Patrys Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Patrys Limited
ABN:	97 123 055 363
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

				$
Loss from ordinary activities after tax attributable to the Owners of Patrys Limited	up	4.1%	to	(7,061,624)
Loss for the year attributable to the Owners of Patrys Limited	up	4.1%	to	(7,061,624)

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 $7,061,624 (30 June 2022: $6,780,363).

During the period, the Group had total other income of $2,851,908 (2022: $3,333,576), consisting of the R&D tax incentive of $2,775,033 (2022: $3,297,980) and interest income of $76,875 (2022: $8,096).

The Group's research and development expenditure during the financial year was $7,524,812 (2022: $8,085,228). 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.

The Group had cash at bank at 30 June 2023 amounting to $3,045,516 (30 June 2022: $7,817,841) and a short-term deposit investment of $1,000,000. Excluding prepaid expenses, the working capital position at 30 June 2023 was $6,200,682 (30 June 2022: $12,690,342).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.31	0.63

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.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

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

Not applicable.

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10. Audit qualification or review

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

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

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11. Attachments

Details of attachments (if any):

The Annual Report of Patrys Limited for the year ended 30 June 2023 is attached.

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12. Signed

Signed _____ Date: 28 August 2023

patrys

ANNUAL REPORT

FY2023

Developing novel antibodies, for life

Contents

From the Chairman

It is with a sense of pride and privilege that I write this note – my first as Patrys' Chairman – to reflect on the achievements of the past year, and look ahead, in anticipation, to the next stage of our journey as a clinical stage biotechnology company.

In this, my first year as Chairman of Patrys, I have appreciated the opportunity to learn more detail about the Company's exciting deoxymab technology, to work with the management and Board of Directors, and to meet a number of shareholders.

As a lean team, our energy in the 2023 financial year has been focused on ticking off core activities behind the scenes, which are essential building blocks for our progress. Drug development is a meticulous process, but it is one we deeply understand and respect. Each milestone reached, each challenge surmounted, brings us closer to realising our vision of transforming cancer treatment.

Preparations for our planned Phase 1 first-in-human study of PAT-DX1 are progressing well. As part of the vibrant Australian biotech community, Patrys is very fortunate to have access to some of the best clinical trial infrastructure in the world, and we are proud to be planning our clinical trial activities on home soil. We have completed the necessary preclinical toxicology studies to support the trial and are now completing our plans for our Phase 1 first-in-human study, planned for CY 2024.

We believe that now we understand the issue that delayed our manufacturing run of PAT-DX1 in Q1 of CY 2023, with an audit conducted by the CDMO, as well as our own independent investigation. With this clarity we will work with our CDMO to schedule our new production run for PAT-DX1 in the coming months.

The advancement of our second deoxymab, PAT-DX3, remains a priority for Patrys. The last 12 months have demonstrated the growing potential of our full-sized antibody in a variety of applications. Earlier this year, the results of a preclinical study validated the potential to use PAT-DX3, to treat cancers which have pre-existing mutations that compromise their DDR systems, including BRCA2 negative breast cancer. Additionally, new evidence supporting the potential to use PAT-DX3 to deliver small molecule therapeutics across the blood-brain barrier to brain tissue, opens up opportunities to explore various neurological targets and conditions.

I would like to thank the Patrys team, led by our CEO and MD, Dr James Campbell, and the rest of the Board of Directors for their advice and expertise as we move steadily toward the clinic.

I also want to express my sincere gratitude to our esteemed shareholders for your ongoing support. Your belief in our mission and your trust in our capabilities propel us forward.

Our ambitions are great. We are committed to advancing our science, exploring new frontiers, and pushing the boundaries of what is possible in cancer therapy. Together, we are shaping a future where hard-to-treat cancers are no longer insurmountable challenges.

Thank you for being part of our journey.

Sincerely,

Charmaine Gittleson

Dr Charmaine Gittleson
Patrys Chairman

> *"Our unwavering focus on developing novel treatments for some of the most challenging and elusive cancers is what sets Patrys apart.*
>
> **- Patrys Chairman, Charmaine Gittleson**

Our People

Patrys' team comprises specialists in research, development, and innovation who are working together to progress our deoxymab technology and develop new approaches for hard-to-treat cancers.

Board of Directors

Charmaine Gittleson

Chairman of the Board of Directors, BSc.MBBCh, GAICD

Dr. Gittleson is the former Chief Medical Officer of CSL Limited with more than 20 years of experience in pharmaceutical development. Her expertise spans many aspects of the pharmaceutical industry, from drug development and clinical research through to strategic planning and executive management. She has successfully worked with regulators in key markets such as the US, EU, Asia Pacific, Japan and South America to register new products to address unmet medical needs. Dr. Gittleson is the Chair of Antisense Therapeutics Limited (ASX:ANP) and a board member of George Medicines Pty Ltd.

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. Dr Campbell sits on the board of Australia's peak industry body for biotechnology, AusBiotech.

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 extensive networks within the pharmaceutical and biotech companies and 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, and board and secretarial support. Stefan 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 15 years. She has extensive experience related to R&D drug development, relationship management, contracts, grants and industry partnerships.

Valentina Dubljevic

Vice President, Research & Development, MBB, BSc, GAICD

Ms. Dubljevic is responsible for the pre-clinical and 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 has an impressive track record in clinical development and stakeholder engagement in oncology clinical research and development spanning more than 15 years. She has 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-Ceptor 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 25 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

Deoxymabs: A new type of therapeutic antibody

Antibodies have been used to treat cancer for over two decades. These drugs work by binding to specific cancer markers on the cell surface, which causes the cells to die. This has transformed cancer therapy, as antibody drugs are more specific and have fewer side effects than traditional chemotherapy drugs.

However, there are two major hurdles to a broader application of antibodies to treat cancer. First, many cancers do not have suitable cell surface markers, so they are not amenable to traditional antibody approaches. Second, no therapeutic antibodies have been able to cross the blood-brain barrier, which means that antibodies have not been widely used for the treatment of brain cancers.

Patrys has developed a new type of antibody - deoxymabs - that can bind to cancer cells that do not have traditional cell surface markers. Instead, they bind to strands of DNA. DNA is released from cells when they die, and the rate of cell death is much higher in cancer cells than in healthy cells. This means that deoxymabs can be used to target cancer cells regardless of their location or type.

In animal experiments, Patrys has successfully demonstrated that deoxymabs are able to seek out and kill cancer cells in a variety of tissues anywhere in the body, including crossing the blood brain barrier. This suggests that deoxymabs have the potential to be a more effective and versatile treatment for cancers, including brain cancers, than other traditional therapeutic antibodies.

Patrys is currently planning clinical trials to evaluate the safety and efficacy of deoxymabs in humans. If these trials are successful, deoxymabs could offer a new and promising treatment option for cancer patients.

Unique qualities of Patrys' deoxymabs

Patrys' deoxymab antibodies exhibit several distinctive properties ideal for human therapeutic applications:

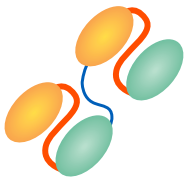
- **They target all cancers:** Deoxymabs are naturally drawn to DNA released into the bloodstream by all types of cancers, regardless of their location. This unique property allows deoxymabs to selectively target both primary tumors and metastases throughout the body.
- **They cross the blood-brain barrier:** The blood-brain barrier (BBB) presents a significant challenge in treating primary and secondary brain cancers as it limits the passage of drugs and antibodies into the brain. Deoxymabs possess the ability to cross the BBB and reach neural tissues, opening new avenues for treating brain cancers.
- **They can penetrate the cell membrane:** Deoxymabs have the exceptional ability to penetrate the cell membrane and enter cells intact. This unique capability is facilitated by the ENT2 transporter protein found in most human adult cells. Patrys intends to leverage this property to potentially deliver therapeutic payloads directly into the cell.
- **They inhibit DNA damage repair:** Once inside the cell nucleus, deoxymabs bind to damaged DNA, preventing its repair by the cell's DNA damage repair (DDR) systems. Cells with unrepaired DNA become incapable of dividing and typically undergo self-destruction. This inhibitory action on DDR makes deoxymabs valuable in developing new cancer treatments.

Patrys' commitment to advancing these innovative antibody-based approaches brings hope for more effective and targeted therapies, potentially transforming the landscape of cancer treatment.

The deoxymab family: PAT-DX1 and PAT-DX3

Patrys' two deoxymabs - PAT-DX1 and PAT-DX3 - are both based on the same original deoxymab (a mouse antibody called 3E10). While both deoxymabs have similar properties, these two different formats also have distinctive differences, which allows Patrys to apply these unique properties across different therapeutic applications.

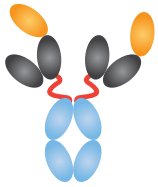
PAT-DX1



PAT-DX1 is a dimer of a small antibody fragment derived from a humanised version of the binding domain from the original mouse deoxymab antibody 3E10. Patrys is currently scaling up the production of clinical grade PAT-DX1 with a view to initiating first-in-human studies in 2024. PAT-DX1 is likely to have clinical utility for treating primary and secondary brain cancers due to its ability to cross the blood brain barrier. It also may have utility for treating cancers with existing DDR deficiencies, or in combination with other DNA damaging agents such as radiation and many chemotherapy drugs.

Initial draft reports from GLP toxicology studies of PAT-DX1 indicate a favourable safety and tolerability profile, which supports Patrys' ability to initiate a Phase I first-in-human study.

PAT-DX3



PAT-DX3 is a humanised, full-sized antibody, that has been further optimised to improve its therapeutic potential. PAT-DX3 has the DNA-binding and DDR blocking properties of PAT-DX1, but is expected to have different pharmaceutic properties (tissue distribution, pharmacokinetic profile etc) due to its larger size. Patrys believes these will open up further opportunities to leverage its deoxymab platform and to develop additional therapeutic products.

Preclinical data supports synthetic lethality mechanism of PAT-DX3

In March 2023, Patrys announced results from a pre-clinical study which demonstrated the potential to use its full size IgG deoxymab, PAT-DX3, for synthetic lethality strategies to treat relevant cancers.

Patrys' deoxymabs have a number of novel properties that are not typically found in antibodies and that offer the potential to develop new antibody-based therapeutic strategies for treating cancer. One of these is the ability to enter the cell and cell nucleus and block the DDR systems. In tumours with pre-existing mutations that compromise their DDR systems, such as cancers with a mutation in the BRCA2 gene, the additional inhibition from adding a deoxymab may result in the accumulation of DNA damage that can ultimately kill the tumour cells. This approach is known as 'synthetic lethality' and has been successfully used in certain tumours with several new small molecule cancer drugs.

This study confirms the potential to use deoxymabs as a single agent to treat cancers which have pre-existing mutations that compromise their DDR systems, including BRCA2 negative breast cancer and other cancers. In addition, Patrys is looking at using deoxymabs in combination with DNA damaging therapies, such as radiation and chemotherapies, and as a delivery agent for small molecules and nucleic acids.

R&D Pipeline

Compound	Discovery	Preclinical	Clinical
PAT-DX1			
PAT-DX3			
PAT-DX1-NP			

ASX News, Media Headlines

Milestones: FY23

During FY23, Patrys announced several significant clinical, commercial and corporate milestones.

