Therapeutics, a clinical-stage biopharmaceutical company as well as on the Board of Jiya Acquisition Corp, a special purpose acquisition company (SPAC) affiliated with Samsara BioCapital, whose business purpose is to effect a merger, capital stock exchange, asset acquisition, stock purchase or similar business combination with one or more businesses. MS. Klein is the Principal and Founder of PMK BioResearch, which offers strategic consulting in oncology drug development.
Other current directorships:	Argenx (arGEN-X ADS (NASD)), Argenx (arGENX (EURONEXT)), F-star Therapeutics (NASDAQ: FSTX), Jiya Acquisition Corp (NASDAQ: JYAC), I-MAB BioPharma (NASDAQ: IMAB)
Former directorships (last 3 years):	None
Interests in shares:	250,000 fully paid ordinary shares.
Interests in options:	250,000 Unlisted options, exercisable at \$0.0613 each, expiring on 15 March 2023. 250,000 Unlisted options, exercisable at \$0.029 each, expiring on 15 March 2024. 4,000,000 Unlisted options, exercisable at \$0.035 each, expiring on 9 October 2024. 800,000 Unlisted options, exercisable at \$0.027 (2.7 cents), expiring on 18 December 2024.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### **Company secretary**

*Mr Stefan Ross BBus (Acc) (Appointed on 29 October 2021)*

Mr Ross has over 10 years of experience in accounting and secretarial services for ASX listed companies. His extensive experience includes ASX compliance, corporate governance control and implementation, statutory financial reporting, shareholder meeting requirements, capital raising management, and board and secretarial support. Mr Ross graduated from ACU in 2008 obtaining a Bachelor of Business majoring in accounting.

*Ms Melanie Leydin, CA (Resigned on 29 October 2021)*

Ms Leydin, holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Leydin, is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.



**Patrys Limited  
Directors' report  
30 June 2022**

**Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
John Read	6	6	1	1	2	2
James Campbell	6	6	-	-	-	-
Suzy Jones	5	6	1	1	2	2
Michael Stork	6	6	1	1	2	2
Pamela Klein	6	6	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

**Principles used to determine the nature and amount of remuneration**

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Non-Executive Chairman and the Senior Management team. The Board has established a Nomination and Remuneration Committee, comprising of three Directors, the majority of which are Non-Executive Directors. This Committee is primarily responsible for making recommendations to the Board on:

- The over-arching executive remuneration framework
- The operation of the incentive plans, including key performance indicators and performance hurdles
- Remuneration levels of executive directors and other key management personnel; and
- Non-executive director fees

The objective of the Committee is to ensure that remuneration policies and structures are fair and competitive and aligned with the long term interests of the company. The Corporate Governance Statement provides further information on the role of this committee and is available on the company's website at [www.patrys.com/patrys-corporate-governance](http://www.patrys.com/patrys-corporate-governance).

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

The company's remuneration framework seeks alignment with shareholders' interests and is in particular aligned to the rapid commercialisation of the company's intellectual property and in achieving its milestones in a highly ethical and professional manner.

The executive remuneration framework provides a mix of fixed and variable pay and performance incentive rewards. Presently, the company's policy in relation to performance incentive rewards is to issue a mix of equity and cash bonuses to executives. The company does not have a policy or practice of cancelling or clawing-back performance-based remuneration of its executives other than in accordance with the relevant plan rules.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

#### *Non-executive Directors remuneration*

Directors' fees are determined by reference to industry standards and were last reviewed effective 22 November 2018. Components of the remuneration package include a cash element together with equity instruments.

Directors' fees are currently set at \$95,000 for the Chairman and \$60,000 per Non-Executive Director (note Ms. Jones and Dr. Klein receive USD\$60,000 each) and reflect the demands which are made on and the responsibilities of the Directors. However, one Non-Executive Director, Mr. Michael Stork, did not receive monetary Director fees during the year.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 22 November 2018, where the shareholders approved a maximum annual aggregate remuneration of \$400,000.

#### *Executive remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprise the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Incentives are payable to executives based upon the attainment of agreed corporate and individual milestones and are reviewed and approved by the Board of Directors.

Executives and Directors are issued with equity instruments as LTIs (Long Term Incentives) in a manner that aligns this element of remuneration with the creation of shareholder wealth. LTI grants are made to executives and Directors who are able to influence the generation of shareholder wealth and thus have a direct impact on the creation of shareholder wealth.

**Patrys Limited  
Directors' report  
30 June 2022**

*Consolidated entity performance and link to remuneration*

Equity instruments may be issued to new employees, and upon performance review based on performance of the individual and the company both in absolute terms and relative to competitors in the biotechnology sector. Equity instruments that are issued for performance are subject to performance targets set and approved by the Nomination and Remuneration Committee.

The company's remuneration policy seeks to reward staff members for their contribution to achieving significant operational, strategic, partnering, preclinical, clinical and regulatory milestones. These milestones build sustainable and long-term shareholder value.

*Voting and comments made at the company's 5 November 2021 Annual General Meeting ('AGM')*

At the 5 November 2021 AGM, 96.99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables. Unless otherwise noted, the named persons were key management personnel for the whole of the period ended 30 June 2022.

The Key Management Personnel of the Group consisted of the following directors of Patrys Limited:

- John Read (Chairman)
- James Campbell (Managing Director and Chief Executive Officer)
- Michael Stork (Non-Executive Director)
- Suzy Jones (Non-Executive Director)
- Pamela Klein (Non-Executive Director)

	Short-term benefits Cash salary and fees	Short-term benefits Bonus	Short-term benefits Annual leave	Post- employe nt benefits Super- annuation	Long-term benefits Long service leave	Share- based payments Equity- settled options	Total
30 June 2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
John Read	95,000	-	-	-	-	7,503	102,503
Suzy Jones*	97,833	-	-	-	-	5,002	102,835
Pamela Klein**	82,258	-	-	-	-	6,567	88,825
Michael Stork	-	-	-	-	-	5,002	5,002
<i>Executive Directors:</i>							
James Campbell***	326,822	55,000	8,421	23,568	5,749	298,475	718,035
	601,913	55,000	8,421	23,568	5,749	322,549	1,017,200

\* Ms Jones was paid USD 60,000 directors fees and USD 11,250 additional R&D consulting fees at an exchange rate of 0.728 USD to 1 AUD. additional R&D consulting fees were paid to DNA Ink LLC, an entity associated with Ms Jones at arm's length market rates.

\*\* Ms Klein was paid USD 60,000 at an exchange rate of 0.729 USD to 1 AUD.

\*\*\* Bonus of \$55,000 payable to Mr Campbell for achieving KPIs for FY 2022.

From 1 July 2021, Ms M Leydin and Mr S Ross were not considered key management personnel, as they are not decision makers.



	Short-term benefits Cash salary and fees \$	Short-term benefits Bonus \$	Short-term benefits Annual leave \$	Post-employment benefits Super-annuation \$	Long-term benefits Long service leave \$	Share-based payments Equity-settled options \$	Total \$
<b>30 June 2021</b>							
<i>Non-Executive Directors:</i>							
John Read	95,000	-	-	-	-	12,401	107,401
Suzy Jones*	80,277	-	-	-	-	7,238	87,515
Michael Stork	-	-	-	-	-	7,238	7,238
Pamela Klein*	80,928	-	-	-	-	13,184	94,112
<i>Executive Directors:</i>							
James Campbell**	324,687	160,000	16,554	21,003	6,451	72,507	601,202
<i>Other Key Management Personnel:</i>							
Melanie Leydin***	150,000	-	-	-	-	-	150,000
	<u>730,892</u>	<u>160,000</u>	<u>16,554</u>	<u>21,003</u>	<u>6,451</u>	<u>112,568</u>	<u>1,047,468</u>

\* Ms Jones and Ms Klein were paid USD 60,000 per annum, each, at an exchange rate of 0.8110 and 0.8045 USD to 1 AUD, respectively.

\*\* Bonus of \$70,000 relates to FY2020 and paid to Mr Campbell in October 2020 and bonus of \$90,000 relates to FY2021 and paid to Mr Campbell in August 2021.

