A De-Risked Clinical Opportunity with Multiple Near-Term Catalysts in the Growing Delirium Market

Pharmaceuticals & Biotechnology

We initiate coverage on Patrys Ltd (ASX: PAB) with a target price of $0.13, implying a 205% upside from the current share price of $0.04. Patrys is an emerging clinical-stage pharmaceutical and biotechnology company whose investment case has been materially reshaped by the acquisition of Reliis Pty Ltd and its proprietary injectable reformulation of the quetiapine program for delirium. The addition of this asset provides Patrys with a near-term clinical and regulatory opportunity alongside its legacy biologics platform, broadening the company's pipeline and improving its overall risk-reward profile.

Attractive Exposure to a Large and Underserved Critical Care Market

Patrys provides exposure to a differentiated late-preclinical hospital-based Central Nervous System (CNS) opportunity targeting delirium, a common and costly condition affecting millions of patients annually. Delirium occurs in up to 80% of ICU patients and is associated with prolonged hospital stays, increased mortality, long-term cognitive decline and an estimated annual economic burden of US$38-152 billion in the United States alone. Despite its prevalence, treatment options remain limited, with clinicians relying largely on supportive care and off-label oral antipsychotics. RLS-2202, a proprietary injectable formulation of quetiapine, is specifically designed for critically ill patients who are intubated, sedated or unable to swallow, addressing a significant unmet need in acute care settings.

Importantly, RLS-2202 is being developed via the Food and Drug Administration (FDA) 505(b)(2) pathway, leveraging the extensive clinical experience and established safety profile of quetiapine while creating value through formulation and delivery innovation. This de-risked development strategy has previously supported significant value creation in hospital-focused reformulation products, including Ofirmev® and Nexterone®, which were acquired in transactions valued at US$1.3 billion and US$338 million, respectively. We believe RLS-2202 shares many of the same characteristics that made these products attractive acquisition targets, including improved hospital workflow, enhanced ease of use and the potential to address a substantial unmet clinical need.

Derisking Pathway Through Credible Partnerships

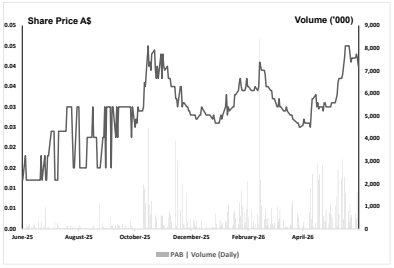
Patrys has significantly de-risked its path to clinic through partnerships with specialist providers across manufacturing, regulatory and clinical execution. BioCina is supporting sterile injectable manufacturing and Chemistry, Manufacturing, and Controls (CMC) development; Facet Life Sciences is advising on FDA strategy; Alithia Life Sciences provides Contract Research Organisation (CRO) oversight; and CMAX offers established Phase 1 trial infrastructure. Together, these partnerships enhance execution certainty, reduce development risk and provide a capital-efficient pathway into the clinic.

Valuation

We derive a base case target price of $0.11, implying 160% upside to the current share price of $0.04, while our upside case supports a target price of $0.15, representing a more substantial 250% upside potential, resulting in a midpoint Price/NAV of 0.33x. Our valuation framework remains deliberately conservative, as it attributes value only to the probability-weighted opportunity for Patrys's proprietary injectable quetiapine program within the US ICU setting, with no incremental contribution from broader delirium settings, ex-US markets or the company's legacy biologics platform. In our view, this leaves scope for meaningful upside beyond the model as Patrys advances RLS-2202 through manufacturing, regulatory and clinical milestones over the next 12-24 months, with each step toward first-in-human IV dosing, Phase 1 completion and regulatory engagement having the potential to further de-risk the asset and support a progressive market re-rating.

Date	15 June 2026
Current Price (A$)	0.04
Target Price (A$)	0.13
Market Cap (A$M)	28.66
52-week H/L (A$)	0.05/0.01
Free Float (%)	70.46%
Bloomberg	PAB AU
Reuters	PAB.AX

Price Performance (in A$)



Source Capital IQ

Business description

Patrys Ltd (ASX: PAB) is a clinical-stage pharmaceutical and biotechnology company pursuing a dual-platform strategy across acute CNS therapeutics and novel antibody development. Its lead near-term asset is RLS-2202, a proprietary injectable reformulation of quetiapine being developed for delirium in ICU, aged care and palliative care settings, while its legacy deoxymab platform provides longer-term optionality in cancer and inflammatory disease. The company is positioned around a catalyst-driven development pathway, with upcoming manufacturing, regulatory and early clinical milestones expected to shape the next phase of value creation.

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

Disclaimer - Directors of Shares in Value Pty Ltd hold shares in Patrys (ASX: PAB).

Table of Contents

Investment Rationale

Investment Thesis: Patrys Ltd (ASX: PAB)

Attractive Exposure to a Large, Underserved Critical Care Market

Patrys offers investors exposure to a differentiated late-preclinical CNS opportunity targeting delirium, a common and costly condition affecting millions of hospitalised patients each year. Delirium is particularly prevalent among elderly patients, those undergoing major surgery, patients with dementia, stroke and critical illness, and is reported in up to 80% of ICU patients in certain cohorts. With approximately 5-6 million ICU admissions annually in the United States alone, the addressable patient population is substantial and expected to expand further as populations age, and the prevalence of chronic disease continues to increase.

Importantly, the commercial opportunity extends beyond traditional drug sales estimates. Delirium is associated with prolonged ICU stays, increased ventilation time, higher nursing requirements, increased complication rates, readmissions, long-term cognitive decline and institutionalisation. As a result, studies have estimated the annual economic burden of delirium in the United States at between US$38 billion and US$152 billion. Despite this significant healthcare burden, treatment remains largely dependent on supportive care and off-label use of antipsychotics such as quetiapine. Oral quetiapine is already widely used in ICU settings; however, administration can be challenging in critically ill, intubated, sedated or swallowing-impaired patients where rapid, predictable drug delivery is required. RLS-2202 seeks to address this unmet need through a proprietary injectable formulation designed specifically for acute-care environments, potentially offering clinicians a more practical and effective treatment option.

De-Risked Development Pathway with Proven Commercial Precedents

Unlike traditional biotechnology companies pursuing novel molecular entities, Patrys is advancing RLS-2202 via the FDA505(b)(2) pathway, leveraging the extensive safety and efficacy history of quetiapine while creating value through formulation innovation and route-of-administration improvements. This approach has historically generated substantial shareholder returns. Notable examples include Ofirmev® (intravenous acetaminophen), which supported Mallinckrodt's US$1.3 billion acquisition of Cadence Pharmaceuticals, and Nexterone® (premixed intravenous amiodarone), which led to Baxter's acquisition of Prism Pharmaceuticals in a transaction valued at US$338 million. Importantly, these transactions were not driven by novel mechanisms of action but by products that improved hospital workflow, reduced preparation burden, enhanced safety, and addressed meaningful clinical needs. We believe RLS-2202 shares many of these characteristics and has the potential to follow a similar value-creation pathway if successfully developed and commercialised.

Execution risk is further reduced through the appointment of an experienced development consortium, including BioCina for manufacturing, Facet Life Sciences for regulatory strategy, Alithia Life Sciences for clinical operations and CMAX for early-stage clinical execution. Together, these partners provide specialised expertise across CMC, regulatory affairs and clinical development, increasing confidence in Patrys' ability to advance RLS-2202 efficiently through key clinical and regulatory milestones.

Experienced Leadership Team with Demonstrated Value Creation Track Record

Patrys is led by a board and management team with a strong history of creating value in emerging healthcare and technology companies. Chief Executive Officer (CEO) Dr Samantha South brings significant experience across translational research, commercialisation, partnering and regulatory strategy, while the addition of Reliis founders Ms Leanne Kite and Mr Dino Cercarelli strengthens continuity and operational expertise around the RLS-2202 program.

We believe the broader board composition represents a significant strategic advantage. Non-Executive Director Mr Brian Leedman has an established track record of building and commercialising healthcare companies, including playing a key role in the successful acquisition of ResApp Health by Pfizer. Non-Executive Director Dr Anton Uvarov has previously been involved in the growth and development of multiple successful ASX-listed technology and healthcare companies, including Elsight and BlinkLab. Collectively, the board combines expertise across capital markets, biotechnology development, commercialisation, M&A and public company governance, providing investors with confidence that Patrys possesses both the technical and commercial capabilities required to maximise the value of the RLS-2202 opportunity.

Target Price and Recommendation

Overall, Patrys offers exposure to an early-stage biotech company with clear near-term catalysts and milestones, potentially resulting in expedited regulatory approval, which is atypical in the sector. The Reliis acquisition gave the company a differentiated, reformulated injectable quetiapine asset targeting an underserved delirium market, while the FDA505(b)(2) regulatory pathway, specialist partner network, and strengthened leadership team materially improve the odds of execution and reduce development risk. While the opportunity remains subject to the usual clinical, regulatory and financing risks inherent in small-cap biotech, the combination of a de-risked asset, defined milestones and multiple upcoming catalysts supports a constructive view for the eventual commercialisation of its proprietary asset.

We derive a base case target price of $0.11, implying 160% upside to the current share price of $0.04, while our upside case supports a target price of $0.15, representing a more substantial 250% upside potential. Our valuation framework is intentionally conservative, as it captures only the probability-weighted opportunity associated with Patrys's proprietary injectable quetiapine program in the US ICU setting and excludes any contribution from adjacent delirium care settings, ex-US commercial opportunities, or the company's legacy platform. In our view, this creates scope for additional upside beyond the model as the market gains confidence in the asset's clinical relevance, regulatory positioning, and commercial applicability.