PAT-DX1 Engineering Run Successfully Completed	July 2022
PAT-DX1/Radiation Combination Improves Brain Cancer Survival	August 2022
New Research Grant for Deoxymabs in Metastatic Breast Cancer	August 2022
PAT-DX1 From Engineering Run Meets All Specification Tests	August 2022
PAT DX3 Crosses Blood Brain Barrier in Healthy Animals	October 2022
Patrys Appoints Dr Charmaine Gittleson as Chairman	November 2022
Patrys Receives R&D Tax Incentive Refund	January 2023
New PAT-DX3 Data Demonstrates Synthetic Lethality	March 2023
Two New Deoxymab Patents Granted in the USA	April 2023
Master Cell Bank and Integration Run for PAT-DX3 Completed	April 2023
PAT-DX1 GLP Toxicology Reports Received	May 2023

> *"We are deeply committed to translating our research discoveries into life-saving therapies.*
>
> **- Patrys CEO & MD, Dr James Campbell**

Deoxymabs:
Taking Aim at Hard-to-Treat Cancers

Cancer is a complex and often devastating disease. Some cancers, such as glioblastoma (GBM) and triple negative breast cancer (TNBC), are particularly difficult to treat, leaving patients with limited options and poor prognoses.

Patrys' deoxymabs offer a unique mechanism of action to treat cancers by exploiting weaknesses in the body's DDR systems. This strategy targets the inherent vulnerabilities of hard-to-treat cancers with impaired DNA repair mechanisms, offering a potential solution to the challenges in treating these types of cancers.

Understanding the challenge

When it comes to treatment, some cancers present a particularly difficult challenge. GBM and TNBC, are often resistant to treatments due to their heterogeneous presentations; lack of specific molecular targets; and complex tumour microenvironments. Brain cancers also present a unique challenge in that the blood-brain barrier is a highly effective barrier to the delivery of drugs to the tumour.

Patrys is exploring ways to improve outcomes for patients with these hard-to-treat cancers with its unique antibody platform. Patrys' deoxymabs exploit weaknesses in the body's DDR systems, which play a crucial role in preventing, detecting, and repairing DNA damage. By entering cancer cells and binding to damaged DNA, deoxymabs block the repair process, leading to the self-destruction of cancer cells upon division. This approach exploits the fact that cancer cells often harbour numerous mutations that require DNA repair. By inhibiting this repair mechanism, deoxymabs push cancer cells toward their ultimate death.

Building on previous successes

Targeting DDR systems in cancer treatment has successfully been demonstrated in a class of drugs called PARP inhibitors (PARPi's). PARP inhibitors, such as niraparib and olaparib, have shown efficacy in certain cancers where the DNA damage response system is compromised, such as breast cancers with BRCA mutations. The addition of PARPi can tip these cancer cells over the edge, resulting in the accumulation of DNA damage and subsequent cell death. This approach, known as 'synthetic lethality', has garnered significant interest and paved the way for precision medicine in cancer treatment.

Another successful breakthrough is the development of trastuzumab deruxtecan (Enhertu), which was approved by the FDA in 2022 for the treatment of HER2-low breast cancers that cannot be surgically removed or have metastasised. This approval has reshaped the treatment landscape for HER2-negative breast cancer and has opened avenues for novel platform technologies, such as deoxymabs, to offer new hope in the battle against TNBC.

The commercial success of targeted therapies in the field of cancer treatment is compelling. Lynparza (olaparib), an antineoplastic agent targeting PARP, saw global sales surpass $2.4 billion in 2021, with projections expecting a rise to approximately $6.4 billion by 2028. These figures illustrate the growing demand for innovative therapies that can provide improved outcomes for patients battling hard-to-treat cancers.

The GBM market reached $2.4B in 2022 and is project to grow to $4.5B by 2030. This market growth reflects the urgent need for improved treatment options and highlights the potential market opportunities for innovative approaches like deoxymabs. By harnessing the body's own defense mechanisms and inducing cancer cell death, deoxymabs offer a promising avenue for tackling glioblastoma and other challenging cancers.

Glioblastoma

- More than 14,500 Americans are expected to receive a GBM diagnosis in 2023.
- GBM accounts for 50 percent of all primary malignant brain tumors.
- The five-year survival rate for glioblastoma patients is only 7 percent, and the average length of survival for glioblastoma patients is estimated to be only 8 months.
- Only four drugs and one device have been approved by the FDA specifically for the treatment of glioblastoma.

(Source: National Brain Tumour Society, braintumor.org)

New hope

Patrys is dedicated to advancing new treatments using its antibodies PAT-DX1 and PAT-DX3. Preclinical studies have demonstrated their potential in addressing some of the challenges of hard-to-treat cancers; and while the specific indication for initial trials is still being determined, the Company is making significant progress in planning the first in-human trial of PAT-DX1 in 2024.

What is clear is that the unique qualities of these antibodies make them particularly compelling for treating a variety of hard-to-reach and treat cancers, irrespective of their location, and with ongoing research and clinical trials, Patrys is hopeful for improved outcomes and increased survival rates among patients facing these challenging diseases.

Triple Negative Breast Cancer

- TNBC accounts for about 15% of all breast cancers.
- There are approximately 2500 new cases of TNBC in Australia each year.
- Occurs more often in patients who are pre-menopausal or under 50 years of age
- TNBC has a greater chance of advancing to the metastatic stage.
- Survival rates are lower than for other breast cancer types.

(Sources: Breast cancer network Australia, bcna.org.au; Breast Cancer trials, breastcancertrials.org.au)

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.

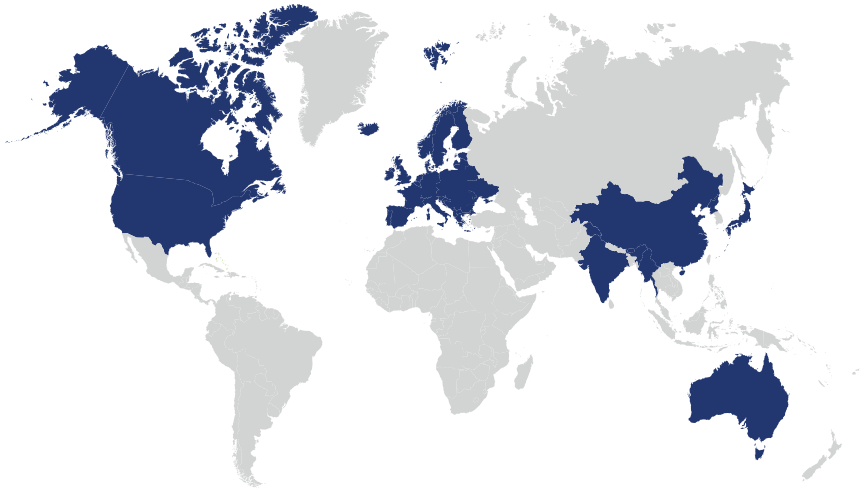
Deoxymab technology and product candidates

The patents that Patrys has obtained, and continues 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. In April 2023, Patrys announced the granting of two additional patents in its portfolio by the US Patent and Trademark Office.

There are now six granted patents covering the unconjugated form of deoxymab 3E10 (and derivatives thereof) in Europe, Japan, China, and three granted in the US. In addition, there are five patents covering nanoparticle conjugation that have been granted in Australia, Canada, China, India and the US. **In total, Patrys and/or Yale have filed numerous patent applications across 13 different patent families in major jurisdictions which provides the Company with a significant patent estate covering the use of its unique deoxymab platform for the treatment of cancer.**

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. 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.

Active intellectual property strategy in place to protect key assets



IP protection granted

Deoxymab patent portfolio

13	Active patent families
11	Granted patents
26	Patent applications pending

"We are proud of the robust patent portfolio we have developed which gives flexibility for cross-licensing capabilities for deoxymabs in the future.

- Patrys CEO and MD, Dr James Campbell

Manufacturing Antibodies

Manufacturing antibodies is a complex process, which requires the coordination and integration of many separate processes. As Patrys prepares to move PAT-DX1 into the clinic in 2024, the team has been working diligently behind the scenes to meet our manufacturing milestones, ensuring that we have sufficient clinical-grade material to conduct in-human studies.

What is involved in manufacturing monoclonal antibodies?

The rise of monoclonal antibodies (mAbs), means that they are used to treat a wide range of conditions, including cancer, autoimmune diseases, and infectious diseases. In recognition of growing interest in mAbs, new methodologies have helped to advance production processes and supported efforts to scale-up manufacturing.

The manufacturing process of monoclonal antibodies involves several crucial steps to ensure the production of high-quality and potent therapeutic agents.

• Clone Selection

In general, commercial production of monoclonal antibodies begins with the identification and optimisation of the coding DNA sequence and the construction and identification of a stable high-producing clone. Once a clone is available, an antibody production platform such as a mammalian cell line can be used to make large quantities of antibodies.

Patrys has developed a stable cell clone for its lead asset PAT-DX1. The choice of production system is important to ensure the clone produces correctly folded proteins that maintain the molecule's biological activity; stability; and increase the half-life, while reducing immunogenicity. Mammalian cells, like the CHO cell line, have become the predominant method for industrial biopharmaceutical production, largely because of their ability to produce consistent and reproducible quantities of antibodies.

• Upstream Development

After generating a stable cell clone, the next step involves upstream development processes, to multiply the cells. These include cell culture process, scale up and production. Disposable bioreactors are often used for small scale production due to easy adaptation to process validation and flexibility. The process parameters including feeding strategies, as well as the ongoing improvement of environmental parameters, are optimised to ensure reproducible results. Close monitoring is necessary to ensure high productivity and yields to make the monoclonal antibody production more economical.

• Downstream Process Development

Once the cells have produced the antibodies, they need to be extracted and purified from the culture medium. A series of different purification techniques, such as chromatography and filtration, may be employed to obtain highly purified and potent antibodies.

• Formulation development

Patient safety is paramount in drug development. Formulation development ensures that the antibody is stable and in an acceptable format for patients to receive. With certain indications, biologics may need to be administered at high doses, requiring an increase in drug substance and drug product protein concentrations. With this increase, formulation development is central to identifying critical physico-chemical liabilities, or negative characteristics, that may hinder the performance of the antibody.

• Quality analysis and product characterisation

This is the final step in the process. To get an antibody into the clinic—and ultimately, the treatment approved—requires you need rapid process development of the investigational product in an appropriate formulation and at sufficient quantity for trials.

Why is quality analysis so critical?

The quality analysis stage of manufacturing is critical to ensure that the final product is safe for patient use, and possesses the desired therapeutic properties.

During quality analysis, the antibodies are subjected to rigorous testing to assess their purity, potency, and consistency. Product characterisation involves evaluating various aspects of the antibodies, such as their structure, biological activity, and stability. This information is critical for understanding how the antibodies will behave in different conditions and helps determine the appropriate storage and handling conditions.

These comprehensive quality control measures are essential for gaining regulatory approval and ensuring the safety and effectiveness of the manufactured monoclonal antibodies.