\*\*\* Fees shown for Ms Leydin were paid to Leydin Freyer Corp Pty Ltd for the provision of company secretarial and accounting services.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>Non-Executive Directors:</i>						
John Read	93%	88%	-	-	7%	12%
Suzy Jones	95%	92%	-	-	5%	8%
Pamela Klein	93%	86%	-	-	7%	14%
Michael Stork	-	-	-	-	100%	100%
<i>Executive Directors:</i>						
James Campbell	51%	61%	8%	27%	41%	12%

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	James Campbell
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	13 April 2015 as Managing Director
Term of agreement:	No fixed term for an ongoing term subject to termination by the Company with 6 months' notice and termination by the employee with 6 months' notice of the employee to the Company, or 12 months' notice in the event of a successful takeover.
Details:	Dr Campbell will be entitled to an annual salary (inclusive of superannuation) of \$350,530 effective from 1 July 2021. The Remuneration Package is inclusive of any fringe benefits tax for which the Company is liable in respect of the employee's total remuneration and any superannuation contributions. The employee's performance will be reviewed annually or more frequently if required.

**Patrys Limited  
Directors' report  
30 June 2022**

Name: John Read  
 Title: Non-Executive Chairman  
 Agreement commenced: 29 May 2007. A new agreement became effective 1 December 2009.  
 Term of agreement: No fixed term.  
 Details: \$95,000 per annum to be reviewed independently and annually by the Board of Directors.

Name: Suzy Jones  
 Title: Non-Executive Director  
 Agreement commenced: 15 December 2011  
 Term of agreement: No fixed term.  
 Details: USD 60,000 per annum to be reviewed independently and annually by the Board of Directors.

Name: Pamela Klein  
 Title: Non- Executive Director  
 Agreement commenced: 1 October 2019  
 Term of agreement: No fixed term, with 1 months' notice.  
 Details: USD 60,000 per annum to be reviewed independently and annually by the Board of Directors.

Key Management Personnel have no entitlement to termination payments in the event of removal for misconduct.

**Share-based compensation**

*Issue of shares*

There were no shares issued to Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2022.

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options		Vesting date and		Exercise price	Fair value per option at grant date
	granted	Grant date	exercisable date	Expiry date		
John Read	600,000	15/12/2020	15/12/2021 (i)	18/12/2024	\$0.0270	\$0.01250
John Read	600,000	15/12/2020	15/12/2022 (ii)	18/12/2024	\$0.0270	\$0.01360
Susan Jones	400,000	15/12/2020	15/12/2021 (i)	18/12/2024	\$0.0270	\$0.01250
Susan Jones	400,000	15/12/2020	15/12/2022 (ii)	18/12/2024	\$0.0270	\$0.01360
Pamela Klein	400,000	15/12/2020	15/12/2021 (i)	18/12/2024	\$0.0270	\$0.01250
Pamela Klein	400,000	15/12/2020	15/12/2022 (ii)	18/12/2024	\$0.0270	\$0.01360
Pamela Klein	1,000,000	30/09/2019	30/09/2021 (iii)	30/09/2024	\$0.0350	\$0.01240
James Campbell	5,500,000	15/12/2020	15/12/2021 (i)	18/12/2024	\$0.0270	\$0.01250
James Campbell	5,500,000	15/12/2020	15/12/2022 (ii)	18/12/2024	\$0.0270	\$0.01360
Michael Stork	400,000	15/12/2020	15/12/2021 (i)	18/12/2024	\$0.0270	\$0.01250
Michael Stork	400,000	15/12/2020	15/12/2022 (ii)	18/12/2024	\$0.0270	\$0.01360
James Campbell	12,500,000	05/11/2021	05/11/2022 (iv)	30/09/2025	\$0.0590	\$0.01840
James Campbell	12,500,000	05/11/2021	05/11/2023 (v)	30/09/2025	\$0.0590	\$0.01980

- (i) Vesting on the 12-month anniversary of shareholder approval and the share price is equal to or greater than a 20-day VWAP of \$0.03 (3.0 cents); exercisable thereafter.
- (ii) Vesting on the 24-month anniversary of shareholder approval and the share price is equal to or greater than a 20-day VWAP of \$0.04 (4.0 cents); exercisable thereafter.
- (iii) The share price is equal to or greater than a 20-day VWAP of \$0.07 (7.0 cents); exercisable thereafter.
- (iv) Vest on or after the 12-month anniversary of grant date and the share price is equal to or greater than a 20-day VWAP of \$0.07 (7 cents).
- (v) Vest on or after the 24-month anniversary of grant date and the share price is equal to or greater than a 20-day VWAP of \$0.10 (10 cents).

**Patrys Limited**  
**Directors' report**  
**30 June 2022**

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by Directors and other Key Management Personnel as at 30 June 2022 are set out below:

Name	Number of options	Number of options	Number of* options	Number of options
	granted during the year	granted during the year	vested and exercisable during the year	vested and exercisable during the year
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
James Campbell	25,000,000	11,000,000	10,500,000	9,000,000
John Read	-	1,200,000	4,600,000	2,000,000
Susan Jones	-	800,000	3,400,000	2,000,000
Michael Stork	-	800,000	3,400,000	2,000,000
Pamela Klein	-	800,000	3,900,000	2,500,000

\* Number of options vested and exercisable during the year represent the total number of options over ordinary shares vested and exercisable at 30 June 2022. Refer the table below for the number of options vested during the year ended 30 June 2022.

Details of options over ordinary shares granted, vested and lapsed for Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted \$	Number of options vested \$	Value of options vested \$
James Campbell	05/11/2021	05/11/2022	12,500,000	230,000	-	-
James Campbell	05/11/2021	15/11/2023	12,500,000	247,500	-	-
James Campbell	15/12/2020	15/12/2021	-	-	10,500,000	160,975
John Read	15/12/2020	15/12/2021	-	-	2,600,000	44,470
Susan Jones	15/12/2020	15/12/2021	-	-	1,400,000	23,480
Michael Stork	15/12/2020	15/12/2021	-	-	1,400,000	23,480
Pamela Klein	15/12/2020	15/12/2021	-	-	1,400,000	16,380

**Additional information**

The earnings of the Group for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue and other income	3,333,576	1,338,377	772,844	3,844,365	520,525
Net profit/(loss) before tax	(6,780,363)	(4,062,920)	(2,748,539)	(411,326)	(2,497,252)
Net profit/(loss) after tax	(6,780,363)	(4,062,920)	(2,748,539)	(411,326)	(2,497,252)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2022	2021	2020	2019	2018
Share price at financial year start (\$)	0.0560	0.0120	0.0300	0.0580	0.0100
Share price at financial year end (\$)	0.0200	0.0560	0.0120	0.0300	0.0580
Basic earnings per share (cents per share)	(0.3458)	0.2524	(0.2566)	(0.0384)	(0.2653)



**Patrys Limited  
Directors' report  
30 June 2022**

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Group, including their related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
James Campbell*	8,432,422	-	10,452,703	-	18,885,125
John Read	10,160,306	-	846,695	-	11,007,001
Suzy Jones	3,000,000	-	-	-	3,000,000
Michael Stork	98,773,814	-	-	-	98,773,814
Pamela Klein	250,000	-	-	-	250,000
	<u>120,616,542</u>	<u>-</u>	<u>11,299,398</u>	<u>-</u>	<u>131,915,940</u>

\* Of the additions, 9,000,000 fully paid ordinary shares were issued upon exercise of unlisted options that were granted as remuneration in the prior periods.

*Option holding*

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Acquired on market	Balance at the end of the year
<i>Options over ordinary shares</i>					
James Campbell	30,800,959	25,000,000	(9,000,000)	-	46,800,959
John Read	8,012,799	-	-	-	8,012,799
Suzy Jones	4,800,000	-	-	-	4,800,000
Michael Stork	4,800,000	-	-	-	4,800,000
Pamela Klein	5,300,000	-	-	-	5,300,000
	<u>53,713,758</u>	<u>25,000,000</u>	<u>(9,000,000)</u>	<u>-</u>	<u>69,713,758</u>

***This concludes the remuneration report, which has been audited.***

**Shares under option**

Unissued ordinary shares of Patrys Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
15 March 2018	15 March 2023	\$0.0613	500,000
1 June 2018	18 April 2023	\$0.0200	2,500,000
22 November 2018	22 November 2023	\$0.0350	32,000,000
15 March 2019	15 March 2024	\$0.0290	3,000,000
12 September 2019	31 August 2024	\$0.0290	1,500,000
1 October 2019	1 October 2024	\$0.0350	4,000,000
15 March 2020	15 March 2025	\$0.0220	2,750,000
8 May 2020	8 May 2025	\$0.0170	250,000
15 December 2020	18 December 2024	\$0.0270	22,600,000
5 August 2020 and 21 December 2020	5 August 2023	\$0.0240	127,804,543
15 December 2020 to 17 December 2020	15 December 2023	\$0.0400	129,698,982
5 November 2021 to 19 November 2021	30 September 2025	\$0.0590	41,500,000
19 November 2021	15 March 2026	\$0.0590	2,500,000
			<u>370,603,525</u>