Just as importantly, the company appears to be entering a catalyst-rich period over the next 12-24 months, with manufacturing, regulatory, and clinical milestones expected to progressively de-risk the program and support a re-rating. As Patrys advances toward first-in-human IV dosing, Phase 1 completion, FDA engagement, and later Investigational New Drug (IND) related milestones, each successful step should reduce technical and execution uncertainty while improving visibility into the asset's ultimate value. As such, the current valuation may not fully reflect the potential uplift, as management continues to execute its plan well and RLS-2202 transitions from a conceptual reformulation story to a clinically validated development-stage program.

Catalysts: Progress at Biocina and successful GMP batch manufacturing; bridging dosing in volunteers' Phase 1A with results; commencement of Phase 1B with positive results; IND submission; partnership finalisation; updates on the deoxymab platform.

Risks: Clinical development risk, market adoption risk, regulatory risk, exchange rate risk, competition risk, and funding risk.

Company Overview

Patrys is an early-stage pharmaceutical and biotechnology company focused on the delirium market, transforming the FDA-approved oral tablet quetiapine into an injectable formulation. The company recently acquired Reliis Pty Ltd, which provides it with the patented proprietary RLS-2202 injectable formulation of quetiapine, currently entering early-stage clinical trials focused on obtaining FDA approval. To put the Reliis acquisition in perspective of the unique opportunity it presents for Patrys, we first need to understand delirium and the market opportunity it presents.

Prior to the Reliis acquisition, Patrys's core focus was its deoxymab platform, which we continue to view as a longer-dated source of optionality for the company. Deoxymabs are proprietary antibodies that were being developed for potential use in cancer and inflammatory diseases, with the platform designed to target DNA-related processes inside cells and inhibit NETosis, which Patrys believes could open up applications across hard-to-treat tumours and immune-driven conditions. While the company has impaired the carrying value of these assets, management has indicated it will continue to review the development of PAT-DX3 as a potential inhibitor for vasculitis (blood vessel inflammation) in future reporting periods, suggesting the platform remains under consideration rather than being fully set aside. At this stage, no value has been attributed to deoxymabs in our analysis, and any future progress through development, partnering or strategic re-prioritisation would represent upside to our valuation and potential re-rating.

What is Delirium?

According to the Diagnostic and Statistical Manual of Mental Disorders, 5th Edition (DSM-5), delirium is a psychotic symptom experienced by patients due to another medical condition. Globally, the DSM-5, published by the American Psychiatric Association, is considered the international standard manual for the diagnosis and treatment of mental disorders. A clear set of criteria is set out for the diagnosis of delirium:

- **Criteria A:** A disturbance in attention (i.e., reduced ability to direct, focus, sustain, and shift attention) and awareness (reduced orientation to the environment).
- **Criteria B:** The disturbance develops over a short period of time (usually hours to a few days), represents a change from baseline attention and awareness, and tends to fluctuate in severity during the course of a day.
- **Criteria C:** An additional disturbance in cognition (e.g., memory deficit, disorientation, language, visuospatial ability, or perception).
- **Criteria D:** The disturbances in Criteria A and C are not explained by another preexisting, established, or evolving neurocognitive disorder and do not occur in the context of a severely reduced level of arousal, such as coma.
- **Criteria E:** There is evidence from the history, physical examination, or laboratory findings that the disturbance is a direct physiological consequence of another medical condition, substance intoxication or withdrawal (i.e., due to a drug of abuse or to a medication), or exposure to a toxin, or is due to multiple etiologies.

The DSM-5 criteria for delirium evidently highlight the mental disorder to develop over a short timeframe. Hence, the Confusion Assessment Method (CAM) is utilised by doctors to diagnose delirium in patients. It is a rapid diagnostic tool, which can be completed in less than 5 minutes. There are 4 features that are assessed to diagnose a patient with delirium:

1. Acute onset and fluctuating course.
2. Inattention.
3. Disorganised thinking.
4. Altered level of consciousness.

Among the four criteria outlined above, a positive diagnosis for delirium is established if the patient exhibits features 1 and 2, in conjunction with either feature 3 or 4. Consequently, recent

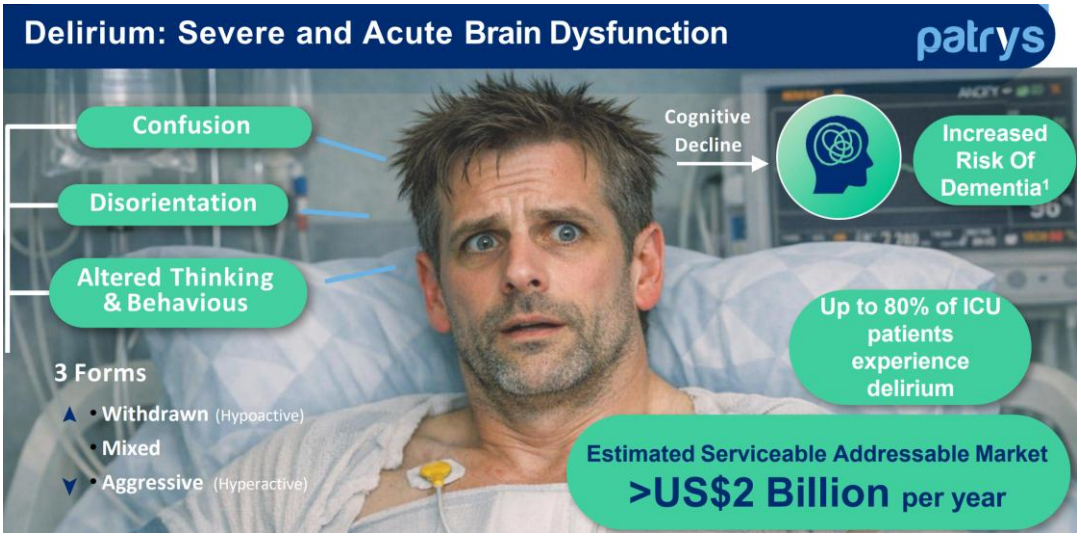
medical literature has developed a clear and efficient method for diagnosing delirium in patients, a mental disorder that predominantly affects older individuals aged over 65.

Various studies have shown that:

- Older patients in surgical, palliative care and intensive care settings experience the highest rates of delirium.
- Patients may come to the hospital with delirium or may develop delirium while in the hospital.
- Patients are frequently discharged from the hospital with persisting symptoms of delirium.
- Delirium is preventable in 30% - 40% of cases.

Delirium is typically classified into three subtypes: hyperactive, hypoactive, and mixed. Hyperactive delirium presents with agitation, restlessness, and, in some cases, hallucinations, whereas hypoactive delirium is characterised by reduced responsiveness, lethargy, and withdrawal; mixed delirium alternates between these two patterns and may fluctuate over short periods. The key distinction is that hypoactive delirium is often under-recognised, even though it can carry meaningful clinical risk, while mixed delirium is especially challenging to manage because symptoms can shift during the course of a day.

Figure 1: Delirium



Source: Company

Overall, delirium results in confusion, disorientation, and altered thinking and behaviours in patients. If undiagnosed and untreated, this can have serious implications, as the patient may experience cognitive decline and have an increased risk of dementia. Delirium may also add to increased costs to the healthcare system, as a patient with delirium may have increased falls, longer hospital and ICU stays, and increased mortality in the ICU setting.

Causes of Delirium

Delirium is an acute change in mental health, which is reversible and is usually triggered by an acute illness, surgery, injury, or adverse effects of medications. Although delirium is a change in the mental state of a patient due to an underlying medical condition, delirium itself is also a medical emergency and requires urgent attention and treatment. It is a serious condition associated with increased mortality rates, and it is under-recognised since the patient already has an underlying condition that caused the delirium. Hence, it is important for clinicians to quickly diagnose and provide appropriate treatment for delirium, as it can develop rapidly and sometimes go unnoticed.

30-80% of ICU patients experience delirium. It is a wide range due to a variety of factors that influence and impact a patient's mental health. First, the patient's age is crucial, with older

patients more likely to develop delirium. Second, the type of treatment or surgery the patient has undergone. Studies have shown that patients who undergo cardiovascular surgery have a higher prevalence rate of developing delirium; however, the group most prone to developing delirium are postoperative ICU patients who still have mechanical ventilation, with an 80% probability.

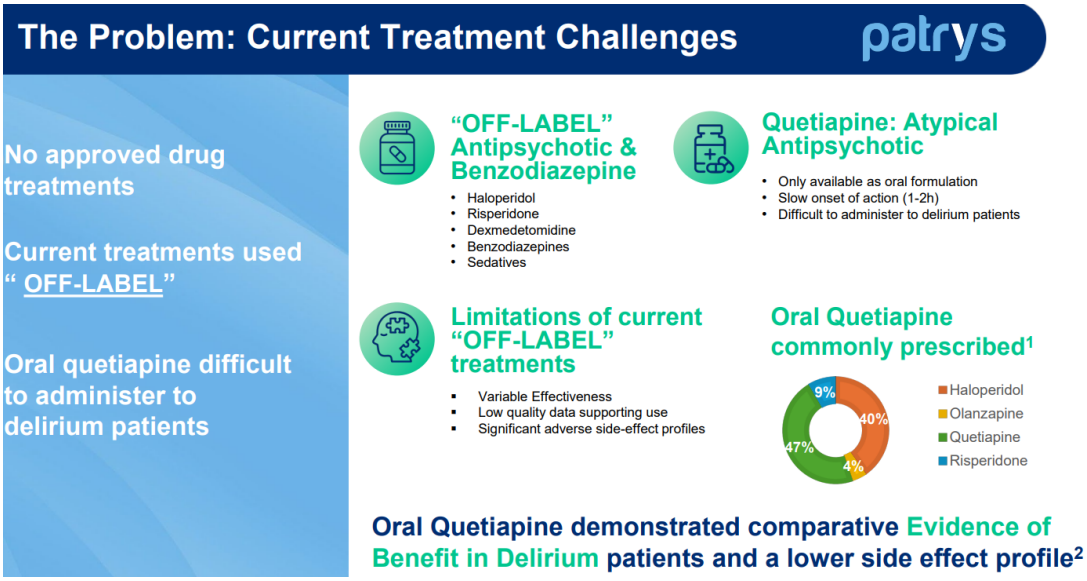
Current Treatment for Delirium: Quetiapine and Other Off-Label Medications

Treatment for delirium focuses first on identifying and correcting the underlying cause, such as infection, dehydration, medication effects, or metabolic disturbance, because delirium is usually a symptom of another illness rather than a stand-alone condition. Supportive measures are also central, including reorientation, hydration, sleep-wake normalisation, reducing sensory overload, and avoiding unnecessary medications.