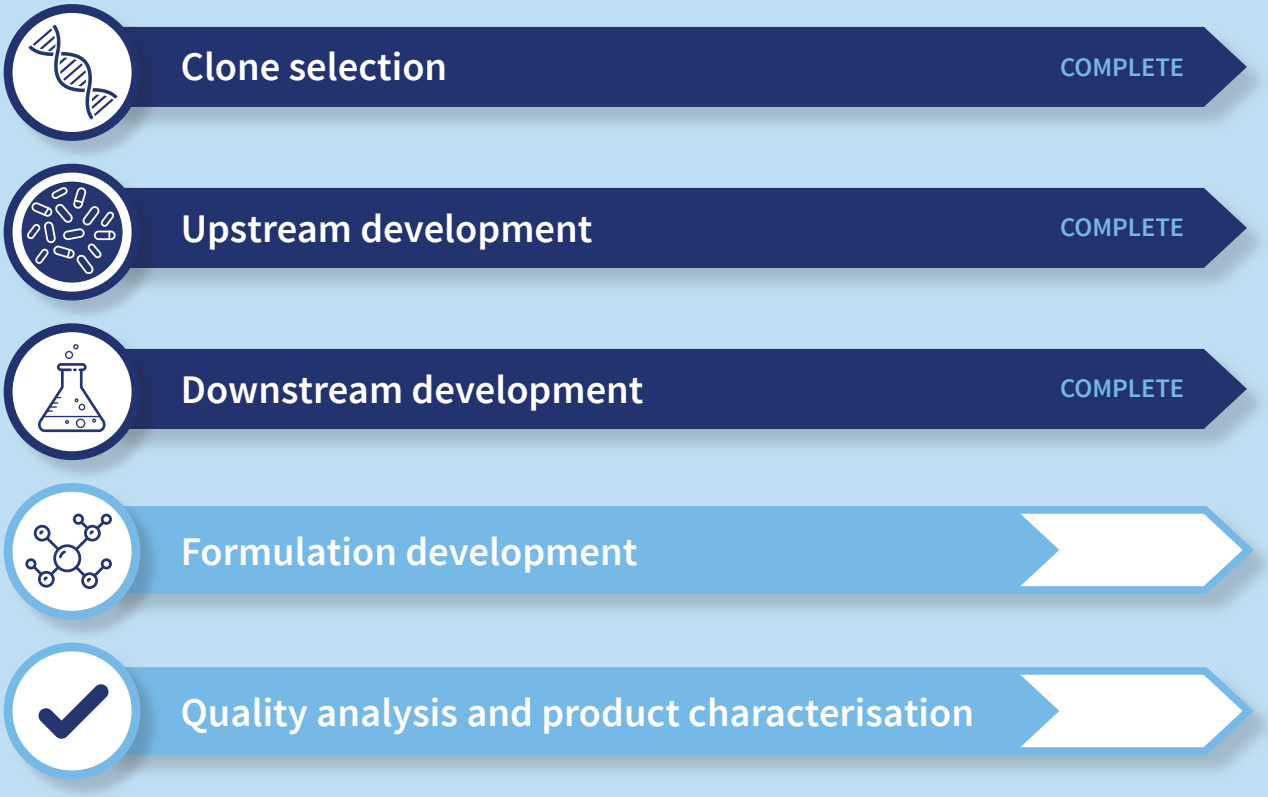
Where is Patrys now?

While manufacturing antibodies is always challenging, Patrys has been proactive in addressing the challenges of manufacturing its lead asset, PAT-DX1, and has successfully conducted several manufacturing test runs.

On 31 March 2023, we reported a sporadic issue with a production run of PAT-DX1. We are pleased that the investigation and audit by both the CDMO and an independent investigator have not identified any issues so far that are likely to impact on our future ability to manufacture GMP-grade PAT-DX1 for clinical trials. To date, our conclusion is that the issue was non-systemic and that the PAT-DX1 manufacturing process is robust.

Patrys is commencing preparations for a replacement production run of PAT-DX1 and expects to report to its shareholders in coming months. Patrys has completed both upstream and downstream development processes for its manufacturing program for PAT-DX1.

The final steps formulation and quality analysis will be completed once the next GMP manufacturing run has finished.



Delivering with Deoxymabs

Patrys' internal focus is on the development of deoxymabs for the treatment of cancer, and potentially other indications. However, the unique properties of deoxymabs also provide opportunities for them to be used to deliver therapeutic payloads into the cell, the cell nucleus, and to brain tissue. This is an area that has been of high interest and is actively being explored through various R&D partnerships.

While there are many antibodies that are being developed as cancer therapeutics, virtually all of these are directed against specific targets that are only found or overexpressed on the surface of cancer cells. Once these antibodies bind to their cancer targets, they can block the biochemical activity of those targets after which are then internalised via endosomes and broken down or recycled.

In contrast, Patrys' deoxymab antibodies have unusual properties that arise from the fact that they bind to the fragments of damaged DNA that are generated by the high amount of cell turnover that occurs in tumours. As a result, deoxymabs are transported into the cell and the cell nucleus via a transporter protein called ENT2. ENT2 is overexpressed in many cancers as it provides some of the building blocks of DNA which is required for the rapidly growing tumour cells.

Because of this unique transport mechanism, deoxymabs are able to get into the cell, the cell nucleus and to cross the BBB intact. ENT2 is also present in large numbers in neural blood vessels.

The fundamental anti-cancer activity of deoxymabs is driven by their ability to inhibit the DDR machinery inside the nucleus, impairing DNA repair and DNA replication. However, the ability to get intact deoxymabs into the cell, the cell nucleus and across the barrier can also be used to deliver therapeutic payloads.

Antibody Drug Conjugates

One of the most exciting and active areas in biotechnology is the development of antibody drug conjugates, or ADCs. These use the targeting properties of antibodies to deliver cytotoxic drugs or other therapeutic payloads to cancer cells. There are over 140 ADCs currently in clinical trials and they have been the centre of many of the largest commercial licensing deals over the past five years.

However, because ADCs are still internalised by endosomes, some therapeutic payloads, including nucleic acids (mRNA and DNA) cannot be delivered using standard antibodies.

Deoxymab Delivery

The unique way that deoxymabs are internalised by cells means that they may be able to deliver therapeutic payloads without the risk of them being degraded by the endosomes. Futhermore, because they also get into the cell nucleus, they offer a potential route to deliver some of the emerging nucleic acid drugs.

While such nucleic acid drugs have enormous potential, there development has been hampered by finding ways to deliver them. The unique properties of deoxymab and their ability to potentially deliver them is something that has been recognised. Patrys has a number of exploratory R&D programs for this application being conducted by partners in the US and Europe.

The unique way that deoxymabs are internalised by cells means that they may be able to deliver therapeutic payloads without the risk of them being degraded by the endosomes.

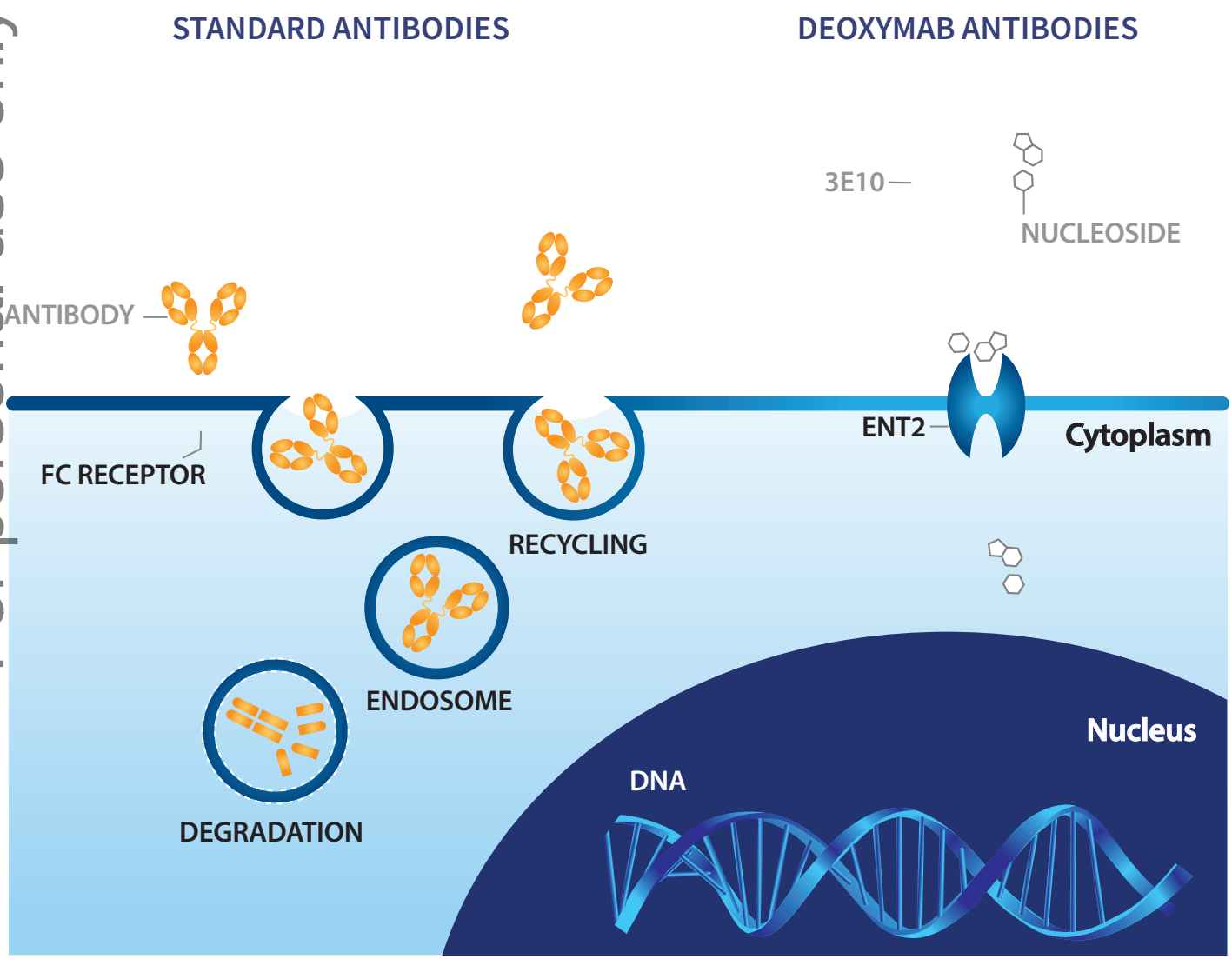


Diagram adapted from: DNA-damaging autoantibodies and cancer: the lupus butterfly theory (2016), Philip W. Noble, Sasha Bernatsky, Ann E. Clarke, David A. Isenberg, Rosalind Ramsey-Goldman and James E. Hansen, *Nature Reviews Rheumatology* 12: 429-434

Financials

Patrys Limited
Directors' report
30 June 2023

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 2023.