**Patrys Limited  
Directors' report  
30 June 2022**

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

**Shares issued on the exercise of options**

The following ordinary shares of Patrys Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

<b>Date options granted</b>	<b>Exercise price</b>	<b>Number of shares issued</b>
19/04/2017	\$0.0072	2,750,000
15/12/2020	\$0.0400	51,741
24/11/2016	\$0.0072	9,000,000
05/08/2020	\$0.0240	29,026
		<u>11,830,767</u>

**Indemnity and insurance of officers**

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amount paid or payable to the auditor (BDO Audit Pty Ltd) for audit and non-audit services provided during the year are set out in note 17.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

**Officers of the company who are former partners of BDO Audit Pty Ltd**

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

**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.

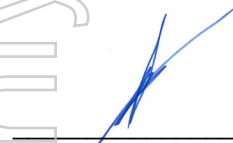
**Patrys Limited**  
**Directors' report**  
**30 June 2022**

**Auditor**

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



---

Mr. John Read  
Chairman

30 August 2022

For personal use only



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

As lead auditor of Patrys Limited for the year ended 30 June 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Tim Fairclough  
Director

**BDO Audit Pty Ltd**

Melbourne, 30 August 2022

For personal use only

**Patrys Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**

	Note	Consolidated 30 June 2022 \$	30 June 2021 \$
<b>Total research and development tax incentive and other income</b>	5	3,333,576	1,338,377
<b>Expenses</b>			
Research & development expenses	6	(8,085,228)	(2,861,902)
Administration & management expenses	6	<u>(2,028,711)</u>	<u>(2,539,395)</u>
<b>Loss before income tax expense</b>		(6,780,363)	(4,062,920)
Income tax expense	7	<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the year attributable to the Owners of Patrys Limited</b>		(6,780,363)	(4,062,920)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>30,318</u>	<u>(15,777)</u>
Other comprehensive income for the year, net of tax		<u>30,318</u>	<u>(15,777)</u>
<b>Total comprehensive income for the year attributable to the Owners of Patrys Limited</b>		<u>(6,750,045)</u>	<u>(4,078,697)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	24	(0.3458)	(0.2524)
Diluted earnings per share	24	(0.3458)	(0.2524)

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

**Patrys Limited**  
**Statement of financial position**  
**As at 30 June 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	7,817,841	6,916,604
Trade and other receivables	9	3,411,324	1,277,326
Prepayments		294,400	210,423
Other financial assets		2,004,002	4,000,000
<b>Total current assets</b>		<u>13,527,567</u>	<u>12,404,353</u>
<b>Non-current assets</b>			
Property, plant and equipment		3,660	3,921
Intangibles	10	438,750	483,750
<b>Total non-current assets</b>		<u>442,410</u>	<u>487,671</u>
<b>Total assets</b>		<u>13,969,977</u>	<u>12,892,024</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	309,747	631,665
Employee benefits		233,078	218,199
<b>Total current liabilities</b>		<u>542,825</u>	<u>849,864</u>
<b>Total liabilities</b>		<u>542,825</u>	<u>849,864</u>
<b>Net assets</b>		<u>13,427,152</u>	<u>12,042,160</u>
<b>Equity</b>			
Issued capital	12	85,723,696	78,112,036
Reserves	13	1,999,788	1,448,512
Accumulated losses		<u>(74,296,332)</u>	<u>(67,518,388)</u>
<b>Total equity</b>		<u>13,427,152</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 year ended 30 June 2022**

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2020	67,086,513	1,252,973	(63,461,445)	4,878,041
Loss after income tax expense for the year	-	-	(4,062,920)	(4,062,920)
Other comprehensive income for the year, net of tax	-	(15,777)	-	(15,777)
Total comprehensive income for the year	-	(15,777)	(4,062,920)	(4,078,697)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments	-	271,098	-	271,098
Share issue	11,837,744	-	-	11,837,744
Share issue costs	(866,026)	-	-	(866,026)
Transfer from option reserve to issued capital	53,805	(53,805)	-	-
Reallocation of value of expired and cancelled equity	-	(5,977)	5,977	-
Balance at 30 June 2021	<u>78,112,036</u>	<u>1,448,512</u>	<u>(67,518,388)</u>	<u>12,042,160</u>
<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2021	78,112,036	1,448,512	(67,518,388)	12,042,160
Loss after income tax expense for the year	-	-	(6,780,363)	(6,780,363)
Other comprehensive income for the year, net of tax	-	30,318	-	30,318
Total comprehensive income for the year	-	30,318	(6,780,363)	(6,750,045)
<i>Transactions with owners in their capacity as owners:</i>				
Share issue (note 12)	8,070,828	-	-	8,070,828
Share issue costs (note 12)	(507,920)	-	-	(507,920)
Transfer from option reserve to issued capital (note 12)	48,752	(48,752)	-	-
Reallocation of value of expired and cancelled equity	-	(2,419)	2,419	-
Share based payments (note 6)	-	572,129	-	572,129
Balance at 30 June 2022	<u>85,723,696</u>	<u>1,999,788</u>	<u>(74,296,332)</u>	<u>13,427,152</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 year ended 30 June 2022**

	<b>Consolidated</b>	
<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
	27,500	-
Receipts from customers (inclusive of GST)		
	(9,906,297)	(4,623,536)
Payments to suppliers and employees (inclusive of GST)		
	11,010	2,598
Receipts from interest income		
	1,188,574	626,781
Receipts from R&D tax incentive		
	-	117,000
Receipts from government grants		
	<u>(8,679,213)</u>	<u>(3,877,157)</u>
Net cash used in operating activities	23	
<b>Cash flows from investing activities</b>		
	(2,289)	(3,887)
Payments for property, plant and equipment		
	1,995,998	(4,000,000)
Proceeds from / (payments for) investments in term deposits		
	<u>1,993,709</u>	<u>(4,003,887)</u>
Net cash from / (used in) investing activities		
<b>Cash flows from financing activities</b>		
	7,901,625	11,687,743
Proceeds from issue of shares		
	(345,202)	(636,226)
Share issue transaction costs		
	<u>7,556,423</u>	<u>11,051,517</u>
Net cash from financing activities		
	870,919	3,170,473
Net increase in cash and cash equivalents		
	6,916,604	3,981,210
Cash and cash equivalents at the beginning of the financial year		
	30,318	(235,079)
Effects of exchange rate changes on cash and cash equivalents		
	<u>7,817,841</u>	<u>6,916,604</u>
Cash and cash equivalents at the end of the financial year	8	

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

**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 1. General information**

The financial statements cover Patrys Limited as a Group consisting of Patrys Limited and the entities it controlled at the end of, or during, the 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 Group'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 30 August 2022. The Directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern**

It is noted that for 2022 financial year, the Group incurred a loss from continuing operations after income tax of \$6,780,363 (2021: \$4,062,920) and had consolidated net operating cash outflows of \$8,679,213 (2021: \$3,877,157).

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 30 June 2022, the Group had net current assets of \$12,984,742 including cash balance of \$7,817,841 and short-term investments of \$2,004,002.
- Cash flow forecasts prepared by management demonstrate that the Group has sufficient funds to meet commitments over the next twelve months.
- At 30 June 2022, the Group recognised a receivable of \$3,303,855 from the R&D tax incentive, which is expected to be received in the first half of the 2023 financial year.

The Group's market capitalisation at 30 June 2022 is significantly in excess of its net assets position of \$13,427,152. As the Group is still in the R&D phase of activities it has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. Should there be any delay in R&D refunds, management are confident that they can reduce their level of expenditure in order to retain appropriate cash balances. Management remains very diligent in their ongoing monitoring of cash balances day by day. The Directors are therefore confident that the going concern basis of preparation is appropriate as at the date of this report.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

## **Note 2. Significant accounting policies (continued)**

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### *Comparative figures*

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

### **Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 20.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Patrys Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Patrys Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Patrys Limited's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each individual company in the group, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.



## **Note 2. Significant accounting policies (continued)**

### **Current and non-current classification**

Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

#### *Receivables and payables*

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

#### *Cash flows*

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Impairment of non-financial assets*

As a part of the impairment assessment for June 2022, management reviewed changes to laws and regulations affecting the IP, technological obsolescence, issues with funding commitment, along with a host of other indicators such as market value review, adverse movements in market rates of return and change in use of asset or the manner in which it used. There are no indicators of impairment of the asset for the year ended 30 June 2022 as a result of this review.

