

Quarterly Activity Report

Highlights

- Successful major efficacy milestone in patient-derived models
- First In Human trials scheduled for next year

PYC Therapeutics, (ASX: PYC) ('The Company' or 'PYC') has taken a major step towards creation of the first available treatment for patients with a form of blinding eye disease called retinitis pigmentosa. On 1 April 2020, PYC announced successful efficacy data for our lead drug candidate across a number of patient derived models. These results represent the major technical hurdle prior to assessing the drug in human trials which are scheduled to begin next year.

Other milestones achieved during the quarter include:

1. Appointment of Doug Huey as the Company's Chief Executive Officer and opening of an office in Cambridge, Massachusetts (see ASX announcement of 12 February 2020);
2. The addition of 6 new drug development programs for inherited eye diseases in PYC's 90% owned joint venture with the Lions Eye Institute (LEI), Vision Pharma Pty Ltd ('Vision') (see ASX announcement of 3 February 2020);
3. A successful NHMRC grant application by a collaborative group including PYC and LEI to build tools that will help to rapidly validate and progress new drug development programs including those forming part of Vision's pipeline as described above (see ASX announcement of 17 February 2020); and
4. Successful toxicity readouts in mouse models demonstrating PYC's advantage in safely delivering drugs into retinal cells, an important factor for both the lead program and broader retinal pipeline (see ASX announcement of 8 April 2020).

These milestones mark a successful quarter in PYC's journey as a drug development company. As the company advances the lead program and broader pipeline, the long-term focus remains on taking a drug to and through the clinic to ultimately help patients.

COVID-19

The company has been able to maintain progress on the RP11 program despite the COVID restrictions. Critical lab activities have continued, while non-lab personnel have worked remotely. Contingencies for potential COVID disruptions in the future are being integrated into the IND-enabling and clinical plans.

Corporate

The Company's cash balance at 31 March 2020 was \$ 27.8m, compared with \$29.4 at December 2019. Net operating cash outflows for the quarter was \$1.5m and \$3.5m for the 9 months to 31 March 2020. Research and development expenditure for the quarter was focused on the development of the company's retinitis pigmentosa lead drug candidate and the broader retinal pipeline.

The company's strong cash position will allow the company to continue to progress towards first human studies which are anticipated to begin in 2021.

Payments to Related Parties of the Entity

Payments in the March quarter to related parties of \$127,000 included at item 6 in the attached Appendix 4C comprised fees paid to executive and non-executive directors.

This ASX announcement was approved and authorised for release by the Board of PYC Therapeutics Limited

ENDS For further information, please contact:



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About PYC Therapeutics

PYC Therapeutics (ASX: PYC) is a drug development company solving a major challenge in the development of a revolutionary new class of drugs – delivering large drugs into cells. Cell Penetrating Peptides (CPPs) can overcome 'the delivery challenge' and provide access for a wide range of potent and precise drug 'cargoes' to the 'undruggable genome' – the highest value drug targets that exist inside cells. PYC Therapeutics is using its CPP platform to develop a pipeline of novel therapies with an initial focus on inherited retinal diseases.

Forward looking statements

Any forward-looking statements in this ASX announcement have been prepared on the basis of a number of assumptions which may prove incorrect and the current intentions, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside the Company's control. Important factors that could cause actual results to differ materially from assumptions or expectations expressed or implied in this ASX announcement include known and unknown risks. Because actual results could differ materially to assumptions made and the Company's current intentions, plans, expectations and beliefs about the future, you are urged to view all forward-looking statements contained in this ASX announcement with caution. The Company undertakes no obligation to publicly update any forward-looking statement whether as a result of new information, future events or otherwise.

This ASX announcement should not be relied on as a recommendation or forecast by the Company. Nothing in this ASX announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

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PYC Therapeutics Limited

ACN 098 391 961

Appendix 4C

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

Name of entity

PYC THERAPEUTICS LIMITED

ABN

48 098 391 961

Quarter ended ("current quarter")

31 MARCH 2020

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		
1.2 Payments for		
(a) research and development	(1,121)	(4,615)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(188)	(519)
(f) administration and corporate costs	(307)	(892)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	67	99
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,396
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,549)	(3,531)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(82)	(92)
(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	(82)	(92)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	26,872
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	(9)	(1,625)
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	(9)	25,247

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29,445	6,181
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,549)	(3,531)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(82)	(92)

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)	(9)	25,247
4.5	Effect of movement in exchange rates on cash held	(18)	(18)
4.6	Cash and cash equivalents at end of period	27,787	27,787

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	2,722	6,431
5.2	Call deposits	25,065	23,014
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)	27,787	29,445

6. Payments to related parties of the entity and their associates

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

**Current quarter
\$A'000**

(127)

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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

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

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	-	-
	-	-
	-	-
	-	-

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)	(1,549)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	27,787
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	27,787
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	17.94

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

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: n/a

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: n/a

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: n/a

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.

29 April 2020

Date:

The Board of PYC Therapeutics Limited

Authorised by:
(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.