ASX RELEASE

30 April 2021

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Sydney, 30 April 2021 – Kazia Therapeutics Limited (ASX: KZA; NASDAQ: KZIA), an oncology-focused drug development company, is pleased to provide an update on the ongoing development of its product candidates for the quarter ending 31 March 2020.

Key Points

- Worldwide rights to legacy Cantrixil asset licensed to Oasmia Pharmaceutical AB (STA: OASM) for US$ 4 million upfront, up to $42 million in contingent milestones, and double-digit royalties on commercial sales; Oasmia aims to commence a phase II clinical trial in ovarian cancer in CY2022.
- Greater China rights to paxalisib licensed to Simcere Pharmaceutical Group Ltd (Simcere, 先声药业) (HKSE: 2096) for US$ 11 million upfront, up to US$ 281 million in contingent milestones, and mid-teen royalties on commercial sales.
- Recruitment to GBM AGILE pivotal study of paxalisib in glioblastoma commenced in January 2021.

Kazia CEO, Dr James Garner, commented, "calendar 2021 has commenced with a trifecta of licensing transactions, including the license of Cantrixil to Oasmia, the partnership with Simcere for paxalisib in Greater China, and, post-period, our agreement with Evotec SE for worldwide rights to EVT801. In aggregate, these transactions leave Kazia a vastly stronger and more substantial business, with a diversified pipeline of world-class oncology assets, as well as providing near-term cash inflows of approximately AU$ 20 million. Moreover, our ability to execute multiple complex cross-border partnering transactions demonstrates the viability of Kazia's business model, and positions the company well to deliver value from its current pipeline."

Cantrixil Partnered with Oasmia Pharmaceutical

On 1 March 2021, Kazia announced that it had entered into a worldwide licensing agreement with Oasmia Pharmaceutical AB for Cantrixil, a novel, small-molecule, anti-cancer therapeutic.

Cantrixil had been discovered by Kazia's predecessor company, Novogen Limited, and had recently completed a phase I clinical trial in ovarian cancer, which had shown encouraging results, and which was the subject of an oral presentation at the American Association of Cancer Research (AACR) Annual Meeting. Kazia had previously indicated that it considered Cantrixil non-strategic and would seek to partner the asset for further development.

Oasmia is a European specialty pharmaceutical company, with an existing commercial product in ovarian cancer, Apealea® (paclitaxel micellar), and a proprietary platform technology based on solubilizing poorly-soluble drugs.

Paxalisib Partnered with Simcere Pharmaceutical for Greater China

On 29 March 2021, Kazia completed a licensing transaction with Simcere Pharmaceutical, a leading Chinese pharmaceutical company, for paxalisib, Kazia's lead program, which is being developed for brain cancer. The license comprises mainland China, Taiwan, Hong Kong, and Macau, a region representing approximately 8-10% of the global pharmaceutical market.

Under the terms of the agreement, the parties will collaborate to bring paxalisib to market in Greater China. Marketing authorization is expected to be based on data from the GBM AGILE study, as in other key territories. Aside from GBM AGILE, the costs of development, registration, and commercialization in the territory will be borne by Simcere.

The transaction provides the paxalisib program with essential expertise and resources to commercialise in the world's second largest pharmaceutical market.

GBM AGILE Pivotal Study Begins Recruitment to Paxalisib Arm

The first site in GBM AGILE (NCT03970447) to open to the paxalisib arm commenced recruitment on 7 January 2021. The paxalisib arm is currently rolling out to the almost forty sites currently open in GBM AGILE across the United States and Canada. Expansion to the EU and China is expected later in CY2021.

GBM AGILE has been established by leading clinicians and researchers in the glioblastoma field to expedite the approval of promising new therapies for the disease. It is an adaptive study, in which the number of patients recruited is constantly adjusted according to emerging data. Through this and other efficiencies, GBM AGILE lowers the cost of developing a new drug in glioblastoma by a very substantial margin, while still providing gold-standard clinical data to support registration.

In-Licensing of EVT801 from Evotec SE

Post-period, on 19 April 2021, Kazia announced that it had licensed worldwide rights to EVT801, a small-molecule, first-in-class, selective inhibitor of VEGFR3, from Evotec SE (FRA: EVT).

EVT801 is expected to act as an inhibitor of lymphangiogenesis, the process by which a developing tumour recruits a network of lymphatic vessels to supply it with essential

nutrients and resources. Disruption of angiogenesis, a similar and corresponding process involving the formation of new blood vessels, is a well-validated strategy in the treatment of many cancers types, with Avastin® (bevacizumab) the market leader in the class. Selectively targeting lymphangiogenesis via the VEGFR3 receptor is expected to result in less propensity for tumours to develop treatment resistance, fewer toxicities, and modulation of the tumour immune micro-environment that may sensitise the cancer to immuno-oncology therapies such as Keytruda® (pembrolizumab), Opdivo® (nivolumab), and Yervoy® (ipilimumab).