*COVID-19 pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*R&D Tax Incentives*

From 1 July 2011 the Australian Government has provided a tax incentive, in the form of a refundable tax offset of 43.5%, for eligible research and development expenditure. Management have assessed refundable R&D tax incentive based on the research and development activities and expenditure during the period, which are likely to be eligible under the scheme. Amounts received are subject to Group's continued eligibility to the scheme. For the period ended 30 June 2022, the Group has recognised Research and development tax incentive income of \$3,297,980 (2021: \$1,188,581).

**Note 4. Operating segments**

*Identification of reportable operating segments*

A segment is a component of the Group that engages in business activities to provide products or services within a particular economic environment. The Group operates in one business segment, being the conduct of research and development activities in the biopharmaceutical sector. The Board of Directors assess the operating performance of the Group based on management reports that are prepared on this basis. The Group has established activities in more than one geographical area; however, these activities support the research and development conducted by the Group and are considered immaterial for the purposes of segment reporting. The Group invests excess funds in short-term deposits, but this is not regarded as a separate segment.

*Accounting policy for operating segments*

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the managing director who is the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Note 5. Research and development tax incentive and other income**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Licensing income	27,500	27,500
R&D tax incentive	3,297,980	1,188,581
Interest income	8,096	5,296
Government grants & incentives	-	117,000
	<hr/>	<hr/>
Total research and development tax incentive and other income	<u>3,333,576</u>	<u>1,338,377</u>

*Licensing income*

Licensing income is recognised over the period to which the license pertains.

*R&D tax incentive income*

Research and Development tax incentives are recognised in accordance with AASB 120: Accounting for Government Grants and Government Assistance. The Research and development tax credit is recognised when there is reasonable assurance that the grant will be received, and all conditions have been complied with.

**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 5. Research and development tax incentive and other income (continued)**

*Government grant*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

*Interest*

Interest income is recognised on a time proportion basis using the effective interest rate method.

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	2,550	3,564
<i>Amortisation</i>		
License and registered patents	45,000	45,000
Total depreciation and amortisation	47,550	48,564
<i>Operating expenses</i>		
Clinical development, consultancy and laboratory consumables	7,657,084	2,861,902
Employment expenses associated with research and development	428,144	-
	8,085,228	2,861,902
<i>Net foreign exchange loss</i>		
Net foreign exchange loss / (gains)	(200,993)	-
<i>Employee salary and benefit expense</i>		
Defined contribution superannuation expense	56,021	49,922
Salary and employee benefit expenses (excluding employment expenses associated with research and development)	520,819	881,915
Total employment expenses	576,840	931,837
<i>Share based payments expense</i>		
Share based payments (option expense and payment to consultant)	572,129	271,098

**Note 7. Income tax expense**

	<b>Consolidated</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(6,780,363)	(4,062,920)
Tax at the statutory tax rate of 25% (2021: 26%)	(1,695,091)	(1,056,359)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of revenue that is not assessable in determining taxable loss	(824,495)	(303,019)
Effect of expenses that are not deductible in determining taxable loss	2,164,373	877,321
Deferred tax assets not brought to account	355,213	482,057
Income tax expense	<u>-</u>	<u>-</u>

	<b>Consolidated</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses - revenue	13,835,027	16,456,448
Deductible temporary differences	348,469	389,130
Total deferred tax assets not recognised	<u>14,183,496</u>	<u>16,845,578</u>

The benefit of these deferred tax assets (not recognised) will only be obtained if:

- (i) the entities derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for losses to be realised;
- (ii) the entities continue to comply with the conditions for deductibility imposed by the law;
- (iii) no changes in tax legislation adversely affect the entities in realising the relevant benefits from deduction for the losses.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.



**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 7. Income tax expense (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Note 8. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	5,811,590	6,916,604
Cash on short-term deposits	2,006,251	-
	<u>7,817,841</u>	<u>6,916,604</u>

As at 30 June 2022, the Company had a total of \$4 million in cash deposits with a maturity term of 3 months and 6 months, respectively. Term deposit with the 6 months maturity is classified as other financial asset in the statement of financial position.

The Group's exposure to interest rate and foreign currency risk is discussed in note 15.

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 9. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Accrued revenue	25,209	25,208
Trade receivables	27,500	27,500
Research & Development incentive receivable	3,303,855	1,194,459
Other receivables	54,760	30,159
	<u>3,411,324</u>	<u>1,277,326</u>

**Note 10. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Intellectual property - at cost	720,000	720,000
Less: Accumulated amortisation	(281,250)	(236,250)
	<u>438,750</u>	<u>483,750</u>

**Note 10. Non-current assets - intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Intellectual property \$</b>
Balance at 1 July 2020	528,750
Amortisation expense	<u>(45,000)</u>
Balance at 30 June 2021	483,750
Amortisation expense	<u>(45,000)</u>
Balance at 30 June 2022	<u><u>438,750</u></u>

In 2016 the Group acquired Nucleus intellectual property. The acquisition provides Patrys with licence rights to a portfolio of novel anti-DNA antibodies that penetrate cell nuclei. This novel pre-clinical oncology asset and platform has multiple potential applications to treat a range of cancers.

Intangible assets comprise licences, intellectual property, trademarks and registered patents and have a finite useful life. Amortisation has been historically calculated using straight line method over the estimated useful life, which ranges from 5 to 20 years. The Group amortises the Nucleus intellectual property based on an estimated useful life of 16 years.

Amortisation and impairment expense is included in the line item Administration & management expenses in the Statement of Profit or Loss & Other Comprehensive Income.

Intellectual property which includes platform technology and product related intellectual property is reviewed on a regular basis and where a decision has been made not to pursue a product, the remaining value recorded as an asset is impaired. At each reporting date, the directors also review the intellectual property portfolio to determine whether there are any other indicators of impairment related to intellectual property.

*Accounting policy for intangible assets*

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Intellectual property*

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 16 years.

**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 11. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables	161,675	297,876
Other creditors and accruals	148,072	333,789
	<u>309,747</u>	<u>631,665</u>

Refer to note 15 for further information on financial instruments.

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Note 12. Equity - issued capital**

	<b>Consolidated</b>			
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>2,055,302,658</u>	<u>1,815,473,016</u>	<u>85,723,696</u>	<u>78,112,036</u>

For personal use only

**Note 12. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	1,071,318,226		67,086,513
Share issue under entitlement offer	5 August 2020	357,530,827	\$0.0120	4,290,371
Issue of shares upon on exercise of options	12 October 2020	6,000,000	\$0.0072	43,200
Share issue under equity placement	16 November 2020	125,000,000	\$0.0200	2,500,000
Issue of shares under entitlement offer	15 December 2020	120,428,183	\$0.0200	2,408,564
Issue of shares in settlement of placement fee	15 December 2020	7,500,000	\$0.0200	150,000
Issue of shortfall shares under entitlement offer	17 December 2020	118,926,336	\$0.0200	2,378,527
Issue of shares upon on exercise of options	17 February 2021	40,185	\$0.0240	964
Issue of shares upon on exercise of options	17 February 2021	926	\$0.0400	37
Issue of shares upon on exercise of options	3 March 2021	4,000,000	\$0.0072	28,800
Issue of shares upon on exercise of options	28 April 2021	5,000,000	\$0.0072	36,000
Issue of shares upon on exercise of options	28 April 2021	53,333	\$0.0239	1,280
Transfer from option reserve to issued capital	30 June 2021	-	\$0.0000	53,806
Expiration of shares from share loan plan	30 June 2021	(325,000)	\$0.0000	-
Share issue costs	30 June 2021	-	\$0.0000	(866,026)
Balance	30 June 2021	1,815,473,016		78,112,036
Issue of shares upon exercise of options	2 July 2021	2,500,000	\$0.0072	18,000
Issue of shares upon on exercise of options	2 July 2021	26,790	\$0.0400	1,072
Issue of shares upon on exercise of options	2 September 2021	9,000,000	\$0.0072	64,800
Issue of shares upon exercise of options	2 September 2021	1,778	\$0.0242	43
Issue of shares upon exercise of options	2 September 2021	16,617	\$0.0400	665
Issue of shares upon exercise of options	2 November 2021	8,334	\$0.0400	333
Issue of shares under equity placement	8 November 2021	71,428,571	\$0.0350	2,500,000
Issue of shares in settlement of placement fee	8 November 2021	4,285,714	\$0.0350	150,000
Issue of shares under entitlement offer - Right issue	6 December 2021	128,070,116	\$0.0350	4,482,454
Issue of shortfall shares under entitlement offer	7 December 2021	24,314,474	\$0.0350	851,007
Issue of shares upon exercise of options	8 February 2022	27,248	\$0.0240	654
Issue of shares upon exercise of options	14 April 2022	250,000	\$0.0072	1,800
Transfer from option reserve to issued capital	30 June 2022	-	\$0.0000	48,752
Expiration of shares from share loan plan	30 June 2022	(100,000)	\$0.0000	-
Share issue costs		-	\$0.0000	(507,920)
Balance	30 June 2022	<u>2,055,302,658</u>		<u>85,723,696</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.