When symptoms are severe, particularly agitation, paranoia, or hallucinations, antipsychotics such as haloperidol or atypical agents like quetiapine or risperidone may be used to control distress and maintain safety. Benzodiazepines are generally reserved for specific situations such as alcohol or sedative withdrawal delirium, while ICU cases may sometimes benefit from dexmedetomidine to shorten delirium duration. Oral quetiapine is used considerably to treat delirium; however, there are limitations faced by clinicians, as not all postoperative and ICU patients can swallow tablets.

Quetiapine is an atypical antipsychotic oral tablet commonly known as Seroquel and Seroquel XR (the extended-release formulation), administered to patients experiencing psychotic episodes and treats mental disorders such as schizophrenia, bipolar disorder, and major depressive disorder. It is often used off-label for patients experiencing delirium, meaning it is prescribed for a condition outside its formally approved indication, mainly to help calm agitation, hallucinations, or severe distress. Other off-label medications commonly used for delirium include haloperidol, risperidone, and olanzapine, with benzodiazepines reserved for specific situations such as alcohol or benzodiazepine withdrawal.

Figure 2: Current Treatment



Source: Company

Overall, delirium represents a high-burden, clinically significant condition with substantial unmet need, particularly in older and critically ill patients, where rapid diagnosis and effective management remain central to improving outcomes and reducing downstream healthcare utilisation. Current treatment is largely supportive and symptom-directed, with off-label antipsychotics such as quetiapine used when agitation or distress is severe, underscoring the lack of an optimal, purpose-built therapeutic option. The majority of delirium patients simply go untreated or receive suboptimal alternatives. Against this backdrop, the development of an injectable quetiapine formulation focused purely on treating delirium may offer a differentiated

opportunity to address acute inpatient demand more efficiently and to provide a more practical treatment option in settings where rapid symptom control is required.

Formulating into an Injectable

Now that we understand delirium and its current limitations with off-label oral medications, the acquisition of Reliis positions Patrys at the forefront in addressing the critical need expressed by clinicians for an early-onset medication to treat delirium and improve outcomes for patients and staff alike.

Patrys completed the Reliis acquisition in January 2026 through an all-scrip deal and issued a total of 110 million shares as consideration shares. Apart from the consideration shares, the company also issued 25 million convertible note shares to Reliis's third-party lenders. The combined total consideration and convertible note shares, issued at a price of $0.03 on the day of the transaction, result in a total value of $4.05 million for Reliis. Beyond the shares issued to equity and debt holders of Reliis, Patrys also issued facilitation shares totalling 50 million and 6.67 million for Reliis and Patrys facilitation, respectively. Through the Reliis acquisition, it provides Patrys with an asset with a clear near-term opportunity to commercialise the RLS-2202 formulation through the expedited FDA505(b)(2) approval.

FDA505(b)(2): An Expedited Approach to Regulatory Approval

The FDA 505(b)(2) pathway enables approval for products that are based on an already approved drug, allowing sponsors to leverage existing safety and efficacy data instead of conducting a full new clinical trial. This approach can accelerate development, reduce costs, and lower risks compared to a traditional new drug application. It also allows for meaningful differentiation through modifications in formulation, dose, strength, or route of administration. This pathway is often appealing because it provides a more efficient pathway from a known molecule to a new, potentially value-added product.

Figure 3: FDA Approval Pathway

Source: Company

The regulatory pathway is considered a cost-effective route for reformulating or introducing new indications of already approved drugs. In hospital settings, this pathway is especially important when a unique formulation, such as an injectable version of a known drug, can meet a specific clinical need without the comprehensive evidence required for new drug approval. The FDA505(b)(2) pathway not only expedites the approval process but also improves the probability of success in approval since there already exists a known formulation of quetiapine in the oral tablet form. As such, this materially derisks the RLS-2202 candidate Patrys is developing compared to traditional drug development.

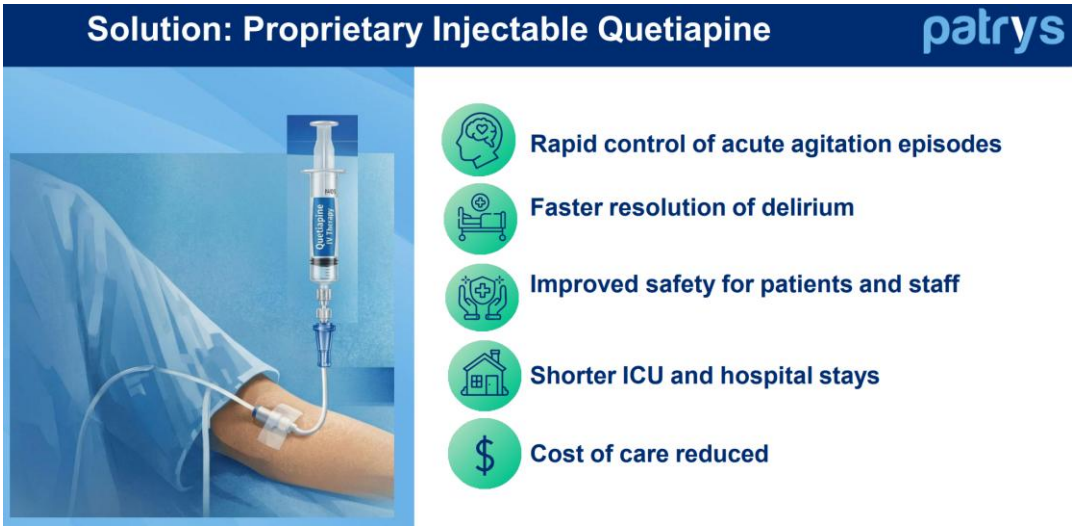
What is RLS-2202?

Patrys is developing RLS-2202, a proprietary injectable formulation of quetiapine designed to address delirium in acute-care settings, particularly in ICU, palliative and aged care. The program is being positioned as a reformulated, clinically de-risked asset that leverages the well-established safety and pharmacology of quetiapine while addressing a major treatment gap in delirium, where there are currently no approved acute-care therapies.

RLS-2202 is an injectable version of quetiapine, developed to overcome the limitations of oral dosing in critically ill patients. Currently, oral quetiapine is often used off-label for delirium, but oral delivery can be slow, unpredictable and difficult to administer in patients whose clinical status may change rapidly. Patrys is therefore aiming to develop a formulation that delivers a faster, more predictable, and more controllable therapeutic effect in hospital settings, where IV or injectable treatment is operationally preferable.

The reformulation is considered a lower-risk pathway than discovering a wholly new molecule to treat delirium. Given that clinicians already prescribe quetiapine as an off-label treatment for delirium, developing an injectable drug with similar ingredients effectively derisks the opportunity substantially while also bringing an innovative solution to market and treating the underserved patients who experience delirium. As such, the company intends to use the existing data package for quetiapine to fast-track the drug development process through the FDA505(b)(2) pathway, potentially bringing the drug to market within the next 3-4 years. The reformulation into an injectable is patent-protected until 2042.

Figure 4: RLS-2202 Benefits



Source: Company

With the immediate onset of the drug, it is expected to control acute agitation episodes in patients and result in faster resolution of delirium. This is also expected to yield economic benefits through shorter hospital stays, improved quality of life for patients, and reduced burden on the healthcare system. Because the drug is intended to treat delirium, it is also expected to improve safety outcomes not only for patients but also for staff, given that the patient is in a disoriented state of mind (Figure 4). In essence, the proprietary injectable quetiapine drug that Patrys is developing is considered a near-term, low-risk asset that the company intends to commercialise in the US.

Key Partners De-Risk the Path to Clinic

Patrys has assembled a coordinated network of specialist partners across manufacturing, regulatory, clinical operations, and trial execution, which materially strengthens the development pathway for RLS-2202 and reduces the key risks typically associated with advancing a small-cap biotech asset into the clinic. BioCina de-risks the CMC and scale-up pathway through credible

sterile injectable manufacturing capability; Facet Life Sciences helps align the program with FDA expectations and streamline the regulatory strategy; Alithia Life Sciences provides the operational and quality oversight needed for disciplined trial management; and CMAX adds proven Phase 1 infrastructure to support efficient, high-quality clinical execution. Collectively, these appointments improve development visibility, reduce execution and regulatory risk, and enhance Patrys's ability to progress RLS-2202 from concept to first-in-human dosing with greater confidence and control.

Batch Manufacturing at BioCina

BioCina is a high-quality Australian contract development and manufacturing organisation (CDMO) with FDA, European Medicines Agency (EMA), and Therapeutic Goods Administration (TGA) approved biologics facilities in Adelaide and Perth, offering end-to-end capabilities from process development through current Good Manufacturing Practices (cGMP) clinical and commercial manufacturing across microbial, pDNA, mRNA, LNP and complex sterile drug products. Its track record in sterile injectables positions BioCina as a credible, value-accretive manufacturing partner for the company's RLS-2202 program, materially de-risking the CMC and scale-up pathway, which is often a key bottleneck for small-cap biotech issuers.

The commencement of engineering batch manufacturing at BioCina represents a tangible de-risking event for the RLS-2202 program, as it is intended to confirm process reproducibility, generate material for stability work and produce early material for clinical trial activities. Successful execution of this work is expected to enable GMP clinical trial supply for Phase 1 dosing, which in turn improves development visibility and underpins Patrys's stated target of initiating its first-in-human Phase 1A study in H2 2026.