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:

Dr. Charmaine Gittleson (Non-Executive Chair - appointed on 16 November 2022)
Mr. John Read (Non-Executive Chair - resigned on 31 August 2022)
Mr. Michael Stork (Non-Executive Director and Deputy Chair)
Dr. James Campbell (Managing Director & CEO)
Ms. Suzy Jones (Non-Executive Director)
Dr. Pamela M. Klein (Non-Executive Director)
Mr. Stefan Ross (Non-Executive Director - appointed on 31 August 2022 and ceased on 16 November 2022)

Principal activities

Patrys is leveraging its proprietary deoxymab antibody technology platform to develop new therapies for the treatment of cancer and other diseases. 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 Phase 1 first-in-human study in CY2024. The Company's Contract Manufacturing and Development Organisation (CDMO) completed a successful engineering run in late June/early July 2022 and this drug substance was used to successfully complete GLP toxicology studies in H2 CY 2023.Patrys had planned to initiate a Phase 1 first-in-human study of PAT-DX1 in H2 CY 2023, but a non-systemic issue with the manufacturing of PAT-DX1 has resulted in a delay to this program. Patrys now expects to be able to initiate a Phase 1 first-in-human study for PAT-DX1 in CY 2024.

Patrys has completed Master Cell Bank (MCB) production and small-scale manufacturing optimization for its second asset, PAT-DX3, a full-sized IgG deoxymab. The MCB is currently being tested for stability, and if confirmed suitable will be able to be used for large-scale, GMP-grade manufacture of PAT-DX3, 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) as well as a range of other indications.

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. Patrys and Yale University also have filed intellectual property pertaining to the use of deoxymabs in a range of non-cancer indications, and Patrys holds the exclusive commercial rights for these opportunities.

Dividends

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

Patrys Limited
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Review of operations

R&D progress

In July 2022, Patrys announced that its Contract Development Manufacturing Organisation (CDMO) had completed a second engineering run of PAT-DX1 which used an updated purification process to produce large-scale quantities of clinical grade PAT-DX1. In August 2022, Patrys announced this PAT-DX1 drug material had successfully passed all specification requirements. This enabled the material to be used for the final preclinical toxicology studies to be conducted in rats and non-human primates which are required to initiate a Phase 1 clinical trial of PAT-DX1. Patrys completed dosing of animals for these final, two non-clinical Good Laboratory Practice (GLP) toxicology studies of PAT-DX1 during March quarter. In May, Patrys announced it had received draft reports for two of the completed GLP toxicology studies. No safety or tolerability issues associated with PAT-DX1 were observed in either species that are likely to impact on the ability to initiate human clinical studies with PAT-DX1. This is consistent with the favourable safety profile for PAT-DX1 seen in prior non-GLP toxicology studies. Two additional draft reports that will provide further toxicological characterization of the GLP PAT-DX1 antibody material are expected during the current quarter and Patrys expects to receive the final reports from these studies towards the end of CY2023.

In March 2023, Patrys advised that its Contract Development Manufacturing Organisation (CDMO) had reported a non-systemic issue in the production run of clinical grade PAT-DX1 that was to be used in the planned Phase 1 clinical trial of PAT-DX1. During the June quarter, Patrys' CDMO completed a comprehensive internal investigation and audit which Patrys further verified by engaging an independent, external auditor. As this process has not identified any systemic issues that could have caused the issue that resulted in the termination of the previous production run, both the CDMO and independent, external evaluator suggest that the unexpected manufacturing issue was most likely a sporadic event. This audit and review process is expected to be formally completed during the first half of FY2024. Once completed, Patrys and its CDMO intend to schedule a new production run to provide GMP-grade PAT-DX1 for the planned clinical trial. The final timing of this will be determined by the availability of a production slot with the CDMO. Patrys will inform shareholders of the timing for this run once the availability of a production slot has been confirmed by its CDMO. As a result of the investigation into this manufacturing issue, Patrys is now expecting to initiate its Phase 1 first-in-human study of PAT-DX1 in 2024. The timing of starting the trial will be determined by the availability of material from the new production run and the securing of approval from the Human Research Ethics Committees (HRECs) at the clinical trial sites.

In August 2022 Patrys reported new preclinical data for its lead asset, PAT-DX1, which supports its development as a potential treatment for high grade glioma (HGG), a fast growing and clinically challenging form of brain cancer. The study was conducted in the laboratory of Professor Terrence Johns of the Telethon Kids Cancer Centre as part of the program of research being conducted under the $250,000 grant from the Clinical Accelerator fund of the Cure Brain Cancer Foundation. In this study, the administration of PAT-DX1 increased the effectiveness of radiation therapy and resulted in a significant improvement in survival in an animal model of high-grade glioma. In addition, researchers at the Olivia Newton-John Cancer Research Institute (ONJCRI) were awarded a $100,000 Victorian Medical Research Acceleration Fund (VMRAF) grant from the Victorian State Government to support research into evaluating the potential of incorporating PAT-DX1 and PAT-DX3 into new treatments for metastatic breast cancer. This research program is led by Professor Robin Anderson, Head of ONJCRI's Translational Breast Cancer Program and Metastasis Research Laboratory.

In October 2022 Patrys announced new preclinical data demonstrating that its full-sized IgG deoxymab, PAT-DX3, is able to cross the blood-brain barrier in healthy animals. Previous studies had only been conducted in animals with various forms of cancer in the brain which may have disrupted the physiological integrity of the blood-brain barrier. In this study, the uptake of PAT-DX3 was 3–4 fold higher, and the area under the curve (AUC - a measurement of overall drug exposure) was seven times greater than the control antibody. These results support the potential to use deoxymabs for the delivery of small molecule therapeutics and gene editing technologies across the blood-brain barrier as potential treatments for various neurological conditions. In March 2023, Patrys announced results from a pre-clinical study that further supports the potential to use its full size IgG deoxymab, PAT-DX3, for synthetic lethality strategies to treat relevant cancers. This study was conducted by Patrys at the request of a potential partner and confirmed the ability to use deoxymabs as a single agent to treat cancers which have pre-existing mutations that compromise their DNA damage repair (DDR) systems including BRCA2-negative breast cancer and other cancers.

Patrys has selected an optimised stable cell line for the production of its full-sized IgG deoxymab, PAT-DX3. Patrys has completed a Master Cell Bank (MCB) for the selected cell line which will be used for all future production of PAT-DX3. This MCB is currently being tested for stability and reproducibility. In parallel, Patrys has used the selected cell line to develop an optimised process for the commercial-scale production of GLP-grade PAT-DX3. GLP-grade material is required to complete the remaining preclinical studies and for possible future clinical trials. The availability of GLP-grade material will also facilitate the establishment of development programs with commercial partners directed at the use of PAT-DX3 as an agent for the delivery of drugs and gene editing technologies across the blood-brain barrier or to the cell nucleus.

In April 2023, Patrys announced that the US Patent and Trademark Office (US PTO) had granted two patents which provide

further intellectual property protection for Patrys' deoxymab antibody technology until 2039. The first patent provides robust intellectual property protection around the deoxymabs themselves, including variants thereof, as well as their use for therapeutic applications. The second patent covers the combination of deoxymabs with nanocarriers that simultaneously cause DNA damage or inhibit the repair of damaged DNA to potentially provide a powerful new approach for treating cancer. There are now five granted patents covering the use of conjugated deoxymabs that provide opportunities for both internal development programs and partnering opportunities for Patrys.

As part of its ongoing business development activities, during the year Patrys conducted several experiments at the request of potential pharmaceutical partners. One of these is a sophisticated experiment designed to examine the effects of both PAT-DX1 and PAT-DX3 in tumours with and without mutations in their DNA damage repair (DDR) systems that have been implanted in the same animal. Patrys also commenced work on a series of experiments directed at conjugating a range of different gene-editing constructs to PAT-DX3. These experiments are being conducted in collaboration with a potential licensee of PAT-DX3 and are expected to identify the preferred conjugation methods for attaching nucleic acid payloads to the deoxymab. These experiments will potentially create new intellectual property to further strengthen Patrys' business development offering in this commercially-active field.

Corporate developments
In August 2022 John Read announced his intention to step down as Chair of Patrys, having held the role since the company listed on the ASX approximately 15 years ago. Following an extensive executive search, Dr. Charmaine Gittleson was appointed as Chair of Patrys' Board of Directors effective from the conclusion of the Company's Annual General Meeting on 16 November 2022. Dr. Gittleson is the former Chief Medical Officer of CSL Limited, with more than 20 years of experience in pharmaceutical development in Australia and the USA. Dr. Gittleson's expertise spans many aspects of the pharmaceutical industry, from drug development and clinical research through to strategic planning and executive management.

In September 2022 Patrys and Hefei Co-Source mutually agreed to terminate the exclusive development and commercialisation program for China for the IgM asset PAT-SC1, which was the last of Patrys' IgM legacy assets. The termination of this program aligns with Patrys' focus on advancing its deoxymab technology towards the clinic.

In January 2023 Patrys received A$3.35M from the R&D Tax Incentive Refund for eligible research activities conducted during 2021/2022 financial year.

During the year, Patrys continued to be actively involved in a range of global business development conferences. On the back of these meetings, Patrys is following up with a range of pharmaceutical and biotech companies who are attracted to both the anti-cancer activity of deoxymabs and the potential of PAT-DX3 to be used for targeted intracellular delivery of nucleic acids (mRNA and DNA) and cancer drugs.

Looking ahead
Patrys' key operational focus is on advancing its deoxymabs, PAT-DX1 and PAT-DX3 towards the clinical trial while continuing to build 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 recommencement of GMP manufacturing to provide drug product for the Phase 1 first-in-human clinical trial of PAT-DX1. The non-systemic issue that affected production has been thoroughly investigated, and the Company believes that it will be able to initiate the phase 1 study in CY 2024.

Patrys is also developing its full-sized IgG deoxymab, PAT-DX3 that is expected to provide additional therapeutic opportunities for its deoxymab technology platform. In addition to using PAT-DX3 as a therapeutic in its own right for cancer and other indications, Patrys will continue to explore opportunities to use it as a vehicle for the targeted delivery of pharmaceuticals and other therapeutic molecules. Patrys has established a Master Cell Bank (MCB) of stable, high-yield cell lines for the commercial production of PAT-DX3, and this MCB is undergoing stability testing to confirm its suitability for use.

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

Statement of Financial Position
At 30 June 2023, the Group held cash and term deposits of $3,045,516 (30 June 2022: $7,817,841). Patrys' policy is to hold its cash and cash equivalent deposits in 'A' rated or better deposits. In addition, the Group had $1,000,000 (30 June 2022: $2,004,002) in a cash deposit with a maturity of greater than 3-months. Excluding prepaid expenses, the working capital position at 30 June 2023 was $6,200,682 (30 June 2022: $12,690,342).

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Operating results
The loss for the Group after providing for income tax amounted to $7,061,624 (30 June 2022: $6,780,363).

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.

Total other income during the year was $2,851,908 (2022: $3,333,576). This includes R&D tax incentive income of $2,775,033 (2022: $3,297,980) and licencing income of $nil (2022: $27,500).

Total consolidated operating expenses for the period were $9,913,532 (2022: $10,113,939). Operating expenses include research and development costs of $7,524,812 (2022: $8,085,228) which have been expensed in the year they were incurred. Level of R&D costs incurred in FY2023 is consistent with the pre-clinical and manufacturing works undertaken during the financial year. Administration and management costs contributed a further $2,388,720 (2022: $2,028,711) from continuing operations.

Risks and uncertainties

Patrys is subject to risks that are specific to the Group and its business activities, as well as general risks. Following are the significant risks and uncertainties relevant for current reporting period.