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.

*Capital risk management*

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated Statement of Financial Position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.



**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 12. Equity - issued capital (continued)**

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Note 13. Equity - reserves**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Foreign currency reserve	(4,253)	(34,571)
Share options reserve	1,824,041	1,300,664
Share loan plan reserve	-	2,419
Other reserves	180,000	180,000
	<u>1,999,788</u>	<u>1,448,512</u>

*Foreign currency reserve*

Exchange differences relating to translation from functional currencies of the Group's foreign controlled entities into Australian Dollars are brought to account by entries made directly to the foreign currency translation reserve.

*Share loan plan reserve*

The share loan plan reserve arises on issue of equity under the Loan Share Plan or the Executive Share Option Plan to executives and senior employees. Amounts are transferred out of the reserves and into issued capital when the loans are repaid, or the options are exercised. Amounts are transferred to accumulated losses when the shares or options are cancelled.

*Share based payment reserve*

The equity settled share-based payment reserves arise on issue of options under the Employee Share Based Payment plan to executives and senior employees. Amounts are transferred out of the reserves and into issued capital when the options are converted to shares. Amounts are transferred to accumulated losses when the shares or options are cancelled. Further information about share-based payments during the year is provided in note 25 of the financial statements.

*Other reserves*

The other reserve consists of Tranche 3 shares for the acquisition of Nucleus Intellectual Property. When the Group meets the relevant milestone and the shares are issued, the amount is transferred out of the reserve and into issued capital.

**Note 14. Equity - dividends**

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

## Note 15. Financial instruments

### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. There have been no changes to these risks since the previous financial year. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, ageing analysis for credit risk and cashflow forecasts to determine liquidity risk.

The Board of Directors ensures that the Group maintains a competent management structure capable of defining, analysing, measuring and reporting on the effective control of risks inherent in the Group's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and foreign currency risk are reviewed by management on a regular basis and are communicated to the Board so that it can evaluate and impose its oversight responsibility. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Company and the Group have a policy regarding foreign exchange risk management. This and other financial risks are managed prudently by the Board and the Audit and Risk Committee.

### Market risk

#### Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using cash flow forecasting and sensitivity analysis.

The Group purchase and maintained cash in US dollars, Pound Sterling and Euros to cover a portion of its anticipated US dollar and Euro expenditure commitments.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters. The Group manages the currency risk by monitoring the trend of the US dollar, Pound Sterling and Euro. The Group maintains US dollar, Pound Sterling and Euro bank accounts to cover a portion of its recognised financial liabilities and future commercial transactions in the respective foreign currencies.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
US dollars	2,304,353	1,709,583	85,532	216,533
Euros	92,688	123,760	-	-
Pound Sterling	12,902	3,411	-	-
	<u>2,409,943</u>	<u>1,836,754</u>	<u>85,532</u>	<u>216,533</u>

Consolidated - 30 June 2022	% Change	AUD strengthened		AUD weakened	
		Effect on loss before tax	Effect on equity	Effect on loss before tax	Effect on equity
US Dollars	10%	(246,536)	(246,536)	10%	246,536
Euros	10%	(10,299)	(10,299)	10%	10,299
Pound Sterling	10%	(1,434)	(1,434)	10%	1,434
		<u>(258,269)</u>	<u>(258,269)</u>		<u>258,269</u>

Note 15. Financial instruments (continued)

Consolidated - 30 June 2021	% Change	AUD strengthened		% Change	AUD weakened	
		Effect on loss before tax	Effect on equity		Effect on loss before tax	Effect on equity
US Dollars	10%	(135,732)	(135,732)	(10%)	165,894	165,894
Euros	10%	(11,251)	(11,251)	(10%)	13,751	13,751
Pound Sterling	10%	(310)	(310)	(10%)	379	379
		<u>(147,293)</u>	<u>(147,293)</u>		<u>180,024</u>	<u>180,024</u>

**Price risk**

Price risk is the risk that future cashflows derived from financial instruments will be changed as a result of a market price movement, other than foreign currency rates and interest rates. Group is not exposed to any material commodity price risks.

**Interest rate risk**

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits held and deposits at call. The Group had no interest-bearing financial liabilities at the reporting date. The variance in market interest rates on interest income is not material.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has reviews the creditworthiness of the counterparties prior to engagement and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral at the reporting date.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group measures credit risk on a fair value basis.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The carrying value of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. Maturity analysis of financial assets and liabilities based on management's expectations as follows:

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to pay its debts as and when they fall due. The Group has no borrowings at reporting date and the Directors ensure that the cash on hand is sufficient to meet the commitments of the Group at all times during the research and development phase.

Operating cash flows are used to maintain and expand the Group's assets. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash and also through assessment of available funding to identify risks to the cash position of the business.

**Note 15. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Statement of Financial Position.

	1 year or less \$	Remaining contractual maturities \$
<b>Consolidated - 30 June 2022</b>		
<b>Non-derivatives</b>		
<i>Non-interest bearing</i>		
Trade payables	161,675	161,675
Other payables	148,072	148,072
<b>Total non-derivatives</b>	<b>309,747</b>	<b>309,747</b>
	1 year or less \$	Remaining contractual maturities \$
<b>Consolidated - 30 June 2021</b>		
<b>Non-derivatives</b>		
<i>Non-interest bearing</i>		
Trade payables	297,876	297,876
Other payables	333,789	333,789
<b>Total non-derivatives</b>	<b>631,665</b>	<b>631,665</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 16. Key management personnel disclosures**

*Directors*

The following persons were Directors of Patrys Limited during the financial year:

Mr. John Read  
Mr. Michael Stork  
Ms. Suzy Jones  
Dr. James Campbell  
Dr. Pamela M. Klein



**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 16. Key management personnel disclosures (continued)**

*Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Short-term employee benefits <sup>(i)</sup>	665,334	907,446
Post-employment benefits	23,568	21,003
Long-term benefits	5,749	6,451
Share-based payments	322,549	112,568
	<u>1,017,200</u>	<u>1,047,468</u>

(i) Short term employee benefits include USD 11,250 R&D consulting fees paid to DNA Ink LLC, an entity associated with Ms Jones at arm's length market rates.

**Note 17. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Audit services - BDO Audit Pty Ltd</i>		
BDO Audit Pty Ltd -Audit or review of the financial statements	<u>57,500</u>	<u>55,422</u>
<i>Other services - BDO Services Pty Ltd</i>		
BDO Services Pty Ltd -Review and lodgement of corporate tax returns	<u>16,418</u>	<u>14,500</u>
	<u>73,918</u>	<u>69,922</u>

**Note 18. Commitments**

**Capital expenditure commitments**

There was no capital expenditure contracted for at reporting date but not provided for in the financial statements at 30 June 2022 (30 June 2021: None).

**Note 18. Commitments (continued)**

**Licence agreement**

Patrys has entered into a number of licence agreements in respect of technologies and assets as outlined below. There were no changes to these arrangements from the 30 June 2021 Annual Report.

*Patrys - Debiovision - Option License and Assignment Agreement*

In August of 2009, Patrys acquired the rights to product SC-1 (renamed PAT-SC1) from Debiovision Inc. Once developed, Patrys royalties will be payable to Debiovision on the sale of products that derive from PAT-SC1. These royalty rates are typical in the industry for transactions of this nature.

*Nucleus Therapeutics – Yale University – License, Commercialisation and Development Agreement*

In March of 2016, Patrys acquired the Nucleus Therapeutics Pty Ltd, in order to obtain the global license for the development as anti-cancer agents the antibodies 3E10 and 5C6 from Yale University. Once developed, certain milestone payments and royalties will be payable to Yale University regarding products that derive from 3E10 and/or 5C6. These milestones and royalties are typical in the industry for transactions of this nature.

*Nucleus Therapeutics – Sigma Aldrich Pty Ltd Non-Exclusive Licence Agreement*

In February of 2021, Nucleus entered into a licence agreement with Sigma Aldrich Pty Ltd., covering the use of Sigma's CHOZN GS cell line for Patrys' product, PAT-DX1. If Patrys wishes to commercialise any of the products developed under the licence agreement it has the right to enter into a commercial license with Sigma which would incur a marketing approval fee (AUD conversion to be completed at applicable future exchange rates) payable upon filing per marketing approval in the US, the EU and any other market. The marketing approval fee is typical in the industry for transactions of such nature.