With a credible partner in BioCina, the company is expected to advance through clinical trials, transitioning from concept to clinical execution. With BioCina's experience spanning formulation development and manufacturing from clinical trial supply through to commercial-scale capacity, BioCina provides Patrys with an outsourced manufacturing partner that is directly aligned with the technical requirements of an injectable hospital-use product, thereby reducing operational friction and supporting a more efficient path toward human dosing.

Engagement with Facet Life Sciences Minimises Regulatory Risk

Facet Life Sciences is a US-based regulatory affairs company focused on supporting small organisations through the FDA regulatory process. It is a regulatory affairs and product development adviser focused on small life science companies, with capabilities spanning IND strategy, FDA interactions, medical writing and submission leadership, which is directly relevant to a program preparing for a pre-IND and eventual IND filing. Patrys's active engagement with Facet Life Sciences in the US signals a clear intent to bring on a company with the knowledge and know-how to navigate the US regulatory process, develop its proprietary injectable through clinical trials, and potentially obtain FDA approval to treat delirium.

With Facet Life Sciences on board, Patrys will be able to align its clinical development plan with FDA expectations prior to regulatory submissions. The company has indicated that discussions with Facet Life Sciences focus on leveraging the existing oral quetiapine dataset, defining the clinical development strategy for the injectable formulation, confirming the Phase 1A study design, and preparing the regulatory documentation for the planned Phase 1B trial, including the ethical frameworks. In essence, this engagement is expected to streamline the regulatory process for Patrys, reducing the risk of avoidable delays, ensuring regulatory submissions meet FDA expectations and minimising execution risk.

Contract Research Organisation (CRO) - Alithia Life Sciences

Patrys recently announced Alithia Life Sciences as its CRO, marking an important step in preparation for clinical trials by bringing specialised clinical trial management and oversight to the RLS-2202 Phase 1A program. As the appointed CRO, Alithia will support the operational, regulatory and quality functions required to run an early-stage study in accordance with Good Clinical Practice (GCP), including project management, regulatory coordination, data

management, monitoring protocol adherence, pharmacovigilance, vendor oversight, and trial administration, which should improve trial discipline and data integrity as the program moves toward first participant dosing.

This is expected to materially strengthen Patrys's ability to translate manufacturing and regulatory progress into executable clinical milestones. In combination with CMAX as the Phase 1 site, Alithia helps establish a more complete trial infrastructure, reducing operational risk and increasing visibility into timelines as Patrys targets first participant dosing in Q3 2026, subject to ethics and regulatory approvals.

Trial Execution Supported by CMAX

CMAX is a material strength for Patrys because it is one of Australia's most established early-phase clinical trial centres, with deep experience in first-in-human and Phase 1 studies, specialist infrastructure, and a track record of delivering high-quality clinical data. For Patrys, that matters because RLS-2202 is now moving from regulatory and manufacturing preparation into actual clinical execution, and a dedicated early-phase site with the capability to manage dosing, monitoring and participant safety is essential to de-risking that transition.

CMAX adds value by improving execution certainty, shortening start-up timelines and supporting data quality in a controlled environment. Its location adjacent to the Adelaide BioMed City precinct, opposite the Royal Adelaide Hospital, also provides access to specialist clinical and pharmacology support, which should enhance operational efficiency and the robustness of the bridging safety, tolerability and pharmacokinetic study. In our view, this strengthens Patrys's ability to advance RLS-2202 toward first participant dosing with greater speed and discipline, while supporting the credibility of the broader clinical development pathway.

Strong Management Team

In addition to the company's technical and clinical progress, Patrys benefits from a robust management team, which significantly bolsters the investment thesis given the diverse experience each member brings.

Chief Executive Officer (CEO) – Dr Samantha South

Patrys's appointment of Dr Samantha South as CEO strengthens the company's execution capability at a pivotal stage in the development of its proprietary injectable quetiapine program. Dr South brings a strong blend of translational, regulatory, and commercialisation experience, with a track record of advancing preclinical assets toward clinical readiness and guiding life sciences companies through critical value-creation milestones.

- Proven track record in taking preclinical assets toward the clinic and managing value-creation phases.
- Deep experience in commercialisation and partnering across leading Australian research institutions and industry counterparties, including Sanofi and Merck.
- Hands-on regulatory and translational development experience from prior roles at TetraQ and GZP, relevant to clinical progression and submission readiness.
- Strong governance and sector credibility through leadership roles, including Founding Director of Argenica Therapeutics, Chair of Life Sciences WA, and Chair of the WA Chapter of AusBiotech.
- Alignment with Patrys's stated focus on accelerating value creation across its expanded pipeline through efficient capital deployment and near-term clinical and regulatory catalysts.

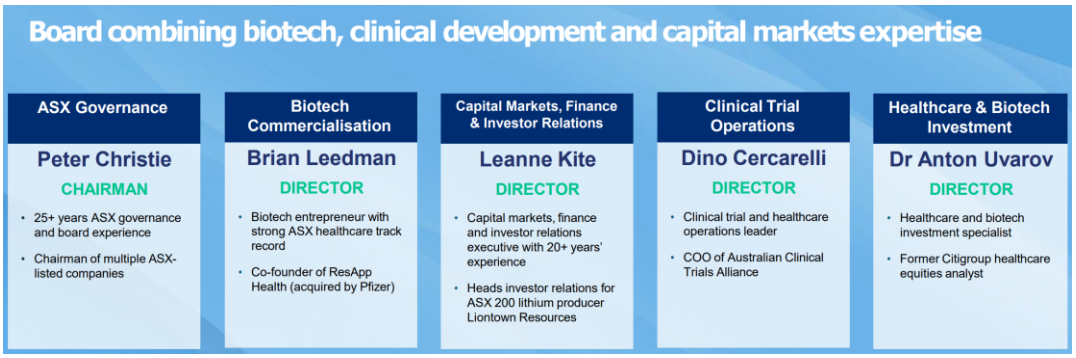
Her prior leadership across biotech commercialisation, regulatory support and strategic partnering positions her to accelerate development with discipline and capital efficiency, which is particularly relevant as Patrys advances its pipeline, built around the proprietary injectable quetiapine reformulation, toward near-term clinical and regulatory catalysts.

Addition to the Board of Directors from Reliis

The appointment of Ms Leanne Kite and Mr Dino Cercarelli to the Patrys board materially strengthens governance and execution capabilities at a critical point in the development of RLS-2202, the proprietary injectable quetiapine program acquired through Reliis, which is now a wholly owned subsidiary of Patrys. Importantly, both directors come directly from Reliis, which should support continuity of strategic, operational and program-specific knowledge as Patrys advances the asset through its next phase of clinical development.

The appointments enhance board-level oversight across the key disciplines required for successful clinical progression. Ms Kite brings strong credentials in finance, governance and investor relations, while Mr Cercarelli contributes substantial expertise in clinical research operations and the Australian trials ecosystem through his leadership roles in healthcare and at the Australian Clinical Trials Alliance. Collectively, their addition should improve Patrys's capacity to manage trial execution, stakeholder engagement and capital allocation with greater discipline as RLS-2202 moves through clinical milestones.

Figure 5: Board of Directors



Source: Company

Overall, the directors (Figure 5) highlight the company's potential through a diverse mix of experience in biotech commercialisation, ASX governance, capital markets, clinical trial operations, and healthcare investment. This creates a governance structure highly aligned with both corporate execution and value creation. Mr Christie offers extensive experience in ASX governance and board leadership. Mr Leedman brings biotech commercialisation and company-building expertise. Dr Uvarov provides healthcare and biotech investment insights. The recent additions of Ms Kite and Mr Cercarelli enhance the board with skills in finance, investor relations, and clinical trial operations. Collectively, this breadth of expertise should support Patrys in advancing its pipeline, enhancing decision-making in development and capital allocation, and strengthening its ability to deliver shareholder value through disciplined execution.

Recent Funding of $3.2 million

To facilitate additional research and clinical trials, the company recently secured $3.2 million (before costs) by issuing 133 million shares at $0.024 per share with strong demand from new and existing strategic investors. This issue price reflects a 10.8% discount to the 15-day volume-weighted average price of $0.0269. Investors also received one free attaching unlisted option for every four shares subscribed, with an exercise price of $0.048, exercisable on or before 30 November 2030. Directors of the company also indicated their intention to participate in the placement, thereby raising an additional $160,000, which is subject to shareholder approval. This capital raised from the placement significantly enhances the company's financial position, providing additional capital beyond the $1.2 million in remaining cash as of the end of the March 2026 quarter.

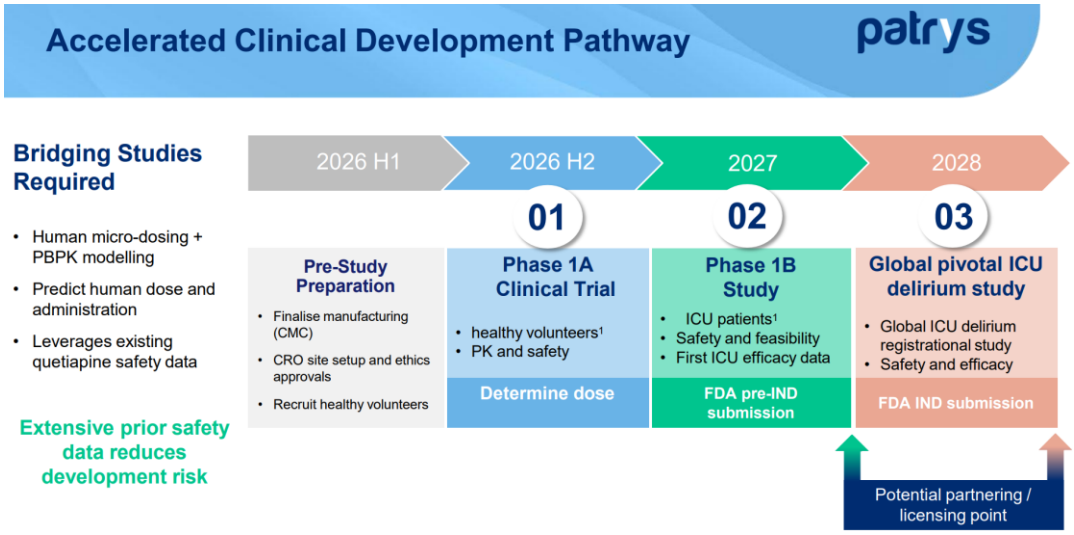
The funds from this share placement are expected to be utilised for the ongoing development and clinical trial slated for the near future. In particular, the company intends to use the funds for its first-in-human Phase 1A clinical trial execution; advancement of manufacturing and ensuring

readiness of drug product for clinical trials; continuing to engage specialist consultants and to prepare pre-IND meeting documentation and establish a clear regulatory and development pathway with the FDA; and working capital needs.