Future funding risks
Whist the Group has a cash and cash equivalents balance of $3,045,516 and additional $1,000,000 in short-term deposits, receivable of $2,731,605 in relation to the R&D tax incentives and net assets of $6,837,578 and is able to continue on a going concern basis, there is risk that the Group may require substantial additional financing in the future to sufficiently fund the continued research, development and commercialisation of its assets. 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 expenditure in order to retain appropriate cash balances. Management remains very diligent in its ongoing monitoring of cash balances day by day. Patrys' 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 Patrys was unable to raise future funds, its ability to achieve its milestones or continue future development / commercialisation of its assets would be significantly affected. The Directors regularly review the spending pattern and ability to raise additional funding to ensure Patrys' ability to generate sufficient cash inflows to settle its creditors and other liabilities. In addition, Patrys is eligible for certain government grants and R&D tax incentive payments.

Regulatory and licensing risks
The research, development, manufacture and sale of products deploying Patrys' 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. Patrys' monitors legislative and regulatory developments and engages proactively with key stakeholders to manage this risk.

Innovating technological development
Patrys' 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 Patrys' 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 Patrys' 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 Patrys will be able to find suitable third-party providers and third-partly collaborators including academic institutions to complete the development and commercialisation of its products. Patrys is therefore 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 Patrys' partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of Patrys' product development efforts, financial condition and results of operations.

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

Reliance on key personnel
Patrys' 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 Patrys. Patrys maintains a mixture of permanent staff and expert consultants to advance its programs and ensure access to multiple skill sets. Patrys, through the Remuneration and Nomination Committee reviews remunerations to human resources regularly.

Inability to protect intellectual property
Patrys' 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 Patrys' intellectual property rights could have an adverse impact on operating and financial performance.

Patrys 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. Patrys may incur significant costs in prosecuting or defending its intellectual property rights.

Patrys 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.

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

Significant changes in the state of affairs
On 8 August 2022, the Company announced the resignation of Mr. John Read as the Non-Executive Chair effective from 31 August 2022. On 31 August 2022, Mr. Michael Stork was appointed as interim Chair until the appointment of a new Chair. In addition, on 31 August 2022, the Company appointed Mr. Stefan Ross (Company Secretary) as a Non-Executive Director.

On 16 November 2022, Dr. Charmaine Gittleson was appointed as the Non-Executive Chair. On the same day, Mr. Stefan Ross ceased as a Non-Executive Director.

On 16 November 2022, Patrys issued 8,000,000 unlisted options, to Dr. Charmaine Gittleson as part of her sign-on package. These unlisted options are exercisable at $0.045 (4.5 cents) each and expire on 14 November 2026, and are subject to a number of vesting conditions.

On 30 January 2023, Patrys announced that its wholly-owned subsidiary, Nucleus Therapeutics Pty Ltd had received a $3.35 million R&D Tax Incentive Refund in relation to the 2021/2022 financial year.

On 16 February 2023, Patrys issued 268,637 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 11 May 2023, Patrys issued a total of 19,000,000 unlisted options, with 18,500,000 unlisted options subject to various vesting conditions, exercisable at $0.045 (4.5 cents) each, expiring 10 April 2026. In addition, the Company also issued 500,000 unlisted options, vesting immediately at grant, exercisable at $0.045 (4.5 cents) each, expiring 30 September 2026, to eligible employees of Patrys under its Equity Incentive Plan (EIP).

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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

On 26 July 2023, Patrys issued 148,940 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 8 August 2023, Patrys issued 30,001 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. The quoted PABO options expired on 4 August 2023.

No other matter or circumstance has arisen since 30 June 2023 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:	Charmaine Gittleson
Title:	Non-Executive Chair
Qualifications:	MD, BSci, AICD
Experience and expertise:	Dr. Gittleson is the former Chief Medical Officer of CSL Limited with more than 20 years of experience in pharmaceutical development in Australia and the USA. Dr. Gittleson's expertise spans many aspects of the pharmaceutical industry, from drug development and clinical research through to strategic planning and executive management. Dr. Gittleson has been involved in drug development programs across a wide range of different therapeutic areas, and has successfully worked with regulators in key markets such as the US, EU, Asia Pacific, Japan and South America. Dr. Gittleson is currently the Chair of Antisense Therapeutics Limited (ASX:ANP) where she has been actively involved in strategy development, capital raising and Board renewal.
Other current directorships:	Antisense Therapeutics (ASX:ANP)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Nomination and Remuneration Committee (from 23 February 2023) Member of Audit and Risk Committee (from 23 February 2023)
Interests in shares:	Nil
Interests in options:	8,000,000 unlisted options, exercisable at $0.045 (4.5 cents), expiring 14 November 2026

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):	None
Interests in shares:	18,885,125 fully paid ordinary shares
Interests in options:	401,544 PABOA listed options, exercisable at $0.04, 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, expiring on 18 December 2024. 25,000,000 unlisted options, exercisable at $0.059, expiring on 30 September 2025.

Name:	Michael Stork
Title:	Non-Executive Director and Deputy Chair
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 Chair of the Waterloo Accelerator Centre, a technology company incubator affiliated with the University. He was the Chair of Spartan Biosciences Inc., an Ottawa based DNA analytics company, the Chair 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 Chair 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, expiring on 18 December 2024.

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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.
Other current directorships:	Calithera Biosciences, Inc.
Former directorships (last 3 years):	None
Special responsibilities:	Member of Nomination and Remuneration Committee (up to 23 February 2023) 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, 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 severe autoimmune disease. She is also on the Board of IMab; F-Star, Sardona and ONA. Dr. 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), I-MAB BioPharma (NASDAQ: IMAB), Calithera Biosciences, Inc.(Nasdaq: CALA).
Former directorships (last 3 years):	F-star Therapeutics (NASDAQ: FSTX)
Special responsibilities:	Member of Nomination and Remuneration Committee (from 23 February 2023)
Interests in shares:	250,000 fully paid ordinary shares.
Interests in options:	250,000 unlisted options, exercisable at $0.029, expiring on 15 March 2024. 4,000,000 unlisted options, exercisable at $0.035, expiring on 9 October 2024. 800,000 unlisted options, exercisable at $0.027, expiring on 18 December 2024.

Name:	John Read
Title:	Non-Executive Chair (resigned on 31 August 2022)
Qualifications:	BSc (Hons), MBA, FAICD
Experience and expertise:	Mr. Read is an experienced Chair 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 Chair of CVC Limited (ASX: CVC) from 1989 to 2020 and Chair 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:	Chair of Nomination and Remuneration Committee (up to 31 August 2022) Member of Audit and Risk Committee (up to 31 August 2022)
Interests in shares:	11,007,001 ordinary shares (held at the date of resignation on 31 August 2022)
Interests in options:	416,667 PABOA listed options, exercisable at $0.04 (4 cents), expiring 15 December 2023 (held at the date of resignation on 31 August 2022) 6,000,000 unlisted options, exercisable at $0.035 (3.5 cents), expiring on 22 November 2023 (held at the date of resignation on 31 August 2022). 4,000,000 of these unlisted options expired on 28 February 2023 post resignation, with 2,000,000 options continuing on-foot until their original expiry date. 1,200,000 unlisted options, exercisable at $0.027 (2.7 cents), expiring on 18 December 2024 (held at the date of resignation on 31 August 2022). 600,000 of these unlisted options expired on 28 February 2023 post resignation, with 600,000 options continuing on-foot until their original expiry date.

Name:	Stefan Ross
Title:	Non-Executive Director (appointed on 31 August 2022, ceased on 16 November 2022)
Qualifications:	BBus (Acc)
Experience and expertise:	Stefan 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. Stefan has a Bachelor of Business majoring in Accounting.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Nil (held at the date of cessation on 16 November 2022)
Interests in options:	Nil (held at the date of cessation on 16 November 2022)

'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)
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. Stefan has a Bachelor of Business majoring in Accounting.

Patrys Limited
Directors' report
30 June 2023

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 2023, 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
Charmaine Gittleson	4	4	-	-	-	-
James Campbell	8	8	-	-	-	-
Suzy Jones	8	8	1	1	2	2
Michael Stork	8	8	1	1	2	2
Pamela Klein	7	8	-	-	-	-
John Read	-	2	1	1	-	1
Stefan Ross	2	2	-	-	-	-

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 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; and
- risk and capital management.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Non-Executive Chair 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
- on-Executive Director fees.

The objective of this 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.

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

The Group's remuneration framework seeks alignment with shareholders' interests and is in particular aligned to the rapid commercialisation of its 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 Chair 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 (2022: Nil).

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; and
- 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.

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 2023

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.

Patrys' 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 16 November 2022 Annual General Meeting ('AGM')
At the 16 November 2022 AGM, 97.22% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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 2023.

The Key Management Personnel of the Group consisted of the following directors of Patrys Limited:
- Charmaine Gittleson (Non-Executive Chair – appointed on 16 November 2022)
- James Campbell (Managing Director and Chief Executive Officer)
- Michael Stork (Non-Executive Director and Deputy Chair)
- Suzy Jones (Non-Executive Director)
- Pamela Klein (Non-Executive Director)
- John Read (Non-Executive Chair- resigned on 31 August 2022)
- Stefan Ross (Non-Executive Director - appointed on 31 August 2022, ceased on 16 November 2022)

	Short-term benefits			Post-employment benefits	Long-term benefits		
30 June 2023	**Salary and fees $**	**Bonus $**	**Annual leave $**	**Super-annuation $**	**Long service leave $**	**Share-based payments $**	**Total $**
Non-Executive Directors:							
Charmaine Gittleson	54,091	-	-	5,680	-	23,997	83,768
Suzy Jones*	96,717	-	-	-	-	1,247	97,964
Pamela Klein**	89,277	-	-	-	-	1,247	90,524
Michael Stork	-	-	-	-	-	1,247	1,247
John Read	16,137	-	-	-	-	1,871	18,008
Stefan Ross	12,667	-	-	-	-	-	12,667
Executive Directors:							
James Campbell***	358,000	104,085	15,375	26,951	9,474	221,558	735,443
	626,889	104,085	15,375	32,631	9,474	251,167	1,039,621

* Ms. Jones was paid USD 60,000 at an exchange rate of 0.6726 USD to 1 AUD. An additional R&D consulting fee of USD 5,000 was paid to DNA Ink LLC, an entity associated with Ms. Jones at arm's length market rates.
** Dr. Klein was paid USD 60,000 at an exchange rate of 0.6726 USD to 1 AUD.
*** Bonus of $104,085 paid to Dr. Campbell for partial achievement of KPIs for FY 2023.

30 June 2022	Short-term benefits Salary and fees $	Bonus $	Annual leave $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments $	Total $
Non-Executive Directors:							
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
Executive Directors:							
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 an additional USD 11,250 in 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.
** Dr. Klein was paid USD 60,000 at an exchange rate of 0.729 USD to 1 AUD.
*** Bonus of $55,000 paid to Dr. Campbell for achieving KPIs for FY 2022.

