

PYC Therapeutics Highlights Continued Progress of Ocular and CNS Pipeline Programs and U.S. Expansion in First Quarter Update

Lead Candidate VP-001 for Treatment of Retinitis Pigmentosa Type 11 Moves Closer to Clinical Development; Larger Animal Model Readouts on Track for 2021, with IND Submission Expected in mid 2022

First Preclinical Study in the CNS Shows Company's PPMO Technology Can Be Successfully Applied Across High Value Target Tissues Beyond The Eye; Company Expects to Nominate CNS Candidate This Year

Three U.S.-Based, Biopharma Industry Leaders Join Company to Drive Clinical Translation of Pipeline Programs, Including a Chief Development Officer and Board Directors; More Executive Appointments Expected in the Coming Months

PERTH, Australia and NEW YORK, New York – April 30, 2021 – PYC Therapeutics (ASX: PYC), a biotechnology company developing a new generation of precision RNA therapeutics to change the lives of patients with inherited diseases, today announced a first quarter update highlighting the progress of its development pipeline, growth of its U.S. operations and upcoming milestones.

"PYC has had an exciting quarter of progress against our Company objectives. We have achieved continued validation of our PPMO technology in our lead candidate VP-001 for retinitis pigmentosa type 11, further development of our ocular pipeline as well as PYC's first set of preclinical data from our CNS discovery efforts demonstrating superior delivery of RNA therapeutic throughout the brain and spinal cord. The potential of our pioneering PPMO technology is vast and we look forward to advancing this technology to provide solutions for patients with inherited ocular and neurodegenerative diseases for whom treatment options are either limited or unavailable today," said Sahm Nasser, U.S. Chief Executive Officer of PYC Therapeutics. "This quarter, we also expanded our U.S. operations with key leadership appointments and engagements with the U.S. biotech ecosystem, underscoring the significant steps we are taking towards our transformational goal of becoming a multi-asset clinical stage biotechnology company. PYC is well positioned to maintain this momentum into the second quarter of 2021 with important larger animal studies commencing for VP-001, deeper development of VP-002 and into the balance of 2021 with continued development of our pipeline in both the eye and the CNS."

"This is a transformational time for PYC. For some time, we've had significant excitement in our PPMO technology's potential for impact in treating numerous genetic and acquired diseases and it's truly humbling to see that excitement being translated into results through both our lead program development, and our technology's continued validation," commented Alan Tribe, Chairman of PYC Therapeutics.

Recent Achievements

Inherited Ocular Diseases:

- **Demonstrated key functional improvement in patient-derived models for VP-001, PYC's lead candidate for the treatment of retinitis pigmentosa type 11 (RP11), building further confidence that VP-001 will have meaningful clinical impact for patients.** The Company announced preclinical results in March showing that VP-001 restored function of the retinal pigment epithelium (RPE), the structure that provides the critical blood-retinal barrier in healthy eyes and is compromised in patients with RP11. VP-001 is the first and only treatment to demonstrate restoration of this crucial barrier function in patient-derived models¹, a critical readout that demonstrates correction of an underlying pathology in the disease, and one that differentiates VP-001 from adeno-associated virus (AAV) delivered DNA therapies. These results build on PYC's additional preclinical research last year demonstrating the effectiveness of VP-001 in preclinical models to upregulate PRPF31, the critical protein deficient in patients with RP11. PYC expects to report results from important larger animal tolerability studies in the middle of 2021, with the goal of submitting an Investigational New Drug (IND) application to the U.S. Food and Drug Administration (FDA) in mid 2022.
- **Progressed development of VP-002 for the treatment of autosomal dominant optic atrophy (ADOA).** There is currently no approved therapy for ADOA, a disease affecting approximately 30 thousand patients in the western world, with an estimated 9 to 16 thousand of which could potentially be addressable by VP-002². PYC expects to report results from patient-derived models in the first half of 2021. These results when combined with the validation of PYC's PPMO technology in the eye, anticipated from VP-001's larger animal studies starting in late 1H 2021, will form a strong basis for the VP-002 program. The data being generated have the potential to enable a streamlined development and regulatory pathway for VP-002. PYC anticipates to share additional VP-002 efficacy and safety data across the balance of 2021.
- **Advanced our ocular pipeline including proof of concept work with PYC-001 for the treatment of diabetic retinopathy (DR).** PYC is cultivating a rich pipeline of novel development candidates to address additional ocular diseases. The Company expects to unveil additional development candidates for the treatment of high unmet need ocular indications during 2021.

Central Nervous System (CNS) Diseases:

- **Demonstrated superior ability of PPMO technology to deliver high levels of RNA therapeutic throughout the brain.** In April, PYC announced preclinical results demonstrating its PPMO technology has significant potential to provide therapies for patients with neurodegenerative diseases. This is an important expansion of the application of PYC's technology beyond the eye. The Company

¹ Preclinical models for Adeno-Associated Virus (AAV) delivered DNA therapies have not been demonstrated in this in preclinical testing, See Brydon EM, Bronstein R, Buskin A, Lako M, Pierce EA, Fernandez-Godino R. AAV-Mediated Gene Augmentation Therapy Restores Critical Functions in Mutant PRPF31+/- iPSC-Derived RPE Cells. Mol Ther Methods Clin Dev. 2019 Nov 11;15:392-402.