Upcoming Milestones and Catalysts

The company has a number of catalysts expected for the year ahead, as it de-risks and develops the RLS-2202 injectable formulation through the various stages of clinical trials to obtain regulatory approval. Patrys's near-term news flow is expected to be driven by a sequence of clinical, regulatory, and manufacturing milestones that progressively de-risk RLS-2202 and move the company toward first-in-human data. The key focus is on Phase 1A execution in 2026, followed by Phase 1B readiness and later-stage regulatory submission work through 2027.

Figure 6: Clinical Development Timeline and Key Value Catalysts



Source: Company

The timeline (Figure 6) points to ethics approval for Phase 1A in Q2 2026, Phase 1A trial initiation in Q3 2026, GMP clinical batch release in Q4 2026, and completion of Phase 1A and an FDA pre-IND submission also in Q4 2026. In 2027, the company also expects to report 6-month drug product stability data for Phase 1B and CMC in Q1; obtain ethics approval for Phase 1B in Q1; first patient dosed in Phase 1B in Q2; complete Phase 1B in Q3; and submit the IND in Q4 2027. This creates a visibly staged news flow profile, with multiple inflection points that can provide incremental readouts on execution quality, regulatory alignment and development momentum.

The immediate focus is on manufacturing, regulatory planning and early clinical work to prepare for first-in-human evaluation. The company has outlined a Phase 1A study in healthy volunteers to characterise intravenous pharmacokinetics and determine dose, followed by a Phase 1B safety

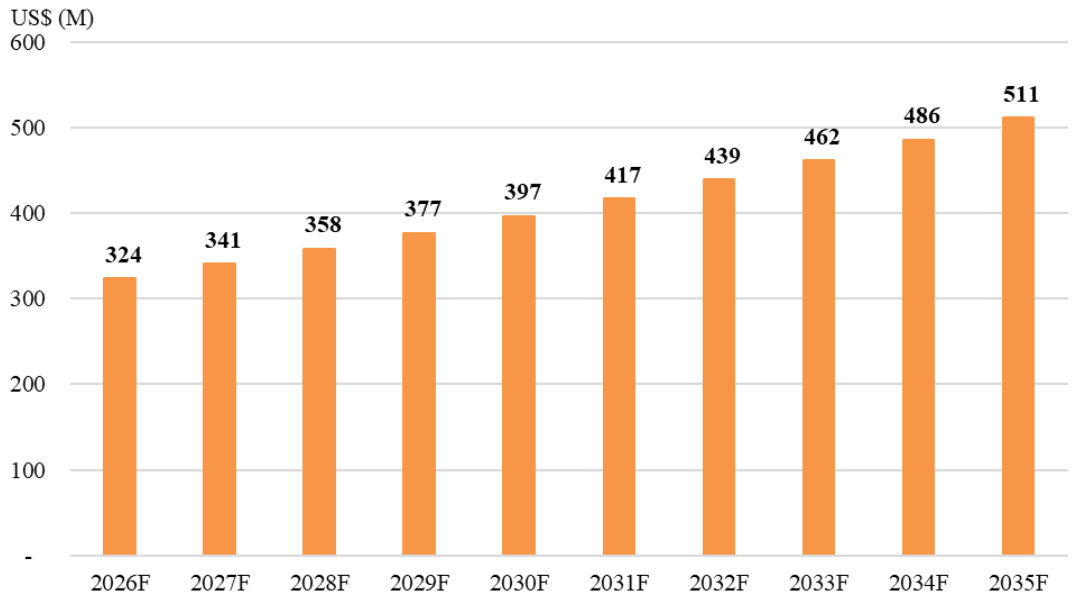
study in ICU patients, subject to regulatory and ethics approvals. If successful, this pathway could establish the dosing, safety and pharmacokinetic foundation needed for later-stage clinical development and eventual commercialisation.

This schedule suggests that Patrys is building a relatively capital-efficient development path, in which each milestone is intended to reduce uncertainty before the next stage of investment and clinical exposure. That matters because RLS-2202 is a reformulation program with established clinical precedent, so the value proposition depends heavily on orderly execution, regulatory progress and credible early data rather than discovery risk. In that context, future news flow should be read as a series of de-risking events that could progressively improve visibility on both the clinical and commercial potential of the asset.

Industry Analysis

The global delirium market is a niche subsegment of the larger neuropsychiatric disorders market. However, it has been gaining attention and steadily growing, supported by an ageing population, high delirium incidence in hospitals and ICUs, and increasing awareness of its impact on mortality, length of hospitalisation, and costs. According to the average estimate from seven market research reports, the global market for delirium is estimated at US$324 million in 2026 and is forecast to grow at an average compound annual growth rate (CAGR) of 5.21% to US$511 million by 2035 (Figure 7). The US market is estimated to account for 42% of the global market, valued at US$137 million in 2026 and estimated to grow to US$216 million by 2035. In general, the hyperactive form of delirium dominates market demand because it is more obvious and more often treated, but recognition of hypoactive delirium is increasing, which is expanding the addressable market.

Figure 7: Global Delirium Market Size and Forecast



Source: East Coast Research

Market Dynamics

Delirium represents a large and growing healthcare challenge driven by structural demographic and clinical trends. Incidence increases significantly with age and is particularly prevalent among patients with dementia, stroke, major surgery and critical illness. As populations age and the prevalence of chronic diseases such as cardiovascular disease, cancer and respiratory disorders continues to rise, the number of patients at risk of delirium is expected to increase substantially. Delirium is associated with prolonged hospitalisation, increased mortality, long-term cognitive

decline and a greater likelihood of requiring institutional care, creating a significant burden for patients, healthcare systems and payers.

While estimates of the commercial delirium treatment market are often based solely on drug sales, they significantly underestimate the broader economic opportunity. In the United States alone, delirium is estimated to contribute between US$38 billion and US$152 billion annually (Leslie et al, 2007)[1] in healthcare costs through longer ICU stays, increased ventilation time, higher nursing requirements, complications, readmissions and ongoing care needs. This substantial economic burden continues to drive demand for improved treatment options and more effective management strategies.

The ICU setting represents a particularly attractive target market. Delirium has been reported in up to 80% of critically ill ICU patients, with approximately 5-6 million ICU admissions occurring annually in the United States. A meaningful proportion of these patients experience agitation severe enough to require pharmacological intervention, highlighting a significant unmet need for therapies that can be administered effectively in critically ill patients where traditional oral treatment options may be challenging or impractical.

There have been increasing global efforts to improve recognition and establish appropriate guidelines for the effective detection and treatment of delirium. This includes awareness campaigns and the integration of delirium screening into ICU and perioperative guidelines, which are steadily reducing underdiagnosis. Tools such as the CAM, Delirium Observation Screening Scale (DOSS), and regular cognitive tests like the MMSE are becoming standard in hospital procedures, driving continuous demand for reliable tools and associated services. While there have been diagnostic tools and tests formulated, antipsychotics (both typical and atypical) and sedatives like benzodiazepines are still commonly used to manage agitation, hallucinations, and behavioural issues in delirium, despite mixed evidence regarding their disease-modifying effects. This persistent prescribing practice, along with the lack of any approved drug specifically for delirium, ensures that current medications remain in use and encourages ongoing research and development of safer or more targeted treatments.

Favourable Policy from the FDA

The US market environment is also favourable, with the FDA recently announcing its intention to actively engage with patients, clinicians, researchers, and other stakeholders to identify priority disease areas and candidates for drug repurposing, particularly when scientific data could support new uses. Essentially, the regulator aims to understand how existing research and data can be leveraged to expand treatment and drug development beyond the diseases currently addressed by drugs available in the market. It also aims to accelerate the development of drugs for medical issues with unmet needs and supports an expedited development pathway utilising existing data, resulting in lower-cost drug development.

This lower cost profile is supported by the FDA505(b)(2) pathway to approval. According to DrugPatentWatch, the FDA505(b)(2) pathway results in significantly lower costs for companies to develop drugs compared to a full phase clinical program for a new indication. Based on rough estimates, the development cost within the FDA505(b)(2) pathway may range between US$30 million and US$80 million, while the companies can expect to spend upwards of US$250 million for the FDA505(b)(1) approval, which is for drugs that are developed from scratch for an indication.

For Patrys, the announcement is supportive of the company's RLS-2202 formulation, which is expected to undergo the FDA505(b)(2) pathway to approval. While it does not alter the formal regulatory standard, it enhances the strategic narrative around repurposing and may bolster confidence that the FDA remains receptive to efficient, evidence-based approaches to bringing established drugs into new hospital use cases. This is essentially what Patrys is trying to achieve

[1] Leslie, D. L., Marcantonio, E. R., Zhang, Y., Leo-Summers, L., & Inouye, S. K. (2008). One-year health care costs associated with delirium in the elderly population. *Archives of internal medicine*, *168*(1), 27–32. https://doi.org/10.1001/archinternmed.2007.4

by reformulating the quetiapine oral tablet into an injectable with the specific intent of treating delirium, which is currently treated by doctors using off-label medication.

