

Q1 PROGRESS REPORT

- PYC made strong progress in Q1 towards its overarching ambition of progressing 3 first-in-class and potentially disease-modifying drugs into human studies before the end of next year.
- The progress within PYC complements an enhanced industry understanding of the full implications of prioritising drug targets with genetic validation on the probability of successful outcomes in human studies – a core element of PYC’s drug development strategy.
- Specific progress in the quarter included:
 - Progression of the Company’s first asset (VP-001) for a blinding eye disease of childhood into human studies – the first investigational drug for this indication to have progressed to the clinic
 - Enrolment of 19 patients in PYC’s natural history study known as the QUOKKA study
 - Selection of a lead candidate in PYC’s second drug development program for a different blinding eye disease with this program expected to enter human trials next year
- The Company remains on track to initiate first patient dosing in the PLATYPUS Phase 1 study for RP11 in May 2023

PERTH, Australia and SAN FRANCISCO, California – 28 April 2023

PYC made material progress through the first quarter of 2023 towards the realisation of its near-term ambition (3 first-in-class drugs that address the root cause of the target disease progressing to human studies before the end of next year). PYC is now conducting two ongoing studies in Retinitis Pigmentosa type 11. The QUOKKA natural history study continues to make progress with 19 patients enrolled to date. The PLATYPUS Phase 1 study has received all necessary approvals from the US Food and Drug Administration (FDA) to enable the First In Human study to begin (See ASX announcements of 6 March and 26 April 2023).

The progress in the Company’s first program (Retinitis Pigmentosa Type 11) has now been complemented by the selection of a lead candidate in the second (Autosomal Dominant Optic Atrophy) (See ASX announcement of 3 April 2023). This first-in-class and potentially disease-modifying investigational drug candidate is set to progress through to an Investigational New Drug application with the FDA in H1 2024.

The Company is now in the human data generation window with investigational drug candidates directed towards highly validated targets. The extraordinary impact on the prospect of clinical success for drug candidates directed towards genetically validated targets has been the focus of significant recent industry attention¹. The Company benefits from this impact in the context of multi-billion-dollar target markets throughout its pipeline.

Despite the ongoing malaise in the life-sciences industry, PYC is making major strides towards objectives that remain as relevant today as ever. The Company looks forward to its near-term human safety and efficacy read-outs across its programs with a view to fulfilling its mission of conducting life-changing science.

Financial Update

As of 31 March 2023, the Company had \$11.6 million of cash on hand.

The Company received a \$4.8 million R&D tax incentive from the ATO during the quarter (in addition to a \$4.9 million incentive received in Q2 FY23) and expects to receive an incentive in Q1 FY24 attributable to FY23 expenditure.

About PYC Therapeutics

PYC Therapeutics (ASX: PYC) is a clinical-stage biotechnology company creating a new generation of RNA therapies to change the lives of patients with genetic diseases. The Company utilises its proprietary drug delivery platform to enhance the potency of precision medicines within the rapidly growing and commercially proven RNA therapeutic class. PYC's drug development programs target monogenic diseases – **the indications with the highest likelihood of success in clinical development**².

The Company was the first to progress a drug candidate for a blinding eye disease of childhood into human trials and is now progressing multiple 'fast-follower' programs into the clinic. 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.

¹ <https://news.alnylam.com/rnai/articles/harnessing-human-genetics-power-next-wave-rnai-therapeutics>
<https://www.fiercebitech.com/biotech/no-regrets-gsk-turning-its-back-cell-therapies-oligo-strategy-heats>

² Advancing Human Genetics Research and Drug Discovery through Exome Sequencing of the UK Biobank
<https://doi.org/10.1101/2020.11.02.20222232>

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

CONTACTS:

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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 2023

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	(9,427)	(23,768)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	(53)	(52)
(e) staff costs	(402)	(1,671)
(f) administration and corporate costs	(454)	(1,256)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	38
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	4,794	9,674
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(5,520)	(17,035)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(80)	(223)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 9 months) \$A'000
	(f) other non-current assets	-	-
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	(80)	(223)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	50	50
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 (leases)	(82)	(198)
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	(32)	(148)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,080	29,110
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,520)	(17,035)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(80)	(223)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(32)	(148)
4.5	Effect of movement in exchange rates on cash held	159	(97)
4.6	Cash and cash equivalents at end of period	11,607	11,607

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	11,607	17,080
5.2	Call deposits	-	-
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)	11,607	17,080

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	(172)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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 \$172k directors remuneration was paid, which was included in item 1.2.

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.

N/A

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(5,520)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	11,607
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	11,607
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.10

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: The Company notes the current quarter included the receipt of a R&D tax incentive from the ATO for \$4.8m. The Company expects to receive a R&D tax incentive attributable to FY23 expenditure in Q1 FY24. The Company expects to continue to materially incur the current levels of expenditure for the time being.

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: The Company remains in continuous communication with existing and potential new investors and expects to be able to raise additional funding when required via business development and licensing activities, the issuance of equity and/or debt instruments.

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: Yes. The Company expects to access additional funding when required to progress the current pipeline of drug development programs.

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.

28 April 2023

Date:

The CEO 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.