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Bioshares

22 September 2021
Edition 902

*Delivering independent investment research to investors on Australian
biotech, pharma and healthcare companies*

Companies covered: CGS, NEU OPT,
PAB, RNO, SOM,

Extract from Bioshares –

Patrys Demonstrates Success with PAT-DX3 Drug Conjugate

Patrys (PAB: \$0.04) continues to make progress with its unique cancer antibody delivery technology. Its lead compound PAT-DX1 is moving into clinical studies next year as a treatment for solid tumours. However its follow-up compound, PAT-DX3, is being positioned as a drug delivery vehicle as well for other oncology drugs.

PAT-DX3 is a full antibody version of the lead compound. Being larger in size makes it easier to conjugate (attach) other cancer drugs to it. Recently Patrys showed that this larger drug candidate can also cross the blood-brain-barrier in a preclinical model. Last week the company showed that PAT-DX3 can be attached to the cancer drug MMAE and inhibit tumour growth.

A combination of PAT-DX3 conjugated to the cancer drug MMAE reduced tumour inhibition by 99.7% after 21 days (in a xenograft model of a breast cancer cell line), with MMAE conjugated to a control antibody having substantially lower inhibition according to CEO James Campbell. (MMAE can not be delivered on its own due to its high toxicity.)

The next challenge for the technology is to see if PAT-DX3 conjugated with other cancer drugs can be delivered across the blood-brain-barrier.

Patrys is capitalised at \$72 million.

Bioshares recommendation: **Speculative Buy Class B**

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	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.6%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.4%
Year 7 (May '07 - May '08)	-35.8%
Year 8 (May '08 - May '09)	-7.4%
Year 9 (May '09 - May '10)	50.2%
Year 10 (May '10 - May '11)	45.4%
Year 11 (May '11 - May '12)	-18.0%
Year 12 (May '12 - May '13)	3.1%
Year 13 (May '13 - May '14)	26.6%
Year 14 (May '14 - May '15)	23.0%
Year 15 (May '15 - May '16)	33.0%
Year 16 (May '16 - May '17)	16.8%
Year 17 (May '17 - May '18)	-7.1%
Year 18 (May '18 - May '19)	-2.3%
Year 19 (May '19 - May '20)	39.5%
Year 20 (May '20 - May '21)	86.8%
Year 21 (May '21 - Current)	19.6%
Cumulative Gain	2333%
Av. Annual gain (20 yrs)	20.7%

Individual Subscriptions (24 issues/year)
\$550 (Inc.GST)
Edition Number 902 (22 September 2021)

Bioshares is published by Blake Industry & Market
Analysis Pty Ltd.
ACN 085 334 292
PO Box 193
Richmond Vic 3121
AFS Licence No. 258032

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How Bioshares Rates Stocks

For the purpose of valuation, Bioshares divides biotech stocks into two categories. The first group are stocks with existing positive cash flows or close to producing positive cash flows. The second group are stocks without near term positive cash flows, history of losses, or at early stages of commercialisation. In this second group, which are essentially speculative propositions, Bioshares grades them according to relative risk within that group, to better reflect the very large spread of risk within those stocks. For both groups, the rating “Take Some Profits” means that investors may re-weight their holding by selling between 25%-75% of a stock.

Group A

Stocks with existing positive cash flows or close to producing positive cash flows

Buy	CMP is 20% < Fair Value
Accumulate	CMP is 10% < Fair Value
Hold	Value = CMP
Lighten	CMP is 10% > Fair Value
Sell	CMP is 20% > Fair Value

(CMP–Current Market Price)

Group B

Stocks without near term positive cash flows, history of losses, or at early stages of commercialisation.

Speculative Buy – Class A

These stocks will have more than one technology, product or investment in development, with perhaps those same technologies offering multiple opportunities. These features, coupled to the presence of alliances, partnerships and scientific advisory boards, indicate the stock is relative less risky than other biotech stocks.

Speculative Buy – Class B

These stocks may have more than one product or opportunity, and may even be close to market. However, they are likely to be lacking in several key areas. For example, their cash position is weak, or management or board may need strengthening.

Speculative Buy – Class C

These stocks generally have one product in development and lack many external validation features.

Speculative Hold – Class A or B or C

Sell

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