Precedent Transactions Highlight the Commercial Value of Hospital-Based Reformulations

The pharmaceutical industry has repeatedly demonstrated that reformulated products can create substantial shareholder value despite relying on well-established active pharmaceutical ingredients. By improving delivery, convenience, safety, or usability in hospital settings, a number of companies have successfully commercialised differentiated products through accelerated regulatory pathways and subsequently attracted significant strategic interest (Figure 8).

Figure 8: Precedent Transactions

Product	Indication (Hospital Use)	Reformulation / Differentiation	Deal Metric / Outcome	Key Takeaway
OFIRMEV® (acetaminophen) Injection	Postoperative pain management and fever	Intravenous formulation of acetaminophen enabling use in patients unable to take oral medications.	**Cadence Pharmaceuticals acquired by Mallinckrodt for ~US$1.3 billion in 2014.** Ofirmev generated ~US$110.5 million in revenue in 2013, up from US$50.1 million in 2012.	One hospital-based reformulation product led to a billion-dollar acquisition.
NEXTERONE® (amiodarone HCl) Injection	Acute cardiac care (arrhythmias)	Ready-to-use, premixed amiodarone eliminates bedside compounding and reduces medication error risk.	**Baxter acquired Prism Pharmaceuticals for up to US$338 million.** US$170 million upfront + up to US$168 million in sales milestones.	Convenience, safety and workflow improvements alone supported a large strategic acquisition.
CALDOLOR® (ibuprofen) Injection	Perioperative pain management and fever	Injectable ibuprofen provides a non-opioid analgesic option for perioperative pain.	**No major acquisition.** Secured multiple international licensing deals and became a core hospital product for Cumberland Pharmaceuticals. Cumberland's commercial portfolio, including Caldolor, was the subject of a US$100 million asset sale in 2026.	Demonstrates that differentiated hospital reformulations can support meaningful commercial portfolios even without blockbuster status.
ZOMETA® (zoledronic acid) Injection	Hypercalcemia of malignancy and skeletal-related events in cancer	Improved intravenous bisphosphonate formulation enabling once-yearly or less-frequent dosing, with broad hospital adoption.	**Became a major oncology supportive-care product and global standard of care.** Evolved into a significant hospital oncology franchise for Novartis.	Shows that reformulated injectable products addressing serious hospital conditions can become large commercial franchises.

Source: Company Announcements, East Coast Research

Perhaps the most notable example is Ofirmev® (intravenous acetaminophen), developed by Cadence Pharmaceuticals for the management of pain and fever in hospital settings. Despite being based on a widely used generic drug, Ofirmev® achieved annual sales exceeding US$110 million and ultimately supported Mallinckrodt's acquisition of Cadence for approximately US$1.3 billion. The transaction highlighted the value that can be created through improved administration routes and strong hospital adoption.

Similarly, Nexterone® (premixed intravenous amiodarone) demonstrated that operational and workflow benefits alone can justify meaningful strategic value. The product eliminated the need for bedside preparation and compounding in acute cardiac care settings, leading Baxter International to acquire Prism Pharmaceuticals in a transaction valued at up to US$338 million. The acquisition underscores the willingness of strategic buyers to pay for products that improve safety, efficiency and ease of use within critical care environments.

Other examples include Caldolor® (injectable ibuprofen), which established a meaningful position in perioperative pain management and became an important component of Cumberland Pharmaceuticals' hospital portfolio, and Zometa® (zoledronic acid), which evolved into a significant oncology supportive care franchise through improved intravenous delivery and broad adoption in hospital settings.

Collectively, these case studies demonstrate that substantial commercial value can be generated without discovering a new molecular entity. Products that address meaningful unmet needs, simplify administration, improve workflow, reduce preparation burden, or enable treatment in patient populations where existing formulations are suboptimal have repeatedly achieved strong commercial outcomes and attracted strategic acquisition interest.

Market Outlook

Overall, delirium is a small but promising market, bolstered by demographic trends and macroeconomic factors. The FDA is increasingly supportive of drug repurposing and streamlined development pathways. The FDA's stated goal to actively engage in priority disease areas and utilise existing data for new indications, along with the FDA505(b)(2) pathway, significantly improves the investment outlook for Patrys compared to traditional FDA505(b)(1) programs. For assets like Patrys's RLS-2202, an injectable reformulation of quetiapine for delirium that is aligned with current off-label practices, this offers a clear strategic advantage. The FDA isn't lowering standards but is open to evidence-based repurposing for high-burden, underserved hospital indications. This combination of rising clinical need, enhanced operational recognition, and a supportive regulatory environment positions the US delirium market as an emerging, asymmetric opportunity within the broader critical-care and neuropsychiatric space.

Valuation

Our valuation framework aims to estimate the value Patrys can offer investors, driven by its upcoming catalysts and the future commercialisation of its proprietary injectable for delirium. We assume the drug could be brought to market in 2029, but our conservative approach limits revenues to the US, specifically within the ICU setting. Our assumption of commercialisation in 2029 is based on the company's stated plan to submit the FDA IND by 2028. This conservative stance is reflected in our model, and there remains potential upside beyond our current valuation, which we have not included, as the company has yet to start clinical trials. Given Patrys's focus on securing US regulatory approval, we haven't factored in other markets, though it is likely that the company will eventually expand globally with its proprietary injectable to treat delirium, and the company has already mentioned potential in the EU market as well.

Methodology

We used the standard 10-year discounted cash flow (DCF) model to value Patrys. The model evaluates two scenarios: a base case and an upside case, with the upside scenario incorporating more optimistic yet still realistic assumptions.

Assumptions

The assumptions behind our valuation framework are divided into three distinct parts: revenue, costs, and other inputs.

For the revenues, it is divided into three distinct streams: product revenues which is attributed to the commercialisation of the company's proprietary injectable for delirium, research and development (R&D) incentive which is an initiative by the Australian government to incentivise innovation and growth, and milestone payments which is common among early stage biotech companies where the company engages with a partner to share resources and risk of development in return for cash payments or other incentives once certain milestones are met.

The main cost the company is expected to incur is R&D. Apart from R&D, the company has Administration and Management Expenses, which make up the remainder of the cost base. The other inputs considered include the standard assumptions of the discount rate, terminal growth rate, and tax rate, along with financing assumptions that we believe the company may require to raise additional capital to fund its operations.

Product Revenues

The revenue model applies a top-down approach, in which we first derived the number of ICU patients in the US and the prevalence of delirium in ICU patients. According to the American Hospital Association, there were 35.66 million hospital admissions in the US in 2024. To estimate the annual number of ICU admissions in the US, we utilised Medicare and commercial claims data for ICU and non-ICU admissions from 2008 to 2019 to obtain a weighted average percentage of hospital admissions that result in ICU admission. As such, we estimated that 18% of hospital admissions result in ICU admissions, which translates to 6.27 million ICU admissions in the US in 2024, which we believe may grow at an assumed annualised ICU bed growth of 1.6%, supported by Wallace et al. (2015)[2]. For the prevalence of delirium in ICU patients, we referred to the systematic review and meta-analysis of 173 studies to "examine the prevalence and incidence of ICU delirium and pain" conducted by Leong et al. (2025)[3], which reported a pooled delirium prevalence of 35.7%.

Furthermore, we estimated that 4 doses of the company's proprietary injectable would be administered to patients experiencing delirium, a finding supported by Wan et al. (2011)[4] who report that the median number of days patients took to recover from delirium is 4. This framework provides an estimated total number of injectable doses that may be administered annually in the ICU setting in the US. To maintain a realistic outlook, we assumed 30% market penetration in 2029, increasing to 70% by 2035 in the base case. Similarly, the upside case factors in more favourable assumptions, including 30% market penetration in 2029 and growth to 80% by 2035. Hence, we estimate that a total of 2.90 million doses of the injectable are administered in 2029 in both the base case and the upside case, and that this grows to 7.44 million and 8.50 million by 2035 in the base case and upside case, respectively.

After estimating the volume of doses administered annually in the US, we obtained the price of quetiapine to be around US$11, to which we assumed a 50% premium for Patrys's product on commercialisation, resulting in a unit price of US$16.50, which we increased by 2% annually in our forecast period. A 50% premium over oral quetiapine is considered reasonable in the context of Patrys's proprietary injectable formulation, given that the product is being developed specifically for delirium in acute-care settings, where current treatment options remain off-label and operationally suboptimal. Unlike oral quetiapine tablets, which can be difficult to administer in delirious ICU patients and are used off-label, Patrys's injectable formulation is designed to offer rapid onset, more predictable delivery, and greater suitability for critically ill patients, supporting a higher price point. This premium is further supported by academic literature suggesting quetiapine can contribute to faster delirium resolution and reduced agitation in ICU settings, implying that an injectable formulation with improved administration characteristics could deliver meaningful workflow and patient-care benefits beyond the low-cost oral generic

[2] Wallace, D. J., Angus, D. C., Seymour, C. W., Barnato, A. E., & Kahn, J. M. (2015). Critical care bed growth in the United States. A comparison of regional and national trends. American journal of respiratory and critical care medicine, 191(4), 410–416. https://doi.org/10.1164/rccm.201409-1746OC