Kazia expects to launch a phase I, first-in-human clinical trial of EVT801 in Europe by the end of CY2021. The company has entered into a master services agreement with Evotec to support, among other activities, the manufacture of investigational product and the deployment of sophisticated biomarker analyses to assess the pharmacodynamic effects of EVT801.

The license of EVT801 is consistent with Kazia's declared strategy of building a portfolio of high-quality development candidates through in-licensing from other companies, a strategy which began with the in-licensing of paxalisib from Genentech, Inc in October 2016. The addition of a compelling second asset to the company's portfolio provides critical diversification and scale to the business, as it moves towards commericalisation of its lead asset.

Impact of COVID-19

The company has no revisions to its prior guidance concerning COVID-19. At present, there is limited operational impact, but Kazia continues to monitor the situation closely.

Broad Clinical Program Ongoing

Sponsor	Phase	Indication	Registration
Kazia Therapeutics	II	Glioblastoma	NCT03522298
Global Coalition for Adaptive Research	II / III	Glioblastoma	NCT03970447
Alliance for Clinical Trials in Oncology	II	Brain metastases	NCT03994796
Dana-Farber Cancer Institute	II	Breast cancer brain metastases (*with Herceptin*)	NCT03765983
Dana-Farber Cancer Institute	II	Primary CNS lymphoma	TBD
Pacific Pediatric Neuro-Oncology Consortium	N/A	DIPG	TBD
St Jude Children's Research Hospital	I	DIPG (childhood brain cancer)	NCT03696355
Memorial Sloan Kettering Cancer Center	I	Brain metastases (*with radiotherapy*)	NCT04192981

Financial Update

As noted in the accompanying Appendix 4C, the company's cash position as at 31 March 2021 was AU$ 19.7 million, an increase on the 2Q FY2022 balance of AU$ 19.4 million. The quarter includes the company's maiden revenue of AU$ 5.3 million.

About Kazia Therapeutics Limited

Kazia Therapeutics Limited (NASDAQ: KZIA; ASX: KZA) is an oncology-focused drug development company, based in Sydney, Australia.

Our lead program is paxalisib, a brain-penetrant inhibitor of the PI3K / Akt / mTOR pathway, which is being developed to treat glioblastoma, the most common and most aggressive form of primary brain cancer in adults. Licensed from Genentech in late 2016, paxalisib commenced recruitment to GBM AGILE, a pivotal study in glioblastoma, in January 2021. Seven additional studies are active in other forms of brain cancer. Paxalisib was granted Orphan Drug Designation for glioblastoma by the US FDA in February 2018, and Fast Track Designation for glioblastoma by the US FDA in August 2020. In addition, paxalisib was granted Rare Pediatric Disease Designation and Orphan Designation by the US FDA for DIPG in August 2020.

Kazia is also developing EVT801, a small-molecule inhibitor of VEGFR3, which was licensed from Evotec SE in April 2021. Preclinical data has shown EVT801 to be active against a broad range of tumour types and has provided compelling evidence of synergy with immuno-onocology agents. A phase I study is expected to begin in CY2021.

For more information, please visit www.kaziatherapeutics.com or follow us on Twitter @KaziaTx.

This document was authorized for release to the ASX by James Garner, Chief Executive Officer, Managing Director.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Kazia Therapeutics Limited	
ABN	**Quarter ended ("current quarter")**
37 063 259 754	March 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	5,261	5,261
1.2	Payments for		
	(a) research and development	(3,894)	(15,554)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs	(318)	(1,057)
	(f) administration and corporate costs	(1,118)	(2,039)
1.3	Dividends received (see note 3)		
1.4	Interest received	6	38
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		1,018
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(63)**	**(12,333)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**		

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	260	23,870
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**197**	**11,537**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	19,366	8,764
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(63)	(12.333)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	260	23,870
4.5	Effect of movement in exchange rates on cash held	92	(646)
4.6	**Cash and cash equivalents at end of period**	**19,655**	**19,655**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	12.155	12.155
5.2	Call deposits	7.500	7.500
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**19,655**	**19,366**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(63)
8.2	Cash and cash equivalents at quarter end (item 4.6)	19,655
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	19,655
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	312

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....30 April 2021.....

Authorised by: .....Board of Directors .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.