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

Name	Fixed remuneration 30 June 2023	 30 June 2022	At risk - STI 30 June 2023	 30 June 2022	At risk - LTI 30 June 2023	 30 June 2022
Non-Executive Directors:						
Charmaine Gittleson	71%	-	-	-	29%	-
Suzy Jones	99%	95%	-	-	1%	5%
Pamela Klein	99%	93%	-	-	1%	7%
Michael Stork	-	-	-	-	100%	100%
John Read *	90%	93%	-	-	10%	7%
Stefan Ross **	100%	-	-	-	-	-
Executive Directors:						
James Campbell	56%	51%	14%	8%	30%	41%

* Resigned on 31 August 2022.
** Appointed as Non-Executive Director on 31 August 2022 and ceased on 16 November 2022.

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:	Dr. 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 Patrys with 6 months' notice and termination by the employee with 6 months' notice of the employee to Patrys, 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 $385,500 effective from 1 July 2022. The Remuneration Package is inclusive of any fringe benefits tax for which Patrys 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 2023

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.

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

Name:	Dr. Charmaine Gittleson
Title:	Non-Executive Chair
Agreement commenced:	16 November 2022
Term of agreement:	No fixed term.
Details:	$95,000 per annum to be reviewed independently and annually by the Board.

Name:	Michael Stork
Title:	Non- Executive Director
Agreement commenced:	19 February 2007
Term of agreement:	No fixed term.
Details:	Remuneration is currently Nil.

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 2023.

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 granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
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	09/10/2019	30/09/2021 (iii)	09/10/2024	$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
Charmaine Gittleson	2,000,000	16/11/2022	16/11/2022 (vi)	14/11/2026	$0.0450	$0.00710
Charmaine Gittleson	2,000,000	16/11/2022	16/11/2023 (vi)	14/11/2026	$0.0450	$0.00350
Charmaine Gittleson	2,000,000	16/11/2022	16/11/2024 (vi)	14/11/2026	$0.0450	$0.00470
Charmaine Gittleson	2,000,000	16/11/2022	16/11/2025 (vi)	14/11/2026	$0.0450	$0.00620

(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).
(vi) 2,000,000 unlisted options vest immediately at grant;
2,000,000 unlisted options 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 5.0 cents.
2,000,000 unlisted options 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 7.0 cents.
2,000,000 unlisted options vest on or after the 36-month anniversary of grant date and the share price is equal to or greater than a 20-day VWAP of 7.0 cents.

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 2023 are set out below:

Name	Number of options granted during the year 30 June 2023	Number of options granted during the year 30 June 2022	Number of* options vested and exercisable during the year 30 June 2023	Number of options vested and exercisable during the year 30 June 2022
Charmaine Gittleson	8,000,000	-	2,000,000	-
James Campbell	-	25,000,000	5,500,000	10,500,000
Susan Jones	-	-	400,000	3,400,000
Michael Stork	-	-	400,000	3,400,000
Pamela Klein	-	-	400,000	3,900,000
John Read**	-	-	-	4,600,000

* Number of options vested and exercisable during the year represent the total number of options over ordinary shares vested and exercisable at 30 June 2023. Refer the table below for the number of options vested during the year ended 30 June 2023.
** Mr. John Read resigned as a director on 31 August 2022.

Patrys Limited
Directors' report
30 June 2023

Details of options over ordinary shares granted and vested for Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2023 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 $
2023			-	-	-	-
Charmaine Gittleson	16/11/2022	16/11/2022	2,000,000	14,200	2,000,000	14,200
Charmaine Gittleson	16/11/2022	16/11/2023	2,000,000	7,000	-	-
Charmaine Gittleson	16/11/2022	16/11/2024	2,000,000	9,400	-	-
Charmaine Gittleson	16/11/2022	16/11/2025	2,000,000	12,400	-	-
James Campbell	15/12/2020	18/12/2024	-	-	5,500,000	74,525
Susan Jones	15/12/2020	18/12/2024	-	-	400,000	5,420
Michael Stork	15/12/2020	18/12/2024	-	-	400,000	5,420
Pamela Klein	15/12/2020	18/12/2024	-	-	400,000	5,420
2022						
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
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
John Read	15/12/2020	15/12/2021	-	-	2,600,000	44,470

Details of options over ordinary shares lapsed for Directors and other Key Management Personnel, during the year ended 30 June 2023 are set out below:

Name	Grant date	Vesting date	Number of options lapsed	Value of options lapsed $
John Read	22/11/2018	22/11/2018	2,000,000	37,000
John Read	22/11/2018	22/11/2019	2,000,000	37,000
John Read	15/12/2020	18/12/2024	600,000	7,470

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Other income	2,851,908	3,333,576	1,338,377	772,844	3,844,365
Net profit/(loss) before tax	(7,061,624)	(6,780,363)	(4,062,920)	(2,748,539)	(411,326)
Net profit/(loss) after tax	(7,061,624)	(6,780,363)	(4,062,920)	(2,748,539)	(411,326)

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

	2023	2022	2021	2020	2019
Share price at financial year start ($)	0.0200	0.0560	0.0120	0.0300	0.0580
Share price at financial year end ($)	0.0100	0.0200	0.0560	0.0120	0.0300
Basic losses per share (cents per share)	(0.3436)	(0.3458)	(0.2524)	(0.2566)	(0.0384)

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
Ordinary shares					
James Campbell	18,885,125	-	-	-	18,885,125
John Read*	11,007,001	-	-	(11,007,001)	-
Charmaine Gittleson	-	-	-	-	-
Suzy Jones	3,000,000	-	-	-	3,000,000
Michael Stork	98,773,814	-	-	-	98,773,814
Pamela Klein	250,000	-	-	-	250,000
Stefan Ross	-	-	-	-	-
	131,915,940	-	-	(11,007,001)	120,908,939

* Mr. John Read resigned as a director on 31 August 2022. The amount shown in the "Disposals/other" column above represents the number of shares held at the date of resignation. As Mr. Read resigned as a director during the year and is no longer a KMP, the balance at the end of the year has been reflected as Nil.

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	Expired/ other	Balance at the end of the year
Options over ordinary shares					
James Campbell	46,800,959	-	-	-	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	-	-	(250,000)	5,050,000
Charmaine Gittleson	-	8,000,000	-	-	8,000,000
Stefan Ross	-	-	-	-	-
	69,713,758	8,000,000	-	(8,262,799)	69,450,959

* Mr. John Read resigned as a director on 31 August 2022. The amount shown in the "Expired/other" column above represents the number of options held at the date of resignation. As Mr. Read resigned as a director during the year and is no longer a KMP, the balance at the end of the year has been reflected as Nil. As a result of cessation as a Director, 4,600,000 unlisted Options granted to Mr. John Read expired on 28 February 2023 post resignation. An additional 2,600,000 unlisted Options which had not vested at the date of resignation will continue on-foot until their original expiry dates.

This concludes the remuneration report, which has been audited.

Patrys Limited
Directors' report
30 June 2023

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
22 November 2018	22 November 2023	$0.0350	28,000,000
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	22,000,000
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
16 November 2022	16 November 2026	$0.0450	8,000,000
15 May 2023	10 April 2026	$0.0450	18,500,000
15 March 2023	30 September 2026	$0.0450	500,000
			262,198,982

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 2023 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
05/08/2020	$0.0240	447,578

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) and its related entities for audit and non-audit services provided during the year are set out in note 19.

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 and its related entities

There are no officers of the company who are former partners of BDO Audit Pty Ltd and its related entities.

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.

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

Dr. Charmaine Gittleson
Chair

28 August 2023

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DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF PATRYS LIMITED

As lead auditor of Patrys Limited for the year ended 30 June 2023, 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.

Wai Aw
Director

BDO Audit Pty Ltd

Melbourne, 28 August 2023

Patrys Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Research and development tax incentive and other income	5	2,851,908	3,333,576
Expenses			
Research & development expenses	6	(7,524,812)	(8,085,228)
Administration & management expenses	6	(2,388,720)	(2,028,711)
Loss before income tax expense		(7,061,624)	(6,780,363)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the Owners of Patrys Limited		(7,061,624)	(6,780,363)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		55	30,318
Other comprehensive income for the year, net of tax		55	30,318
Total comprehensive loss for the year attributable to the Owners of Patrys Limited		(7,061,569)	(6,750,045)
		Cents	**Cents**
Basic losses per share	26	(0.3436)	(0.3458)
Diluted losses per share	26	(0.3436)	(0.3458)

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 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents	8	3,045,516	7,817,841
Trade and other receivables	9	2,842,064	3,411,324
Prepayments		241,474	294,400
Other financial assets	10	1,000,000	2,004,002
Total current assets		7,129,054	13,527,567
Non-current assets			
Property, plant and equipment		1,672	3,660
Intangibles	11	393,750	438,750
Total non-current assets		395,422	442,410
Total assets		7,524,476	13,969,977
Liabilities			
Current liabilities			
Trade and other payables	12	421,771	309,747
Employee benefits	13	265,127	233,078
Total current liabilities		686,898	542,825
Total liabilities		686,898	542,825
Net assets		6,837,578	13,427,152
Equity			
Issued capital	14	85,730,143	85,723,696
Reserves	15	2,226,876	1,999,788
Accumulated losses		(81,119,441)	(74,296,332)
Total equity		6,837,578	13,427,152

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 2023

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	78,112,036	1,448,512	(67,518,388)	12,042,160
Loss after income tax expense for the 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)
Transactions with owners in their capacity as owners:				
Share issue (note 14)	8,070,828	-	-	8,070,828
Share issue costs (note 14)	(507,920)	-	-	(507,920)
Transfer from option reserve to issued capital (note 14)	48,752	(48,752)	-	-
Reallocation of value of expired and cancelled options	-	(2,419)	2,419	-
Share based payments (note 6)	-	572,129	-	572,129
Balance at 30 June 2022	85,723,696	1,999,788	(74,296,332)	13,427,152

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	85,723,696	1,999,788	(74,296,332)	13,427,152
Loss after income tax expense for the year	-	-	(7,061,624)	(7,061,624)
Other comprehensive income for the year, net of tax	-	55	-	55
Total comprehensive income for the year	-	55	(7,061,624)	(7,061,569)
Transactions with owners in their capacity as owners:				
Shares issued from exercise of options (note 14)	6,447	-	-	6,447
Reallocation of value of expired and cancelled options	-	(238,515)	238,515	-
Share based payments (note 6)	-	465,548	-	465,548
Balance at 30 June 2023	85,730,143	2,226,876	(81,119,441)	6,837,578

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 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	27,500
Payments to suppliers and employees (inclusive of GST)		(9,202,892)	(9,906,297)
Receipts from interest income		76,787	11,010
Receipts from R&D tax incentive		3,347,283	1,188,574
Net cash used in operating activities	25	(5,778,822)	(8,679,213)
Cash flows from investing activities			
Payments for equipment		-	(2,289)
Proceeds from investments in term deposits		1,000,000	1,995,998
Net cash from investing activities		1,000,000	1,993,709
Cash flows from financing activities			
Proceeds from issue of shares	14	6,447	7,901,625
Share issue transaction costs		-	(345,202)
Net cash from financing activities		6,447	7,556,423
Net (decrease) / increase in cash and cash equivalents		(4,772,375)	870,919
Cash and cash equivalents at the beginning of the financial year		7,817,841	6,916,604
Effects of exchange rate changes on cash and cash equivalents		50	30,318
Cash and cash equivalents at the end of the financial year	8	3,045,516	7,817,841

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

Patrys Limited
Notes to the financial statements
30 June 2023

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 28 August 2023. 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

For the year ended 30 June 2023, the Group incurred a loss from continuing operations after income tax of $7,061,624 and had consolidated net operating cash outflows of $5,778,822.