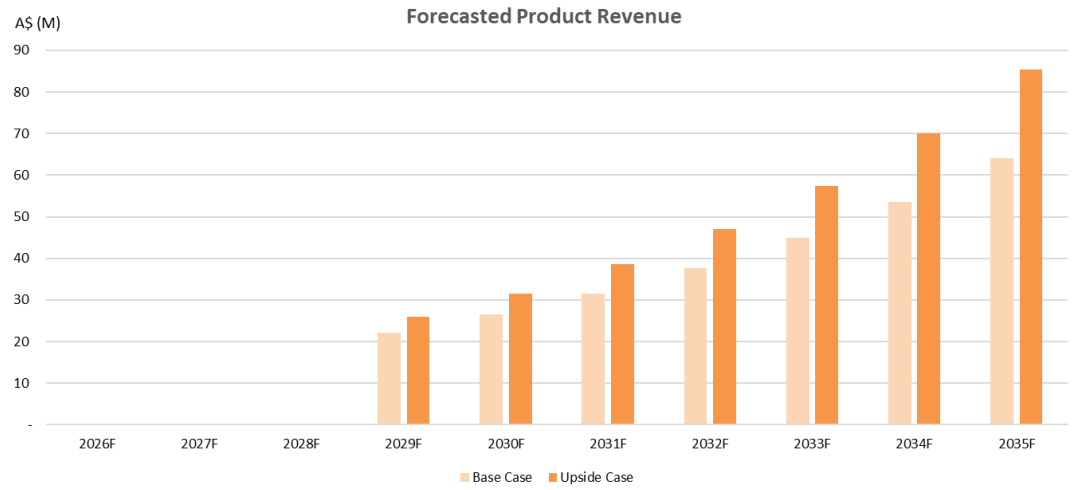
[3] Leong, A. Y., Edginton, S., Lee, L. A., Jaworska, N., Burry, L., Fiest, K. M., Doig, C. J., & Niven, D. J. (2025). Prevalence and incidence of ICU delirium and pain: a systematic review and meta-analysis. Intensive care medicine, 51(11), 2093–2103. https://doi.org/10.1007/s00134-025-08167-7

[4] Wan, R. Y., Kasliwal, M., McKenzie, C. A., & Barrett, N. A. (2011). Quetiapine in refractory hyperactive and mixed intensive care delirium: a case series

alternative. As such, the assumed premium reflects not simply a reformulation of an existing molecule, but the incremental value of a proprietary, indication-focused product that may improve clinical utility and support adoption in acute-care settings.

Accounting for our forecast volume and the corresponding price, we obtain our estimate of the annual revenues that Patrys may realise from the commercialisation of its proprietary reformulation of quetiapine into an injectable for delirium (Figure 9). However, the revenues we projected carry significant risk through the clinical trial phase; as such, we risk-adjusted it by discounting the projected annual revenues by 70% in the base case and 65% in the upside case. This is supported by a study conducted by Hernandez et al. (2017)[5], which states that "~10% of new drug applications gain market approval, approximately 30% of repurposed drugs are approved, giving companies a market-driven incentive to repurpose existing assets."

Figure 9: Probability-Adjusted Product Revenue Forecast



Source: East Coast Research

R&D Incentive

We also included the R&D tax incentive, a joint initiative between the Australian Tax Office and the Department of Industry, Science and Resources. This program refunds 43.5% of eligible R&D costs if specific conditions are met. Patrys has successfully claimed R&D expenses through this scheme, resulting in cash refunds that the company recognises as revenue. Therefore, we expect the R&D tax incentive to continue providing a reliable revenue stream for Patrys until it launches its product in 2029.

Milestone Payment

Milestone payments are typically built into a licensing or partnering agreement as the partner assumes more development risk and the asset progresses through predefined, value-creating steps. In Patrys's case, that would mean a global pharma partner could agree to pay an upfront amount and additional payments upon reaching agreed-upon milestones, such as regulatory and commercial successes. Because Patrys is reformulating a known drug on a faster, lower-risk development path, those milestones are less about proving the molecule exists and more about proving the new formulation works in the intended setting, which is why the milestones can be structured around clinical, regulatory, and commercial progress rather than discovery risk. Based on the company's stated timeline, we assume this partnering and milestone framework to be achieved in 2028, with additional value potentially realised as the program advances beyond early clinical development.

[5] Hernandez, J. J., Pryszlak, M., Smith, L., Yanchus, C., Kurji, N., Shahani, V. M., & Molinski, S. V. (2017). Giving Drugs a Second Chance: Overcoming Regulatory and Financial Hurdles in Repurposing Approved Drugs As Cancer Therapeutics

It is important for investors to note that although the milestone payments we have factored in are plausible, they are not guaranteed and depend heavily on the Phase 1B results and on management's ability to secure a partnership agreement on similar terms.

For Patrys's proprietary reformulated injectable with global partnering planned, we assume a headline milestone package of $100 million in 2028 as an upfront payment and $100 million in 2029 as an FDA-approval and commercialisation-linked milestone, based on precedent transactions in reformulated and modified drug licenses (Figure 8) that can support meaningful milestone packages, and on the company's stated partnering timeline (Figure 6). The 2029 milestone payment is weighted on the same probability as product revenues stated above. The 2028 partnering payment uses a 10% higher probability than the 2029 FDA approval-linked payment in both scenarios because partnering is expected earlier and is not fully dependent on FDA approval, but rather on the clinical success through the Phase 1B study.

Costs

Patrys has outlined in its March 2026 investor presentation that the reformulated injectable quetiapine program is expected to require approximately $20 million to $30 million of development capital through the FDA 505(b)(2) pathway, highlighting the comparatively lower cost of this reformulation strategy versus a traditional novel-drug development program. Against that backdrop, the model adopts a more conservative path to commercialisation, assuming total R&D investment of $40.1 million in the base case and $36.3 million in the upside case, which allows for clinical execution risk, regulatory work, manufacturing readiness, and the additional spend that may arise as the program advances toward launch.

From 2029 onward, the cost of goods sold is assumed at 30% of revenue in both scenarios. This is considered a reasonable steady-state assumption for a proprietary hospital-focused injectable product and is intended to reflect manufacturing, supply, and distribution costs without assuming unusually aggressive gross-margin expansion in the early years of launch.

At the operating level, EBITDA margin is forecast at 38% in 2029 in the base case and 44% in the upside case, before expanding to 54% and 58% by 2035, respectively. This margin progression reflects the view that Patrys is likely to incur relatively higher commercial and market-development costs in the initial launch years as it establishes the proprietary injectable quetiapine product in the U.S. delirium market, after which operating leverage should improve as awareness builds, distribution scales, and marketing intensity moderate over time.

Other Assumptions: Financing, Discount Rate, Tax, and Terminal Growth Rate

The valuation framework assumes Patrys will require an additional approximately $10 million of external funding to support R&D and broader operating expenditure as it progresses its injectable quetiapine program through clinical development, which appears reasonable given the company's ongoing manufacturing, regulatory, and trial-preparation activities and its recent need to raise capital to advance the program into early clinical trials. Beyond this, further capital requirements may moderate if the company secures a global partnering arrangement and begins to receive milestone payments, as development costs and execution risk would likely be shared with a partner; however, the scale and timing of any reduction in funding needs remain highly contingent on Patrys's ability to secure a partnership on commercially attractive terms.

The discount rate has been derived using a standard weighted-average cost of capital (WACC) framework, with Patrys treated as an all-equity-funded business given its lack of debt financing and early-stage biotech profile. This results in a base WACC of 10.10%, to which a further 1% risk premium has been added, implying a discount rate of 11.10% to reflect the elevated development, execution, clinical, and regulatory risks inherent in a pre-commercial biotechnology company advancing a proprietary reformulation through the FDA505(b)(2) pathway. In deriving the cash flows, a 30% Australian corporate tax rate has been applied, consistent with the standard company tax rate, and an AUD/USD exchange rate of $0.72 has been applied. A terminal growth rate of 2% has also been assumed, broadly aligned with long-run real GDP growth expectations for developed markets and considered an appropriate steady-state assumption.

Target Price of $0.11 - $0.15

Based on the assumptions outlined, we obtain a midpoint target price of $0.13, representing a 205% upside from the current share price of $0.04 and a Price/NAV of 0.33x.

Figure 10: Valuation

Valuation	Base Case	Upside Case
Enterprise Value (A$M)	87.58	123.74
Debt (A$M)	-	-
Cash (A$M)[1]	16.47	16.47
Equity Value (A$M)	104.06	140.21
Diluted Shares Outstanding (M)[2]	931.76	931.76
Implied Price (A$)	**0.11**	**0.15**
Current Price (A$)	0.04	0.04
Upside (%)	**160%**	**250%**
Midpoint (A$)	**0.13**	
Upside (%)	**205%**	
Price/NAV (x)	**0.33x**	

[1] as of Q3 FY2026 + Cash from in-the-money options + assumed $10 million capital raise outlined above

[2] Diluted shares consider shares outstanding + in-the-money options and performance shares + additional shares issued from the assumed $10 million capital raise outlined above

Source: East Coast Research

Both the base case and upside case imply meaningful re-rating potential: our base case target price of $0.11 implies 160% upside, and our upside case target price of $0.15 implies 250% upside. The gap between the two scenarios primarily reflects differing assumptions around market penetration, probability of success, and development costs, with the upside case incorporating more favourable adoption and execution outcomes than the base case. Importantly, our valuation remains deliberately conservative, as we have only attributed value to the ICU setting in the US market, despite the broader commercial opportunity across aged care, palliative care and international geographies.

We have applied this narrower framework for several reasons. First, the US ICU setting is the most clearly defined initial addressable market and is the logical starting point for clinical and regulatory execution. Second, limiting the model to this segment reduces the risk of overstating the commercial opportunity before the company has generated human data and confirmed real-world adoption dynamics. Third, the ICU market offers the most immediate and credible pathway to initial revenue, whereas the aged and palliative care settings and non-US market expansion would likely require additional regulatory work and commercial investment. As a result, any successful expansion beyond the US ICU setting would represent upside to our model and could support further re-rating over time.

Risks & Re-Rating

Catalysts for Positive Re-rating

Progress at BioCina and successful GMP batch manufacturing: Demonstrating reproducible batches and moving into GMP supply shows the asset is becoming clinically usable, which can materially improve investor confidence and support a higher valuation.

Bridging Dosing in Volunteers Phase 1A and Results: First dosing reduces uncertainty around operational readiness, and the results provide evidence that the injectable formulation behaves as intended in humans. Positive data would strengthen the case that the asset can advance through development efficiently and improve the credibility of the broader commercial thesis.