*Payload Therapeutics – Yale University – License, Commercialisation and Development Agreement*

In June 2017, Payload Therapeutics (a wholly-owned subsidiary of Patrys) obtained the global license for the development as anti-cancer agents the antibodies 3E10 nanoparticles from Yale University. Once developed, certain milestone payments and royalties will be payable to Yale University regarding products that derive from 3E10 nanoparticles. These milestones and royalties are typical in the industry for transactions of this nature.

**Note 19. Related party transactions**

*Parent entity*

Patrys Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 21.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the Directors' report.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Current payables:		
Trade payables to director related entity of Mr. John Read for directors' fees for his services*	23,750	23,750

\* The fees outstanding for 2022 were paid on 15 July 2022.

**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 19. Related party transactions (continued)**

*Loans to/from related parties*

Transactions with controlled entities

The Company has signed a Services Agreement with Patrys GmbH (a wholly owned subsidiary) to reimburse the subsidiary its expenses plus 5%. The Company paid expenses of \$7,249 (2021: \$10,508) on-behalf of Patrys GmbH during the year. At 30 June 2022 there was an inter-company loan balance owed to Patrys GmbH of \$436,939 (2021: \$455,751). This loan is non-interest bearing and unsecured.

The Company also has intercompany loans with Nucleus Therapeutics Pty Ltd, Payload Therapeutics Pty Ltd and Transmab Pty Ltd, all are wholly owned subsidiaries. At 30 June 2022, the Company had receivables of \$17,455,089, \$325,990 and \$46,033 for each subsidiary respectively, which have been impaired in full at year end. The loans are non-interest bearing and unsecured.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 20. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(7,046,969)	(4,024,047)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(7,046,969)	(4,024,047)

**Note 20. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Total current assets	12,594,672	11,604,237
Total non-current assets	442,410	487,671
Total assets	13,037,082	12,091,908
Total current liabilities	476,503	619,399
Total non-current liabilities	-	-
Total liabilities	476,503	619,399
Net assets	<u>12,560,579</u>	<u>11,472,509</u>
Equity		
Issued capital	85,723,696	78,112,036
Share options reserve	2,004,041	1,480,664
Share loan plan reserve	-	2,419
Accumulated losses	(75,167,158)	(68,122,610)
Total equity	<u>12,560,579</u>	<u>11,472,509</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The Company had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 (2021: Nil)

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 (2021: Nil).

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 (2021: Nil).

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

**Note 21. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>%</b>	<b>%</b>
Patrys GmbH	Germany	100%	100%
Nucleus Therapeutics Pty Ltd	Australia	100%	100%
Payload Therapeutics Pty Ltd	Australia	100%	100%
Transmab Pty Ltd	Australia	100%	100%



**Patrys Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 22. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Note 23. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(6,780,363)	(4,062,920)
Adjustments for:		
Depreciation and amortisation	47,550	48,564
Unrealised foreign exchange losses	-	219,301
Share based payments	572,129	191,297
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivable	(2,133,994)	(589,300)
Increase in prepayments	(83,985)	(35,588)
Increase/(decrease) in trade and other payables	(136,200)	219,912
Increase in other provisions	14,879	33,064
(Decrease) / increase in other liabilities	(179,229)	98,513
Net cash used in operating activities	<u>(8,679,213)</u>	<u>(3,877,157)</u>

**Note 24. Earnings per share**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the Owners of Patrys Limited	<u>(6,780,363)</u>	<u>(4,062,920)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,960,625,795</u>	<u>1,609,935,299</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,960,625,795</u>	<u>1,609,935,299</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.3458)	(0.2524)
Diluted earnings per share	(0.3458)	(0.2524)

As at 30 June 2022, the Consolidated Entity had 373,103,525 (2021: 338,407,502) quoted and unquoted options, which are excluded from the calculation of basic and diluted earnings per share. These equity instruments are considered to be anti-dilutive, as their inclusion would not decrease earnings per share nor increase the loss per share, from continuing operations.

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the loss attributable to the Owners of Patrys Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### **Note 24. Earnings per share (continued)**

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### **Note 25. Share based payments**

The following share-based payment arrangements were in existence during the current and/or prior reporting period:

##### **Employee equity**

The Company issues equity to directors, employees and key consultants of the Group, under either the Loan Share Plan (LSP) or the Executive Share Option Plan (ESOP). Under the plans, participants are issued with equity to foster an ownership culture within the Company to motivate them to achieve performance targets of the Group. Participation in the plans is at the Board's discretion and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits.

##### *Loan Share Plan (LSP)*

The Company introduced the LSP in December 2009, following approval of the plan at the 2009 Annual General Meeting. Only Australian residents are eligible to participate in the plan. The plan allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. When an issue is made it is treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans. Generally, shares issued under the plan vest over a three-year period. The shares are acquired in the name of the participant and each participant authorises and appoints the company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. If the participant leaves the Company, any shares that have not vested are bought back by the Company and cancelled along with the loan. In respect of shares that have vested, generally, the loan balance must be paid in full within six months of termination of appointment or the shares are sold, and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under the LSP is not included in equity until the loan has been repaid. There were no outstanding loans or shares under LSP at 30 June 2022.

##### *Executive Share Option Plan (ESOP)*

Options are granted under the ESOP. Under the ESOP each option granted converts into one ordinary share of Patrys Limited. Options are granted under the plan for no consideration and carry no dividend or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The options are typically issued in two or three equal tranches which vest over a three-year period, each tranche having an expiry date of five years after vesting date. The exercise period in relation to an option, means the period in which the option may be exercised, and is specified by the Board. If a participant ceases to be appointed as a director or employed by any member of the Group (other than due to his/her death) then, generally, options that have vested at the date of cessation of appointment/employment will lapse if not exercised within six months of the cessation date unless an extension is granted by the Board. In the case of death of the participant then the exercise period is extended to twelve months. All unvested options will generally lapse on cessation.

The valuations of shares issued under the LSP and options issued under the ESOP are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued.

The Board aims to ensure that the aggregate number of shares or options which may be issued pursuant to the LSP and ESOP shall not at any time exceed 5% of the total number of issued shares of the company (not including any issues made under the ESOP to Directors of the company). All issues of shares or options under the plans are subject to approval by the Nomination & Remuneration Committee.

Set out below are summaries of options granted under the Executive Share Option Plan:

- Between November 2016 to June 2020, the Company issued a total of 76,000,000 unquoted options to the employees under the ESOP with varying exercise prices and expiry dates.
- During August and December 2020, the Company issued 17,050,000 quoted options in two tranches, with an exercise price of 2.4 cents and 4 cents, respectively. These options expire 5 August 2023 and 15 December 2023 and were issued for the purpose of services rendered to the Group.
- On 15 December 2021, the Company issued 22,600,000 unquoted options, with an exercise price of 2.7 to directors and employees of the Group under the ESOP. These options expire on 18 December 2024.
- In November 2021, the Company issued 44,000,000 unquoted options to the employees and consultants, with an exercise price of 5.9 cents. These options expire on 30 September 2025 and 15 March 2026.

Patrys Limited  
Notes to the financial statements  
30 June 2022

Note 25. Share based payments (continued)

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/11/2016	24/11/2021	\$0.0072	9,000,000	-	(9,000,000)	-	-
19/04/2017	19/04/2022	\$0.0072	250,000	-	(250,000)	-	-
19/04/2017	01/07/2021	\$0.0072	2,500,000	-	(2,500,000)	-	-
15/03/2018	15/03/2023	\$0.0613	500,000	-	-	-	500,000
15/03/2018	01/07/2022	\$0.0613	2,500,000	-	-	-	2,500,000
01/06/2018	18/04/2023	\$0.0200	2,500,000	-	-	-	2,500,000
22/11/2018	22/11/2023	\$0.0350	32,000,000	-	-	-	32,000,000
15/03/2019	15/03/2024	\$0.0290	3,000,000	-	-	-	3,000,000
12/09/2019	31/08/2024	\$0.0290	1,500,000	-	-	-	1,500,000
01/10/2019	01/10/2024	\$0.0350	4,000,000	-	-	-	4,000,000
15/03/2020	15/03/2025	\$0.0220	2,750,000	-	-	-	2,750,000
08/05/2020	05/05/2025	\$0.0170	250,000	-	-	-	250,000
08/05/2020	05/08/2023	\$0.0240	7,500,000	-	-	-	7,500,000
21/12/2020	05/08/2023	\$0.0240	1,250,000	-	-	-	1,250,000
15/12/2020	15/12/2023	\$0.0400	8,300,000	-	-	-	8,300,000
15/12/2020	18/12/2024	\$0.0270	22,600,000	-	-	-	22,600,000
05/11/2021	30/09/2025	\$0.0590	-	25,000,000	-	-	25,000,000
17/11/2021	30/09/2025	\$0.0590	-	16,250,000	-	-	16,250,000
19/11/2021	30/09/2025	\$0.0590	-	250,000	-	-	250,000
19/11/2021	15/03/2026	\$0.0590	-	2,500,000	-	-	2,500,000
			100,400,000	44,000,000	(11,750,000)	-	132,650,000
<i>Weighted average exercise price</i>			\$0.0291	\$0.0590	\$0.0072	\$0.0000	\$0.0410