The continuing viability of the Group and its ability to continue as a going concern is dependent upon the Group being successful in its continuing efforts in R&D activities, potential licensing on existing products and accessing additional sources of capital to meet future commitments.

Notwithstanding the above operating results, 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 2023, the Group had net current assets of $6,200,682 (excluding pre-paid expenses), including cash balance of $3,045,516 and short-term investments of $1,000,000.
- At 30 June 2023, the Group recognised a receivable of $2,731,605 from the R&D tax incentive, which is expected to be received in the first half of the 2024 financial year.
- Cash flow forecasts prepared by management demonstrate that the Group has sufficient funds and arrangements to meet commitments for at least a period of twelve months from the signing of the financial statements.

The Group's market capitalisation at 30 June 2023 is significantly in excess of its net assets position of $ 6,837,578. 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').

Patrys Limited
Notes to the financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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.

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 22.

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 2023 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.

Note 2. Significant accounting policies (continued)

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.

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 2023. 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.

Patrys Limited
Notes to the financial statements
30 June 2023

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

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.

Impairment of non-financial assets
As a part of the impairment assessment for June 2023, 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 2023 as a result of this review.

R&D Tax Incentives
The Australian Government has provided a tax incentive, in the form of a refundable tax offset of 43.5% (2022: 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 2023, the Group has recognised Research and development tax incentive income of $2,775,033 (2022: $3,297,980).

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

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Licensing income	-	27,500
R&D tax incentive	2,775,033	3,297,980
Interest income	76,875	8,096
Total research and development tax incentive and other income	2,851,908	3,333,576

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 Disclosure of Government Assistance. The Research and development tax incentive is recognised when there is reasonable assurance that the grant will be received, and all conditions have been complied with.

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

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.

Note 6. Expenses

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	1,987	2,550
Amortisation		
License and registered patents	45,000	45,000
Total depreciation and amortisation	46,987	47,550
Operating expenses		
Clinical development, consultancy and laboratory consumables	6,577,242	7,657,084
Employment expenses associated with research and development	711,044	428,144
	7,288,286	8,085,228
Net foreign exchange loss		
Net foreign exchange loss / (gains)	(52,349)	(200,993)
Employee salary and benefit expense		
Defined contribution superannuation expense	86,971	56,021
Salary and employee benefit expenses (excluding employment expenses associated with research and development)	403,879	520,819
Total employment expenses	490,850	576,840
Share based payments expense		
Share based payments (option expense and payments to consultant)	465,548	572,129

Patrys Limited
Notes to the financial statements
30 June 2023

Note 7. Income tax expense

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(7,061,624)	(6,780,363)
Tax at the statutory tax rate of 25%	(1,765,406)	(1,695,091)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of revenue that is not assessable in determining taxable income	(693,759)	(824,495)
Effect of expenses that are not deductible in determining taxable income	1,686,743	2,164,373
Deferred tax assets not brought to account	772,422	355,213
Income tax expense	-	-

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises:		
Tax losses – revenue	15,178,410	13,835,027
Deductible temporary differences	272,935	348,469
Total deferred tax assets not recognised	15,451,345	14,183,496

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.

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

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Cash at bank	3,045,516	5,811,590
Cash on short-term deposits	-	2,006,251
	3,045,516	7,817,841

As at 30 June 2023, the Company had a total of $1 million in a cash deposit with a term to maturity of greater than 3-months and is classified as an other financial assets in the statement of financial position.

The Group's exposure to interest rate and foreign currency risk is discussed in note 17.

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

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Accrued revenue	-	25,209
Trade receivables	-	27,500
Research & Development tax incentive receivable	2,731,605	3,303,855
Other receivables	110,459	54,760
	2,842,064	3,411,324

Note 10. Current assets – other financial assets

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Term deposits	1,000,000	2,004,002

Patrys Limited
Notes to the financial statements
30 June 2023

Note 11. Non-current assets – intangibles

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Intellectual property – at cost	720,000	720,000
Less: Accumulated amortisation	(326,250)	(281,250)
	393,750	438,750

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

Consolidated	Intellectual property $
Balance at 1 July 2021	483,750
Amortisation expense	(45,000)
Balance at 30 June 2022	438,750
Amortisation expense	(45,000)
Balance at 30 June 2023	393,750

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.

Note 12. Current liabilities – trade and other payables

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Trade payables	290,412	161,675
Other creditors and accruals	131,359	148,072
	421,771	309,747

Refer to note 17 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 13. Current liabilities – employee benefits

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Annual leave	172,676	141,672
Long service leave	92,451	91,406
	265,127	233,078

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 14. Equity – issued capital

	Consolidated			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	$	$
Ordinary shares – fully paid	2,055,571,295	2,055,302,658	85,730,143	85,723,696

Patrys Limited
Notes to the financial statements
30 June 2023

Note 14. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	1,815,473,016		78,112,036
Issue of shares upon exercise of options	2 July 2021	2,500,000	$0.0072	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	2,055,302,658		85,723,696
Issue of shares upon exercise of options	16 February 2023	268,637	$0.0240	6,447
Balance	30 June 2023	2,055,571,295		85,730,143

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.

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 2022 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 15. Equity – reserves

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Foreign currency reserve	(4,198)	(4,253)
Share options reserve	2,051,074	1,824,041
Other reserves	180,000	180,000
	2,226,876	1,999,788

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

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 27 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 16. Equity – dividends

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

Note 17. 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.

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Note 17. Financial instruments (continued)

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:

	Assets		Liabilities	
Consolidated	**30 June 2023 $**	**30 June 2022 $**	**30 June 2023 $**	**30 June 2022 $**
US dollars	81,719	2,304,353	229,456	85,532
Euros	93,152	92,688	-	-
Pound Sterling	14,008	12,902	-	-
	188,879	2,409,943	229,456	85,532

	AUD strengthened			AUD weakened		
Consolidated – 30 June 2023	**% Change**	**Effect on loss after tax**	**Effect on equity after tax**	**% Change**	**Effect on loss after tax**	**Effect on equity after tax**
US Dollars	10%	13,431	13,431	10%	(13,431)	(13,431)
Euros	10%	(8,468)	(8,468)	10%	8,468	8,468
Pound Sterling	10%	(1,273)	(1,273)	10%	1,273	1,273
		3,690	3,690		(3,690)	(3,690)

	AUD strengthened			AUD weakened		
Consolidated – 30 June 2022	**% Change**	**Effect on loss after tax**	**Effect on equity after tax**	**% Change**	**Effect on loss after tax**	**Effect on equity after tax**
US Dollars	10%	(246,536)	(246,536)	10%	246,536	246,536
Euros	10%	(10,299)	(10,299)	10%	10,299	10,299
Pound Sterling	10%	(1,434)	(1,434)	10%	1,434	1,434
		(258,269)	(258,269)		258,269	258,269

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.

Note 17. Financial instruments (continued)

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.

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.

Consolidated – 30 June 2023	1 year or less $	Remaining contractual maturities $
Non-derivatives		
Non-interest bearing		
Trade payables	290,412	290,412
Other payables	131,359	131,359
Total non-derivatives	**421,771**	**421,771**

Consolidated – 30 June 2022	1 year or less $	Remaining contractual maturities $
Non-derivatives		
Non-interest bearing		
Trade payables	161,675	161,675
Other payables	148,072	148,072
Total non-derivatives	**309,747**	**309,747**

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.

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Note 18. Key management personnel disclosures

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

Dr. Charmaine Gittleson (Non-Executive Chairman – appointed on 16 November 2022)
Dr. James Campbell (Managing Director & CEO)
Mr. Michael Stork (Non-Executive Director and Deputy Chair)
Ms. Suzy Jones (Non-Executive Director)
Dr. Pamela M. Klein (Non-Executive Director)
Mr. Stefan Ross (Non-Executive Director - appointed on 31 August 2022 and ceased on 16 November 2022)
Mr. John Read (Non-Executive Chairman - resigned on 31 August 2022)

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

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Short-term employee benefits[(i)]	746,349	665,334
Post-employment benefits	32,631	23,568
Long-term benefits	9,474	5,749
Share-based payments	251,167	322,549
	1,039,621	1,017,200

(i) Short term employee benefits include USD 5,000 R&D consulting fees paid to DNA Ink LLC, an entity associated with Ms. Jones at arm's length market rates.

Note 19. Remuneration of auditors

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

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Audit services - BDO Audit Pty Ltd		
BDO Audit Pty Ltd - Audit or review of the financial statements	78,000	57,500
Other services - BDO Services Pty Ltd		
BDO Services Pty Ltd - Review and lodgement of corporate tax returns	17,600	16,418
	95,600	73,918

Note 20. Commitments and contingent liabilities

Capital expenditure commitments
There was no capital expenditure contracted for at reporting date but not provided for in the financial statements at 30 June 2023 (30 June 2022: None).

Note 20. Commitments and contingent liabilities (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 the latter three agreements from the 30 June 2022 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. This agreement, which concerned historical IgM assets of Patrys that are no longer under development, was terminated during FY 2023.

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.

Contingent liabilities
The Group does not have any contingent liabilities or assets at the reporting date.

Note 21. Related party transactions

Parent entity
Patrys Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 23.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Payment for other expenses:		
Consulting fees paid to Suzy Jones*	7,440	15,453

* R&D consulting fee of USD 5,000 at an exchange rate of 0.6721 was paid to DNA Ink LLC, an entity associated with Ms. Jones at arm's length market rates.

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Note 21. Related party transactions (continued)

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

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current payables:		
Trade payables to director related entity of Mr. John Read for directors' fees for his services*	-	23,750

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

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 $3,746 (2022: $7,249) on-behalf of Patrys GmbH during the year. At 30 June 2023 there was an inter-company loan balance owed to Patrys GmbH of $436,939 (2022: $436,939). 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 2023, the Company had receivables of $24,701,587, $365,488 and $50,104 from each subsidiary respectively. 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 22. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2023 $	30 June 2022 $
Loss after income tax	(9,567,363)	(7,046,969)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(9,567,363)	(7,046,969)

Note 22. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2023 $	30 June 2022 $
Total current assets	3,503,386	12,594,672
Total non-current assets	395,422	442,410
Total assets	3,898,808	13,037,082
Total current liabilities	433,596	476,503
Total non-current liabilities	-	-
Total liabilities	433,596	476,503
Net assets	3,465,212	12,560,579
Equity		
Issued capital	85,730,143	85,723,696
Share options reserve	2,231,074	2,004,041
Accumulated losses	(84,496,005)	(75,167,158)
Total equity	3,465,212	12,560,579

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 2023 (2022: Nil)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 (2022: Nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 (2022: 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 23. 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:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2023 %	30 June 2022 %
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%

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Note 24. Events after the reporting period

On 26 July 2023, Patrys issued 148,940 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 8 August 2023, Patrys issued 30,001 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. The quoted PABO options expired on 4 August 2023.