Commencement of Phase 1B and Positive Results: With Phase 1B, the program shifts into the target patient population, where the clinical and commercial relevance becomes more direct. A clean readout in ICU patients would also support the idea that the product is practical for acute-care use.

IND Submission: The FDA IND submission will mark an important step in the process, as it signals that the company has sufficient data and documentation to seek permission to proceed to the next phase of development. This shows the program is moving from early execution into a more mature regulatory process with a clearer path to pivotal development.

Partnership Finalisation: Once Patrys finalises the partnership following the Phase 1 trials, it is expected to provide greater visibility into potential milestone payments, which could lead to a rerating of our valuation.

Updates on the Deoxymab Platform: Although not part of the core near-term valuation, any positive progress here would create incremental upside and broaden the story beyond the delirium market.

Key Risks to Price Target

Clinical Development Risk: The binary nature of clinical trials exposes Patrys to significant risks, especially as the company commences its clinical trials. While our valuation has maintained a conservative stance, should the clinical trials not result in a positive outcome, this would pose a significant risk to our valuation. Moreover, unexpected delays in clinical trials could result in delayed approval, delaying cash flows.

Market Adoption Risk: Given the current use of off-label medications to treat delirium, adoption rates of the RLS-2202 drug post-regulatory approval may be slower than expected, resulting in lower revenues in the initial years post-commercialisation.

Regulatory Risk: RLS-2202 still needs to satisfy FDA and other regulatory authority requirements for formulation, clinical design, safety, and trial data before it can progress through development and potentially receive approval.

Exchange Rate Risk: Given Patrys's initial focus on the US market, followed by other markets globally, the company is exposed to exchange rate fluctuations, which can affect the revenue it realises.

Competition Risk: A new entrant or competitor may develop a superior product to Patrys's, given the growing attention to, and the underserved nature of, the delirium market.

Funding Risk: There is a material risk of a funding gap given the company's early stage. As such, the company may issue additional equity to bridge this funding gap, resulting in equity dilution.

Appendix I: SWOT Analysis

Figure 11: SWOT Analysis

Strengths	Weaknesses
1. **Lead asset de-risked by known drug and FDA505(b)(2) pathway:** The RLS-2202 is a reformulation of the known drug, quetiapine, which is an oral tablet widely used in the treatment of delirium off-label. Since the company aims to reformulate quetiapine from an oral tablet to an injectable, this is expected to shorten the regulatory approval timeline, given quetiapine is already FDA-approved, and the company aims to utilise the FDA505(b)(2) pathway to commercialise the injectable formulation of quetiapine. 2. **Large unmet market:** Delirium affects 30%-80% of ICU patients, resulting in prolonged hospitalisation and high healthcare costs. Currently, delirium is treated with off-label medications; hence, obtaining regulatory approval and commercialising its lead asset would unlock a large market, as there isn't a delirium-specific medication on the market. 3. **Strong management team:** The team at Patrys is a great asset, given their broad expertise across biotechnology, clinical development, and capital markets. The board of directors' expertise spans ASX governance, biotech commercialisation, capital markets, finance, investor relations, clinical trial operations, and healthcare and biotech investments.	1. **Risk concentrated on a single asset:** If the company fails to commercialise the proprietary RLS-2202 injectable formulation of quetiapine, due to regulatory, clinical or other risks involved, it significantly hampers the company's near-term prospects as its current market valuation is based on the near-term prospects of RLS-2202. 2. **Pre-revenue and reliant on external funding:** Patrys remains pre-revenue, and even with a faster FDA505(b)(2) pathway, RLS-2202 is a few years away from potential approval and cash flow, meaning ongoing dependence on equity funding and R&D incentives. Recent placement history underscores the ongoing dilution risk as the company incurs operating costs and clinical trial expenses. 3. **No human efficacy data from clinical trials:** With no clinical trial data yet available, the asset's efficacy, dosing profile, and side-effect burden are unknown.
Opportunities	**Threats**
1. **Partnership and non-dilutive deal structures:** Once the company clears the initial phase of clinical testing, it may be able to seek partnerships, as is typical in drug development, resulting in a shared cost base and non-dilutive funding to develop the drug further. 2. **Expansion beyond the US market:** Patrys is currently focused solely on obtaining regulatory approval in the US market. However, it has the potential to expand into other global markets, including the EU and Australia, substantially improving the company's prospects and revenue base. 3. **FDA focus on drug repurposing:** The FDA's renewed focus on drug repurposing supports Patrys's RLS-2202 strategy, as the program is based on an approved molecule with existing safety data and a potentially faster regulatory pathway.	1. **Competition from off-label practice:** While there are no approved injectable delirium therapies, ICUs and hospitals already use off-label antipsychotics and sedatives; RLS-2201 will need to demonstrate clear advantages in outcomes, speed of onset and safety to displace existing practices. Other companies may also enter the delirium space, spurred by the same unmet need, increasing future competitive pressure. 2. **Adverse macro and capital market environment:** Patrys's ability to fund the clinical trials and other expenses depends on capital-market conditions and investor appetite. Adverse macro or sector sentiment could force capital raising on unfavourable terms. The stock is likely to remain highly news-driven, with sharp moves around clinical or regulatory updates. 3. **Foreign exchange risk:** Patrys is focused on commercialising the drug in the US market, with operations based in Australia, resulting in foreign exchange risk.

Source: East Coast Research

Appendix II: Management Team

Figure 12: Leadership Team

Name and Designation	Profile
Mr Peter Christie **Non-Executive Chairman**	• Peter Christie is a qualified accountant and tax agent with over 25 years of experience in public accounting. He has served on the boards of several public companies in the resource sector since 2006 and has developed extensive interests in hospitality and property development. • Mr Christie is the Director of Hawkins Christie Management Services, a firm based in Nedlands, Western Australia, providing accounting and management services. He is also the current President of the South Fremantle Football Club, a role he has held since 2018, following over a decade of service on the club's board. His leadership has been instrumental in the club's strategic growth and community engagement initiatives. • In addition to his roles in the resource sector and community sports, Mr Christie has experience in the medical industry, having previously served as Chairman of Safety Medical Products Limited. His diverse background in finance, corporate governance, and community leadership positions him as a valuable asset to the board.
Dr Samantha South **Chief Executive Officer**	• Dr Samantha South is an experienced biotech executive with deep expertise in CNS drug development, having guided multiple preclinical assets to clinical readiness across listed and unlisted environments. • She has spent her career cultivating expertise in drug development, management of non-clinical studies, project management, contracts and intellectual property, manufacturing, regulatory and clinical operations. • As a founding Executive Director of ASX-listed Argenica Therapeutics (ASX: AGN), she served as COO and VP of Nonclinical Development, and has held Director roles across multiple UWA spinouts, including MiReven, Eridan Technologies, OncoRes Medical, OxiDx, and Rage Biotech. • Her scientific foundation spans CNS research at Weill Cornell, UQ, and the Garvan Institute, co-authoring many publications and successful grants. As Preclinical Manager at TetraQ, she specialised in CNS animal models and IND-enabling non-clinical studies.
Mr Brian Leedman **Non-Executive Director**	• Mr Leedman is a biotech entrepreneur with a strong ASX track record, having co-founded several healthcare companies, including ResApp Health, acquired by Pfizer in 2022 and Imugene Limited. • He has extensive board and leadership experience, serving as Chairman or Director of multiple ASX-listed companies, including Alcidion, Oncosil, NeuroScientific Biopharmaceuticals and Blinklab. • With a background in investor relations and corporate strategy, Mr Leedman has spent a decade as VP of Investor Relations at pSivida (now EyePoint Therapeutics), plus senior roles at Westpac and Ernst & Young.
Dr Anton Uvarov **Non-Executive Director**	• Dr Uvarov has significant experience in the healthcare industry with a particular focus on neuroscience. Dr Uvarov began his career in biotechnology investing as an equities analyst at Citigroup. • He is a co-founding director of several publicly listed companies in Australia, including clinical stage companies such as BlinkLab (ASX: BB1), Dimerix (ASX: DXB), Actinogen Medical (ASX: ACW) and Neuroscientific Biopharmaceuticals (ASX: NSB). He was previously on the board of late-stage clinical oncology company Imugene (ASX: IMU).
Ms Leanne Kite **Non-Executive Director**	• Ms Kite has extensive experience in finance, governance and investor relations with 20+ years across biotech, resources and energy, and was the co-founder of Reliis where she led strategy, capital formation and governance.

	• Previously, Ms Kite leveraged her strong capital markets and institutional engagement background while leading Investor Relations for Liontown Resources, an ASX 200 company. She also held prior senior finance and strategy roles at Woodside Energy. • Ms Kite is a Chartered Accountant and AICD Graduate, bringing large-cap governance capability and early-stage biotech leadership to the Board.
Mr Dino Cercarelli **Non-Executive Director**	• Dino Cercarelli is a healthcare and clinical research executive with over 20 years' experience leading clinical trial operations, governance frameworks and multidisciplinary teams across major Australian health organisations. He is currently Chief Operating Officer of the Australian Clinical Trials Alliance (ACTA), where he oversees national operations, governance, financial management, risk and workforce development, and has strengthened organisational systems and delivery of major national initiatives. • Previously, he spent eight years at St John of God Health Care, leading research and clinical trial operations, implementing governance frameworks and supporting a large portfolio of trials, including establishing a First-in-Human Phase I oncology study. He is also co-founder and former Managing Director of Reliis, contributing to its recognition as WA Innovator of the Year. • Mr Cercarelli holds an MBA and postgraduate qualifications in business and health services management and contributes to several national clinical research committees.

Source: Company

Appendix III: Analyst's Qualifications

Derrick Johny

Derrick Johny, the analyst on this report, is an Equity Research Analyst at Shares in Value (East Coast Research). He holds a bachelor's in business and commerce from Monash University and a Master of Economics from the University of Sydney. He has also passed the Chartered Financial Analyst (CFA) Level 1 exam.

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