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/11/2016	24/11/2021	\$0.0072	24,000,000	-	(15,000,000)	-	9,000,000
19/04/2017	19/04/2022	\$0.0072	250,000	-	-	-	250,000
19/04/2017	01/07/2021	\$0.0072	2,500,000	-	-	-	2,500,000
15/03/2018	15/03/2023	\$0.0613	500,000	-	-	-	500,000
15/03/2018	01/07/2022	\$0.0613	2,500,000	-	-	-	2,500,000
01/06/2018	18/04/2023	\$0.0200	2,500,000	-	-	-	2,500,000
22/11/2018	22/11/2023	\$0.0350	32,000,000	-	-	-	32,000,000
15/03/2019	15/03/2024	\$0.0290	3,000,000	-	-	-	3,000,000
12/09/2019	31/08/2024	\$0.0290	1,500,000	-	-	-	1,500,000
01/10/2019	01/10/2024	\$0.0350	4,000,000	-	-	-	4,000,000
15/03/2020	15/03/2025	\$0.0220	2,750,000	-	-	-	2,750,000
08/05/2020	05/05/2025	\$0.0170	250,000	-	-	-	250,000
05/08/2020	05/08/2023	\$0.0170	-	7,500,000	-	-	7,500,000
21/12/2020	05/08/2023	\$0.0240	-	1,250,000	-	-	1,250,000
15/12/2020	15/12/2023	\$0.0400	-	8,300,000	-	-	8,300,000
15/12/2020	18/12/2024	\$0.0270	-	22,600,000	-	-	22,600,000
			75,750,000	39,650,000	(15,000,000)	-	100,400,000
<i>Weighted average exercise price</i>			\$0.0248	\$0.0291	\$0.0072	\$0.0000	\$0.0291

Set out below are the options exercisable at the end of the financial year:

**Note 25. Share based payments (continued)**

Grant date	Expiry date	30 June 2022 Number	30 June 2021 Number
24/11/2016	24/11/2021	-	9,000,000
19/04/2017	19/04/2022	-	250,000
19/04/2017	01/07/2021	-	2,500,000
15/03/2018	15/03/2023	500,000	500,000
15/03/2018	01/07/2022	2,500,000	2,500,000
01/06/2018	18/04/2023	2,500,000	2,500,000
22/11/2018	22/11/2023	19,000,000	6,000,000
15/03/2019	15/03/2024	3,000,000	3,000,000
12/09/2019	31/08/2024	1,500,000	1,250,000
01/10/2019	01/10/2024	3,000,000	2,000,000
15/03/2020	15/03/2025	2,750,000	1,500,000
08/05/2020	05/05/2025	250,000	250,000
05/05/2020	05/08/2023	7,500,000	7,500,000
21/12/2020	05/08/2023	1,250,000	1,250,000
15/12/2020	15/12/2023	8,300,000	8,300,000
15/12/2020	18/12/2024	11,550,000	500,000
17/11/2021	30/09/2025	500,000	-
19/11/2021	30/09/2025	2,500,000	-
		<u>66,600,000</u>	<u>48,800,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.22 years (2021: 2.44 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/11/2021	30/09/2025	\$0.0370	\$0.0590	95.00%	-	1.34%	\$0.01840
05/11/2021	30/09/2025	\$0.0370	\$0.0590	95.00%	-	1.34%	\$0.01980
17/11/2021	30/09/2025	\$0.0400	\$0.0590	95.00%	-	1.42%	\$0.02040
17/11/2021	30/09/2025	\$0.0400	\$0.0590	95.00%	-	1.42%	\$0.02190
17/11/2021	30/09/2025	\$0.0400	\$0.0590	95.00%	-	1.42%	\$0.01950
19/11/2021	30/09/2025	\$0.0400	\$0.0590	95.00%	-	1.40%	\$0.02010

*Accounting policy for share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.



**Note 25. Share based payments (continued)**

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Patrys Limited**  
**Directors' declaration**  
**30 June 2022**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the "Australian" Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



---

Mr. John Read  
Chairman

30 August 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of Patrys Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Patrys Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- i. Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For personal use only

**Key audit matter (Continued)**

<i>Nature of Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p><b>Accuracy of Research and Development (R&amp;D) tax concession</b></p> <p>Refer to Note 5 of the accompanying financial statements.</p> <p>As at 30 June 2022 the statement of financial position includes a receivable of \$3.3m of R&amp;D tax concessions due to be collected from the Australian Tax Office (ATO).</p> <p>This receivable relates to the research and development (R&amp;D) tax incentive that encourages companies to engage in R&amp;D benefiting Australia, by providing a tax offset for eligible R&amp;D activities and accounts for 43.5% of expenditure incurred during the year.</p> <p>The calculation of the R&amp;D tax concession is complex and requires a level of judgement as to the amount of eligible expenditure that can be claimed.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtained the R&amp;D workings prepared by management and engaged our tax experts to review the appropriateness of the claim prepared.</li> <li>• Performed sample testing of R&amp;D expenditure incurred during the financial year to supporting documentation in order to verify that the expenditure was appropriately classified as R&amp;D expenditure.</li> <li>• Checked the completeness of and appropriateness of the disclosure in the financial statements.</li> </ul>
<p><b>Going concern</b></p> <p>Note 2 to the financial report outlines the basis of preparation of financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.</p> <p>As the Group generates minimal operating revenue, it is reliant on funding from other sources such as capital raisings and receipt of research &amp; development incentives; therefore, there is significant judgement involved in determining whether the going concern basis adopted is appropriate.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewed the cash flow forecast for the 12-month period from the date of signing the audit report by evaluating the reasonableness of key inputs and assumptions made by management.</li> <li>• With the assistance of our Technical Team, reviewed the disclosures made in the financial statements surrounding the uncertainties of going concern and mitigating factors in accordance with ASA 570 - Going Concern.</li> </ul>

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 30 June 2022, but does not include the financial report and the auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

For personal use only

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

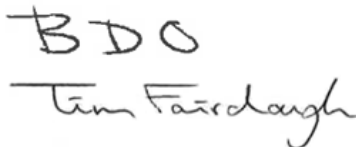
We have audited the Remuneration Report included in pages 35 to 41 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Patrys Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



Tim Fairclough  
Director

Melbourne, 30 August 2022



**Patrys Limited**  
**Shareholder information**  
**30 June 2022**

The shareholder information set out below was applicable as at 17 August 2022.

***Distribution of equitable securities***

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares	Number of holders of quoted PABO options	Number of quoted PABO options	% of quoted PABO options	Number of holders of quoted PABOA options	Number of quoted PABOA options	% of quoted PABOA options
1 to 1,000	128	11,846	0.00	4	200	0.00	13	4,549	0.00
1,001 to 5,000	56	224,757	0.01	28	80,924	0.06	55	149,912	0.12
5,001 to 10,000	138	1,206,420	0.06	23	177,801	0.14	49	351,167	0.27
10,001 to 100,000	1,957	95,487,066	4.64	109	4,834,978	3.68	141	5,668,503	4.37
100,001 and over	1,798	1,960,069,668	95.29	147	122,710,640	96.12	105	123,524,851	95.24
	<b>4,077</b>	<b>2,056,999,757</b>	<b>100.00</b>	<b>311</b>	<b>127,804,543</b>	<b>100.00</b>	<b>363</b>	<b>129,698,982</b>	<b>100.00</b>
Holding less than a marketable parcel	626	5,810,783	0.28	109	1,412,271	1.11	183	1,671,339	1.29

**Patrys Limited**  
**Shareholder information**  
**30 June 2022**

	Number of holders of unlisted options	Number of unlisted options	% of unlisted options
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	11	113,100,000	100.00
	<u>11</u>	<u>113,100,000</u>	<u>100.00</u>
Holding less than a marketable parcel	-	-	-

