

PYC Equity Raising Launch Announcement

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20 October 2020

PYC Therapeutics Limited announces equity raising to raise up to approximately \$55 million to accelerate its lead drug development program and expand the Company's development pipeline

- 1 for 10 pro-rata accelerated non-renounceable entitlement offer and institutional placement to raise approximately A\$50 million
- A parallel Placement of approximately A\$5 million of New Shares at the same price as the entitlement offer.
- New Shares to be issued at A\$0.17 per share, representing an 8% discount to last close and a 7.4% discount to TERP¹
- Proceeds from the equity raising will be used to fund progression of the Company's existing drug pipeline into clinical development and expansion of the pipeline across new indications
- Strengthened balance sheet positions the Company to deliver key milestones across multiple programs and expand corporate, business development and investor relations activities in the USA
- Equitable opportunity for all eligible existing PYC shareholders to participate in the entitlement offer on a pro-rata basis while eligible new institutional investors have an opportunity to gain exposure to PYC's unique drug design and delivery capabilities

PYC Therapeutics Limited (ASX:PYC) (**PYC** or the **Company**) is pleased to announce that the Company is undertaking an equity raising comprising a pro-rata accelerated non-renounceable entitlement offer and institutional placement to raise approximately A\$55 million (collectively, the **Equity Raising**).

¹ The theoretical ex-rights price is the theoretical price at which PYC shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which PYC's shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to PYC's closing price of A\$0.185 on 15 October 2020. The TERP also includes New Shares to be issued under the Placement and assumes full take-up of the New Shares offered under the entitlement offer.

CEO, Dr Rohan Hockings commented on the Equity Raising:

“The strength that this transaction adds to our balance sheet positions the Company well to execute on the next phase of PYC’s growth. We are excited to continue the progression of multiple drug programs into clinical development and build a stronger presence in the United States”

Offer Details

PYC is conducting the Equity Raising to raise up to approximately ~A\$55 million, comprising:

- Institutional placement of approximately 29 million new fully paid ordinary shares in PYC (**New Shares**) to raise approximately A\$5 million (**Placement**); and
- 1-for-10 pro-rata accelerated non-renounceable entitlement offer of up to approximately 293 million New Shares to raise up to approximately A\$50 million (**Entitlement Offer**).

Neither the Placement nor Entitlement Offer are underwritten.

The Entitlement Offer provides eligible shareholders the opportunity to subscribe for 1 New Share for every existing 10 shares held as at Wednesday 7pm Sydney time on Thursday, 22 October 2020 (**Record Date**).

All New Shares offered under the Equity Raising will be issued at a price of A\$0.17 per New Share, which represents a:

- 8% discount to the last traded price of A\$0.185 on 15 October 2020; and
- ~7.4% discount to the Theoretical Ex-Rights Price (**TERP**)² of A\$0.184.

Each New Share issued under the Equity Raising will rank equally with the existing fully paid ordinary shares on issue in PYC. The Company will, upon issue of the New Shares under the Equity Raising, seek quotation of the New Shares on the ASX.

Use of funds

The Company plans to use the proceeds from the Equity Raising for:

- Development of the Company’s lead drug program, VP-001, through to market
- Pre-clinical development of 2 new ocular drugs, PYC-001 and VP-002, recently added to the Company’s drug development pipeline
- Development of cell penetrating peptides for delivery of RNA therapeutics to the central nervous system, and proof of concept studies for the Company’s first drug program for a tissue beyond the eye (a therapeutic for neurodegenerative diseases)

² See above footnote 1.

- Expansion of the US corporate office including a potential NASDAQ listing by 2022 and the appointment of 2-3 executives across clinical development, corporate development, and business development
- General working capital and offer costs

As mentioned, the Equity Raising is not underwritten. If the proceeds from the Equity Raising are less than is required to meet the Company's proposed use of funds, the Company may review its proposed use of funds (including whether to scale back or defer investments) as well as consider alternative funding options.

Placement

The Placement to institutions, sophisticated and professional investors, is expected to raise up to A\$5 million (before transaction related costs), with approximately 29,412,000 New Shares to be issued at A\$0.17 per New Share (**Offer Price**) under the Placement.

