

Quarterly shareholder update

Highlights

PYC has advanced its position as a leader in the development of RNA therapeutics for eye diseases with successful developments across four important areas in 3Q 2020:

- **Lead program:** Strong progress towards the clinic through the demonstration of efficacy of this drug in all 5 patient derived models tested¹
- **Pipeline expansion:** Addition of two new programs establishing PYC as a multi-asset development company - each of PYC's three drug development programs has a well-defined competitive advantage and targets a multi-billion dollar market²
- **Financial position:** Strengthening of PYC's balance sheet in preparation for an expanded footprint in the USA through the launch of a \$55 million capital raise with full subscription of the accelerated component of the entitlement offer and accompanying placement amongst institutions³
- **Scientific people leadership:** Appointment of globally-renowned leader in the field of RNA therapeutics, Professor Sue Fletcher, as PYC's Chief Scientific Officer to lead the Company's drug development efforts⁴

PYC Therapeutics Limited (ASX:PYC) (**PYC** or the **Company**) continues to advance its lead program, VP-001, the first disease-modifying therapy for patients with Retinitis Pigmentosa type 11, towards clinical development with compelling pre-clinical efficacy data¹. This lead asset has now been complemented with two additional drug programs added to the Company's pipeline following filing for intellectual property protection of a precision therapy for proliferative retinal diseases and another therapy for a rare monogenic disease². Each of these programs leverages the same ocular delivery technology utilised by VP-001, enabling PYC to leverage the learnings and data generated with its lead candidate into rapid development timelines for these subsequent programs.

The Company's ability to progress these programs through to clinical read-outs has also dramatically improved through the launch of a \$55 million financing round that was strongly supported by existing and new institutional investors.

CEO, Dr Rohan Hockings commented on the quarterly activities:

¹ See ASX announcement of 7 October 2020,

² See ASX announcements of 5 and 12 October 2020

³ See ASX announcements of 20 and 22 October 2020

⁴ See ASX announcement of 19 August 2020

“We are now well set up for 2021 with major milestones within reach across multiple programs:

- 1. The critical toxicology read-outs in the first half of next year will inform the passage of our lead program into clinical development;*
- 2. Efficacy read-outs in two further pipeline assets will add a great deal of confidence around the clinical development pathway for these two programs; and*
- 3. Further expansion of our pipeline into higher risk, higher reward areas like the Central Nervous System”*

Payments in the September quarter to related parties of \$358,000 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:

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

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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.

Not an offer of securities

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

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PYC Therapeutics Limited

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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")

30 SEPTEMBER 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(2,581)	(2,581)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(611)	(611)
(f) administration and corporate costs	(500)	(500)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	46	46
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	43	43
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,603)	(3,603)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(72)	(72)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(72)	(72)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	25,428	25,428
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,603)	(3,603)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(72)	(72)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(27)	(27)
4.6	Cash and cash equivalents at end of period	21,726	21,726

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	6,003	7,241
5.2	Call deposits	15,723	18,187
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)	21,726	25,428

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**

(358)

-

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.

- 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.

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8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,603)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	21,726
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	21,726
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.03

- 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.

26 October 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.

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