**Twenty largest quoted equity security holders**

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total Shares issued
National Nominees Limited	160,580,260	7.81
Dr Dax Marcus Calder	128,000,000	6.22
Stork Holdings 2010 Ltd	98,773,814	4.80
Dax Calder Pty Ltd	65,000,000	3.16
Kemast Investments Pty Ltd <Km Stokes S/F No 1 A/C>	39,814,272	1.94
Estelleanne Pty Ltd	35,500,000	1.73
Mr Mladen Marusic	34,000,000	1.65
Marginata Pty Ltd <Roy Bolton Super Fund A/C>	31,000,000	1.51
LGL Trustees Limited <Mk Pension Plan-473278 A/C>	28,049,888	1.36
Staffwear Pty Ltd <Dax Calder Super Fund A/C>	27,000,000	1.31
LGL Trustees Limited <The Konda Family A/C>	26,499,994	1.29
Citicorp Nominees Pty Limited	24,814,400	1.21
Mr Vinh Tran	20,086,152	0.98
Dr James Campbell + Dr Kelly Windmill	17,383,125	0.85
Yale University	16,116,324	0.78
Mr Justin Frank Puddick	13,300,000	0.65
Valui Pty Ltd <Fortis Super Fund A/C>	11,250,012	0.55
Mr Peter Alfred Bradfield	11,000,000	0.53
Mr Xiaoke Xie	10,250,000	0.50
Edstop Pty Limited <Superannuation Fund A/C>	9,971,223	0.48
	<u>808,389,464</u>	<u>39.30</u>

**Patrys Limited**  
**Shareholder information**  
**30 June 2022**

	PABO Options over ordinary shares	
	Number held	% of total Options issued
Dax Calder Pty Ltd	14,000,000	10.95
MBA Investments Pty Ltd	8,000,000	6.26
MBA Investments Pty Ltd	7,000,000	5.48
Valui Pty Ltd <Fortis Super Fund A/C>	6,166,668	4.83
National Nominees Limited	6,013,115	4.70
LGL Trustees Limited <The Konda Family A/C>	4,166,665	3.26
Marginata Pty Ltd <Roy Bolton Super Fund A/C>	3,666,668	2.87
Kemast Investments Pty Ltd <Km Stokes S/F No 1 A/C>	3,267,974	2.56
Mr Mile Stojanovski	2,863,456	2.24
Nearology Pty Ltd	2,450,000	1.92
Mr Mark Fleming Durward	2,130,522	1.67
Mr Vincenzo Brizzi + Mrs Rita Lucia Brizzi <Brizzi Family S/F A/C>	1,700,000	1.33
Ms Karin Jones	1,578,283	1.23
Stojway Investments Pty Ltd <Stojanovski Super Fund A/C>	1,560,007	1.22
Mr Robert Vella	1,493,169	1.17
Mr John Frank Borgogno	1,492,428	1.17
Mr Matthew Stone	1,263,347	0.99
Oceanview Victoria Pty Ltd <Oceanview Family A/C>	1,250,000	0.98
Speyside Holdings Pty Ltd <Speyside Sf A/C>	1,180,000	0.92
Mr Mile Stojanovski	1,180,000	0.92
	<b>72,422,302</b>	<b>56.67</b>

	PABOA Options over ordinary shares	
	Number held	% of total Options issued
National Nominees Limited	45,448,157	35.04
Mr Francesco Lucio Molino <Smile Like You Mean It A/C>	8,700,000	6.71
Mr Xiaoke Xie	7,000,000	5.40
P K Capital Pty Ltd	6,400,000	4.93
Dr Dax Marcus Calder	5,000,000	3.86
Mr Daniel Aaron Hylton Tuckett	4,123,777	3.18
LGL Trustees Limited <Mk Pension Plan-473278 A/C>	3,333,334	2.57
Vertical Integration Pty Ltd <Yay Retirement Fund A/C>	2,300,000	1.77
Kemast Investments Pty Ltd <Km Stokes S/F No 1 A/C>	2,178,650	1.68
Superhero Securities Limited <Client A/C>	2,048,200	1.58
Justin Puddick Upholstery Pty Ltd <Mayfair Super Fund A/C>	2,000,000	1.54
Arredo Pty Ltd	1,666,667	1.29
Marginata Pty Ltd <Roy Bolton Super Fund A/C>	1,500,000	1.16
Ms Bai Qiu Yang	1,000,000	0.77
Mr Ghassan Salem	949,897	0.73
Mr Bruce Chalk + Mrs Michelle Chalk <B&M Chalk Super Fund A/C>	900,000	0.69
Mr Phillip Alwyn Urquhart	900,000	0.69
Mr Alan Giles Sauran + Mrs Suzanne Aubrun <Nth Turrumurra Cons S/F A/C>	809,379	0.62
Prof Terry Stirling Walter	750,000	0.58
Mr Mark Adam Stephenson	685,555	0.53
	<b>97,693,616</b>	<b>75.32</b>

**Patrys Limited**  
**Shareholder information**  
**30 June 2022**

**Unquoted equity securities**

	Number on issue	Number of holders
Options over ordinary shares issued	113,100,000	11

**Substantial holders**

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Dr Dax Marcus Calder	120,117,634	11.19
Mason Stevens Limited	188,815,565	9.92

**Voting rights**

The voting rights attached to ordinary shares are set out below:

**Ordinary shares**

All issued shares carry voting rights on a one-for-one basis.

**Quoted PABO Options**

There are no voting rights attached to the quoted PABO options.

**Quoted PABOA Options**

There are no voting rights attached to the quoted PABOA options.

**Unquoted Options**

There are no voting rights attached to the unquoted options.

There are no other classes of equity securities.

**Corporate Governance Statement**

Refer to the Company's Corporate Governance statement at: <https://patrys.com/investors/#corporate-governance>

**Annual General Meeting**

Patrys Limited advises that its Annual General Meeting will be held on Wednesday, 16 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX in due course. In accordance with ASX Listing Rules and the Company's Constitution, the closing date for receipt of nominations for the position of Director are required to be lodged at the registered office of the Company by 5.00pm (AEDT) on 27 September 2022.

# Corporate directory

## DIRECTORS

Mr. John Read (Non-Executive Chairman)

Dr. James Campbell (Managing Director & CEO)

Mr. Michael Stork (Non-Executive Director and Deputy Chairman)

Ms. Suzy Jones (Non-Executive Director)

Dr. Pamela Klein (Non-Executive Director)

## COMPANY SECRETARY

Mr. Stefan Ross

## REGISTERED OFFICE

Level 4, 100 Albert Road South Melbourne VIC 3205 Phone: 03 9692 7222

## PRINCIPAL PLACE OF BUSINESS

Level 4, 100 Albert Road, South Melbourne VIC 3205

Phone: 03 9670 3273

## SHARE REGISTER

Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford VIC 3067

Phone: 1300 850 505 (within Australia)

Phone: +61 3 9415 4000 (outside Australia)

## AUDITOR

BDO - Audit Pty Ltd Tower 4, Level 18, 727 Collins Street Melbourne VIC 3008 Australia

## STOCK EXCHANGE

Patrys Limited shares are listed on the Australian Securities Exchange (ASX code: PAB and Listed

Options: PABO and PABOA)

## WEBSITE

[www.patrys.com](http://www.patrys.com)

For personal use only



# Corporate and social responsibility

Patrys is a leading therapeutic development company developing a platform of cell-penetrating antibodies for a range of cancers. In pursuing this objective, Patrys acknowledges its role within society and believes its success will deliver long-term positive benefits to all stakeholders. Patrys' corporate governance principles and code of conduct set the framework for how the Company, management and employees are expected to conduct themselves.

## Our people

The employees of Patrys are essential to the Company achieving business success. To ensure Patrys remains a safe, healthy, and attractive workplace for our employees, Patrys has established workplace policies and practices.

Patrys' code of conduct reflects the core values of the Company and sets out standards of behaviour in matters including compliance with all legal operations of the Company. Patrys has significantly lower rates of employee turnover than the industry average. This higher rate of employee retention is indicative of its positive and collegiate workplace. Patrys prides itself on a strong culture based on accountability, performance, and ethical and respectful behaviours. The Board has adopted a diversity policy to provide a framework for Patrys to achieve a number of diversity objectives including, but not limited to, gender, age, ethnicity, disability, sexual orientation and cultural background. Within the limits of a small organisation, Patrys believes that it is tracking well on measures of diversity, including five of the eight leadership roles in the Board and Management being held by females, and similarly five being born outside of Australia. Patrys strives to put in place measures, such as flexible working arrangements, specifically to encourage participation by all.

Employee option schemes are used to provide the opportunity for all staff to share in the success of the Company and to assist in aligning the objectives of employees with those of shareholders.

## The community

Through innovative research and development, Patrys is creating products for needs which are currently unmet within the health and medical markets. All of Patrys' preclinical research activities comply with strict regulatory and ethical approval processes.

For persons only



**patrys**

patrys.com