The Placement is within the Company's existing placement capacity under ASX Listing Rule 7.1 and as such no shareholder approval is required.

The Placement is expected to occur at the same time as the Institutional Entitlement Offer (see below) with settlement on 27 October 2020 and allotment and normal trading of the New Shares issued under the Placement expected on 28 October 2020.

New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

Entitlement Offer

In addition to the Placement, PYC will undertake an Entitlement Offer for existing shareholders at the same price as the Placement to raise up to approximately A\$50 million (before costs).

The Entitlement Offer provides eligible shareholders the opportunity to subscribe for 1 New Share for every 10 existing shares held as at 7.00pm Sydney Time on Thursday, 22 October 2020 (**Record Date**).

The Entitlement Offer will be conducted in two parts, an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Entitlement Offer is non-renounceable, and entitlements will not be tradable or otherwise transferable. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value with respect to those entitlements not taken up.

Major shareholder Australian Land Pty Ltd (controlled by the Chairman of PYC, Mr Alan Tribe) has committed to taking up 100% of its pro rata entitlement, representing a total financial commitment of approximately \$15 million.

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Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted today, Tuesday 20 October 2020 through until 5pm Sydney time on Wednesday 21 October 2020. Eligible institutional shareholders can choose to take up all, or part or none of their entitlements under the Entitlement Offer.

Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for New Shares in excess of their entitlement, as well as to certain other eligible institutional investors who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

The Retail Entitlement Offer will be conducted at the same offer price and offer ratio as the Institutional Entitlement Offer.

The Retail Entitlement Offer will be open from Monday, 26 October 2020 to eligible retail shareholders with registered addresses in Australia and New Zealand, as at the Record Date and is expected to close at 5.00pm Sydney time on Wednesday 11 November 2020. Eligible retail shareholders who take up their full retail entitlement will also be invited to subscribe for shares over and above their entitlement, subject to the overall level of participation in the Entitlement Offer and at the discretion of PYC's Board of Directors.

Further details about the Retail Entitlement Offer will be set out in the Retail Offer Booklet, which PYC expects to lodge with ASX and dispatch on 26 October 2020.

Offer timetable

An indicative timetable of key dates in relation to the Equity Raising is attached to this release.

Bell Potter Securities Limited is acting as the lead manager to the Equity Raising. Tenzing Partners Pty Ltd is acting as legal counsel to the Company.

Further Information

Further details of the Equity Raising are set out in the Investor Presentation also lodged on the ASX today. The Investor Presentation contains important information including key risks and foreign offer restrictions with respect to the Equity Raising. For other questions, you should consult your broker, solicitor, accountant, tax adviser, financial adviser, or other professional adviser.

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

ENDS For further information, please contact:

INVESTORS

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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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Attachment

Equity Raising – Indicative Timetable

Event	Date
Trading Halt	Friday, 16 October 2020
Announcement of Entitlement Offer and Placement Placement and Institutional Entitlement Offer opens	Tuesday, 20 October 2020
Placement and Institutional Entitlement Offer closes	5:00pm Wednesday, 21 October 2020
Announcement of Results of the Placement and Institutional Offer before market open Trading Halt is lifted and Trading Resumes on an ex-Entitlement Basis	Thursday, 22 October 2020
Record Date for Retail Entitlement Offer	7:00pm Thursday, 22 October 2020
Retail Entitlement Offer opens and dispatch of Offer Booklet	Monday, 26 October 2020
Settlement of Placement and Institutional Entitlement Offer	Tuesday, 27 October 2020
Issue and commencement of trading of New Shares issued under the Placement and Institutional Entitlement Offer	Wednesday, 28 October 2020
Closing date for acceptances under the Retail Entitlement Offer (Closing Date)	5:00pm Wednesday, 11 November 2020
Announcement of Results of the Retail Offer	Friday, 13 November 2020
Settlement of Retail Entitlement Offer	Tuesday, 17 November 2020
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 18 November 2020
Trading of New Shares issued under the Retail Entitlement Offer	Thursday, 19 November 2020
Holding statements for New Shares issued under the Retail Entitlement Offer despatched	Thursday, 19 November 2020

Note: Times above are Australian Eastern Daylight Saving Time (**AEDT**)