² Yu-Wai-Man P, et al. The prevalence and natural history of dominant optic atrophy due to OPA1 mutations. Ophthalmology. 2010 Aug;117(8):1538-46, 1546.e1; Lenaers G, Hamel C, Delettre C, et al. Dominant optic atrophy. Orphanet J Rare Dis. 2012;7:46. Published 2012 Jul 9. 6

expects to nominate a candidate targeting a high unmet need neurodegenerative condition in 2021. Delivery is important for neurodegenerative disease medicines because insufficient depth of penetration and delivery to target cells has been a cause in preventing drugs from having a meaningful impact without causing significant toxicity. Superior delivery and a better short- and long-term safety profile in preclinical models for PYC's PPMOs could translate to a higher probability of clinical success and ultimately the creation of truly differentiated and meaningful medicines for CNS patients with significant unmet need. Over 50 million people globally suffer from a neurodegenerative disease, with over 3 million people suffering from rarer neurodegenerative disease such as amyotrophic lateral sclerosis (ALS) or Huntington's disease³. PYC's PPMO technology is uniquely placed to intervene meaningfully in the RNA dysregulation that characterizes many of these disease processes.

Corporate Initiatives:

- **Expanded U.S.-based management team, including independent Directors, with biopharma industry veterans with expertise in ocular, RNA and other therapeutic development.** PYC appointed Glenn Noronha, PhD, as Chief Development Officer, joining the U.S.-based management team of Sahm Nasser, U.S. CEO, and Kaggen Ausma, Chief Business Officer, who relocated to the U.S. in early 2021 from Perth. Dr. Noronha oversees PYC's translational clinical development, regulatory, manufacturing and preclinical development activities, laying the foundation for VP-001 to advance into the clinic and to initiate evaluation in patients with RP11. PYC also appointed two U.S.-based Board Directors, Jason Haddock and Michael Rosenblatt, MD, who bring decades of combined experiences and integral knowledge in biotechnology clinical development and financial and commercial operations.
- **Continued to grow U.S. development capabilities and access to capital markets.** A key enabler for PYC to unlock the full potential of its PPMO technology has been to deeply engage with the U.S. biotech ecosystem in order to access critical drug development capabilities and also to establish PYC as an RNA therapeutics leader amongst potential partners and sophisticated biotech focused investors. In the first quarter, PYC's management was invited to present alongside other industry leaders at several healthcare and investor conferences. The Company expects to establish a West Coast location for its U.S. corporate headquarters this year, which will complement the continued drug discovery and scientific research hub in Perth.
- **Holds strong cash position to support program discovery and development and continued U.S. expansion.** PYC ended March 2021 with \$54 million (approx. USD 41 million) in cash and cash equivalents. Based on its current operating plans, and considering the Australian R&D tax rebate, this provides the Company with a multi-year cash runway enabling a very strong foundation for execution of both Corporate and Program objectives.

"We continue to execute on the strategic goals we laid out to advance our transformation from an Australia-based discovery-focused organization into an Australia and U.S.-based multi-asset clinical stage biotechnology company," continued Mr. Nasser, U.S. CEO of PYC. "We look forward to sharing continued progress this year, including achieving our preclinical data milestones for all three of our defined programs in ocular diseases and

³ GBD 2016 Neurology Collaborators. Global, regional, and national burden of neurological disorders, 1990-2016: a systematic analysis for the Global Burden of Disease Study 2016. *Lancet Neurol.* 2019 Parkinson included in 'rarer disease' to distinguish from Alzheimer's.

announcing our CNS candidate, as we further validate our PPMO technology platform across indications to develop treatments for patients with a range of significant unmet needs.”

Payments in the March quarter to related parties of \$127,200 included in item 6 in the attached Appendix 4C comprised fees and remuneration paid to Directors.

About PYC Therapeutics

PYC Therapeutics (ASX: PYC) is a development-stage biotechnology company pioneering a new generation of RNA therapeutics that utilize PYC’s proprietary library of naturally derived cell penetrating peptides to overcome the major challenges of current genetic medicines. PYC believes its PPMO (Peptide conjugated Phosphorodiamidate Morpholino Oligomer) technology enables a safer and more effective RNA therapeutic to address the underlying drivers of a range of genetic diseases for which no treatment solutions exist today. The Company is leveraging its leading-edge science to develop a pipeline of novel therapies including three preclinical stage programs focused on inherited eye diseases and preclinical discovery efforts focused on neurodegenerative diseases. PYC’s discovery and laboratory operations are located in Australia, and the Company recently launched an expansion into the U.S. for its preclinical, clinical, regulatory and corporate operations. For more information, visit pyctx.com, or follow us on [LinkedIn](#) and [Twitter](#).

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.

This ASX announcement was approved and authorized for release by the Board of 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")

31 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		
1.2 Payments for		
(a) research and development	(1,955)	(6,776)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	(57)	(139)
(e) staff costs	(297)	(1,232)
(f) administration and corporate costs	(404)	(1,231)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	59
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	55
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,706)	(9,264)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(303)	(384)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(21)	(21)

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	(324)	(405)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	40,689
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	(46)	(2,291)
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	(46)	38,398

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	57,169	25,428
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,706)	(9,264)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(324)	(405)

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)	(46)	38,398
4.5	Effect of movement in exchange rates on cash held	4	(60)
4.6	Cash and cash equivalents at end of period	54,097	54,097

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	21,097	24,169
5.2	Call deposits	33,000	33,000
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)	54,097	57,169

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)

-

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

During the quarter \$127k directors remuneration was paid, which was included in item 1.2e.

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)	(2,706)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	54,097
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	54,097
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	(19.99)

- 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.

30 April 2021

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.