No other matter or circumstance has arisen since 30 June 2023 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 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Loss after income tax expense for the year	(7,061,624)	(6,780,363)
Adjustments for:		
Depreciation and amortisation	46,987	47,550
Share based payments	465,548	572,129
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivable	573,262	(2,133,994)
(Increase) / decrease in prepayments	52,928	(83,985)
Increase/(decrease) in trade and other payables	112,028	(136,200)
Increase in other provisions	32,049	14,879
Decrease in other liabilities	-	(179,229)
Net cash used in operating activities	(5,778,822)	(8,679,213)

Note 26. Earnings per share

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Loss after income tax attributable to the Owners of Patrys Limited	(7,061,624)	(6,780,363)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	2,055,402,017	1,960,625,795
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,055,402,017	1,960,625,795
	Cents	**Cents**
Basic losses per share	(0.3436)	(0.3458)
Diluted losses per share	(0.3436)	(0.3458)

As at 30 June 2023, the Consolidated Entity had 389,734,888 (2022: 373,103,525) 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 shar nor increase the loss per share, from continuing operations.

Note 26. Earnings per share (continued)

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.

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 27. 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 2023.

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:

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Note 27. Share based payments (continued)

- 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.
- On 16 November 2022, the Company issued 8,000,000 unlisted options, to Dr Charmaine Gittleson as part of her sign-on package. These unlisted options are exercisable at $0.045 each, have various vesting conditions, and expire on 14 November 2026.
- On 11 May 2023, the Company issued 19,000,000 Unlisted Options, subject to various vesting conditions, exercisable at $0.045 (4.5 cents) each, with 18,500,000 expiring 10 April 2026 and 500,000 expiring 30 September 2026, to an eligible employee and consultants respectively of the Company under the Company's Equity Incentive Plan (EIP).

30 June 2023

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
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	-	-	(4,000,000)	28,000,000
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	-	-	(600,000)	22,000,000
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
16/11/2022	14/11/2026	$0.0450	-	8,000,000	-	-	8,000,000
11/05/2023	10/04/2026	$0.0450	-	18,500,000	-	-	18,500,000
11/05/2023	30/09/2026	$0.0450		500,000	-	-	500,000
			132,650,000	27,000,000	-	(10,100,000)	149,550,000
Weighted average exercise price			*$0.0410*	*$0.0450*	*$0.0000*	*$0.0370*	*$0.0419*

Note 27. 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
Weighted average exercise price			*$0.0291*	*$0.0590*	*$0.0072*	*$0.0000*	*$0.0410*

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

Grant date	Expiry date	30 June 2023 Number	30 June 2022 Number
15/03/2018	15/03/2023	-	500,000
15/03/2018	01/07/2022	-	2,500,000
01/06/2018	18/04/2023	-	2,500,000
22/11/2018	22/11/2023	19,000,000	19,000,000
15/03/2019	15/03/2024	3,000,000	3,000,000
12/09/2019	31/08/2024	1,500,000	1,500,000
01/10/2019	01/10/2024	3,000,000	3,000,000
15/03/2020	15/03/2025	2,750,000	2,750,000
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	21,400,000	11,550,000
17/11/2021	30/09/2025	500,000	500,000
19/11/2021	30/09/2025	2,500,000	2,500,000
16/11/2022	14/11/2026	2,000,000	-
11/05/2023	10/04/2026	4,625,000	-
11/05/2023	30/09/2026	500,000	
		78,075,000	66,600,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.24 years (2022: 2.22 years).

Patrys Limited
Notes to the financial statements
30 June 2023

Note 27. Share based payments (continued)

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
16/11/2022	14/11/2026	$0.0190	$0.0450	80.00%	-	3.42%	$0.00710
16/11/2022	14/11/2026	$0.0190	$0.0450	80.00%	-	3.42%	$0.00350
16/11/2022	14/11/2026	$0.0190	$0.0450	80.00%	-	3.42%	$0.00470
16/11/2022	14/11/2026	$0.0190	$0.0450	80.00%	-	3.42%	$0.00620
20/03/2023	10/04/2026	$0.0240	$0.0450	80.00%	-	2.83%	$0.00910
20/03/2023	10/04/2026	$0.0240	$0.0450	80.00%	-	2.83%	$0.00920
20/03/2023	10/04/2026	$0.0240	$0.0450	80.00%	-	2.83%	$0.00930
20/03/2023	10/04/2026	$0.0240	$0.0450	80.00%	-	2.83%	$0.00960
19/03/2023	30/09/2026	$0.0240	$0.0450	80.00%	-	3.43%	$0.01090
04/06/2023	30/09/2026	$0.0110	$0.0450	80.00%	-	3.01%	$0.00290

Accounting policy for share-based payments
Equity-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.

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.

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.

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 2023

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 2023 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

Dr. Charmaine Gittleson
Chair

28 August 2023

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Australia

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 2023, 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 2023 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.

Nature of Key Audit Matter	*How the matter was addressed in our audit*
Revenue Recognition, including the Existence and Accuracy of Research and Development (R&D) Tax Incentive As at 30 June 2023, the statement of financial position included a receivable of $2.7m of R&D tax incentive due to be collected from the Australian Taxation Office (ATO). This receivable relates to the research and development (R&D) tax incentive that encourages companies to engage in R&D activities by providing a grant to cover a certain percentage of the eligible expenditure incurred during a financial year. The calculation of the R&D tax incentive is complex and requires a level of judgement as to the amount of eligible expenditure that can be claimed and the appropriate rate to be applied.	Our procedures amongst others included the following: • Performed testing on a sample basis of the R&D expenditure incurred during the financial year to underlying supporting documentation in order to verify that the expenditure claimed was incurred. • Obtained the R&D workings as prepared by management's experts and engaged our BDO Indirect Tax experts to review the expenditure claimed and the tax rate applied are appropriate and in line with the ATO guidelines. • Assessed the appropriateness of the disclosures included in the financial report with reference to the requirements of the Australian Accounting Standards.
Going Concern Note 2 to the financial report outlines the basis of preparation of the 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. The Group does not as yet generate recurring revenue and is reliant on cash inflows through other sources such as capital raisings and the R&D tax incentives from the ATO. There is significant estimate and judgement involved in determining whether the going concern basis adopted in preparing the financial report is appropriate.	Our procedures amongst others included the following: • Evaluated the reasonableness of the inputs and assumptions used in the cash flow forecast by comparison against publicly available information and the Group's strategic plan. • Checked that the period covered by the assessment is for at least 12 months from the date of signing the financial report. • Evaluated disclosures provided in the consolidated financial report.

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 2023, 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.

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

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 31 to 38 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Patrys Limited, for the year ended 30 June 2023, 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

BDO

Wai Aw
Director

Melbourne, 28 August 2023

Patrys Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 21 August 2023.

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 PABOA options	Number of quoted PABOA options	% of quoted PABOA options	Number of holders of unlisted options	Number of unlisted options	% of unlisted options
1 to 1,000	129	11,369	0.00	14	4,551	0.00	-	-	-
1,001 to 5,000	56	222,899	0.01	55	149,912	0.12	-	-	-
5,001 to 10,000	125	1,086,653	0.05	48	346,888	0.27	-	-	-
10,001 to 100,000	1,847	88,433,837	4.30	132	5,167,237	3.98	-	-	-
100,001 and over	1,656	1,967,692,577	95.64	98	124,030,394	95.63	13	132,500,000	100.00
	3,813	2,057,447,335	100.00	347	129,698,982	100.00	13	132,500,000	100.00
Holding less than a marketable parcel	1,547	38,626,750	1.88	317	22,798,902	17.58	-	-	-

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
DR DAX MARCUS CALDER	128,200,000	6.23
CITICORP NOMINEES PTY LIMITED	105,576,681	5.13
STORK HOLDINGS 2010 LTD	98,773,814	4.80
DAX CALDER PTY LTD	65,000,000	3.16
MR MLADEN MARUSIC	57,472,983	2.79
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
MARGINATA PTY LTD <ROY BOLTON SUPER FUND A/C>	31,000,000	1.51
ALTUM 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
ALTUM TRUSTEES LTD <THE KONDA FAMILY A/C>	26,499,994	1.29
MR VINH TRAN	20,205,520	0.98
MR JUSTIN FRANK PUDDICK	17,000,000	0.83
YALE UNIVERSITY	16,116,324	0.78
TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	15,482,960	0.75
EDSTOP PTY LIMITED <SUPERANNUATION FUND A/C>	14,771,223	0.72
MR CRAIG GEOFFREY THOMAS	14,062,036	0.68
MR THOMAS EDGAR EDMUNDS + MRS SUSAN RAE EDMUNDS <THE EDMUNDS FAMILY S/F A/C>	11,500,000	0.56
DR JAMES CAMPBELL + DR KELLY WINDMILL	11,383,125	0.55
MR VISHAL GUMBER	10,333,733	0.50
	773,742,553	37.61

Patrys Limited
Shareholder information
30 June 2023

	PABOA Options over ordinary shares	
	Number held	% of total Options issued
CITICORP NOMINEES PTY LIMITED	44,977,192	34.68
MR FRANCESCO LUCIO MOLINO <SMILE LIKE YOU MEAN IT A/C>	13,100,000	10.10
MR XIAOKE XIE	7,000,000	5.40
DR DAX MARCUS CALDER	5,000,000	3.86
MR DANIEL AARON HYLTON TUCKETT	4,123,777	3.18
MS VIRGINIA BEESLEY	3,571,428	2.75
P K CAPITAL PTY LTD	3,400,000	2.62
ALTUM TRUSTEES LIMITED <MK PENSION PLAN-473278 A/C>	3,333,334	2.57
SUPERHERO SECURITIES LIMITED <CLIENT A/C>	2,564,101	1.98
KEMAST INVESTMENTS PTY LTD <KM STOKES S/F NO 1 A/C>	2,178,650	1.68
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
MR GHASSAN SALEM	1,294,528	1.00
MR PETER JOHN STAMATAROS	1,000,000	0.77
MS BAI QIU YANG	1,000,000	0.77
MRS SANDRA ELIZABETH DIMECH	950,000	0.73
MR BRUCE CHALK + MRS MICHELLE CHALK <B&M CHALK SUPER FUND A/C>	900,000	0.69
MR ALAN GILES SAURAN + MRS SUZANNE AUBRUN <NTH TURRAMURRA CONS S/F A/C>	809,379	0.62
MR MARK ADAM STEPHENSON	685,555	0.53
	101,054,611	77.91

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	132,500,000	13

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

	Ordinary shares	
	Number held	% of total shares issued
Dr Dax Marcus Calder	120,117,634	11.19

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 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

Patrys Limited
Shareholder information
30 June 2023

Annual General Meeting

Patrys Limited advises that its Annual General Meeting will be held on Wednesday, 15 November 2023. 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 26 September 2023.

Corporate directory

DIRECTORS

Dr Charmaine Gittleson (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, 96-100 Albert Road, South Melbourne VIC 3205 Phone: +61 3 9692 7222

PRINCIPAL PLACE OF BUSINESS

Level 4, 96-100 Albert Road, South Melbourne VIC 3205

Phone: +61 3 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: PABOA)

WEBSITE

patrys.com

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 six of the nine 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.

patrys

patrys.com