

Highlights

In 4Q 2020, PYC continued its transformation into a multi-asset, clinical stage biotech company, with strong pipeline and corporate momentum, laying the foundation for multiple additional advancements in 2021:

- Demonstrated the effectiveness of VP-001, PYC's lead drug candidate for the treatment of Retinitis Pigmentosa type 11 (RP11), in all patient-derived models tested together with the drug's ability to correct another critical structural deficiency in patient-derived retinal cells¹.
- Expanded the pipeline from one to three product candidates rapidly moving towards clinical development, demonstrating PYC's ability to scale its technology across multiple, severe ocular indications with high unmet need¹.
- Executed a A\$41 million capital raise creating a strong cash runway and foundation to advance multiple candidates and build out U.S. operations to enable near- and mid-term execution².
- Appointed Sahm Nasser as CEO of PYC in the U.S. to expand the U.S. leadership team and hire teams to drive core U.S. functions, including preclinical, clinical development, business development, regulatory and investor engagement³.

Announcement

PYC Therapeutics, (ASX:PYC) ('PYC' or 'the Company'), a biotechnology company developing a new generation of precision RNA therapeutics to change the lives of patients with inherited diseases, today provided an update on its 4Q 2020 achievements and initiatives. During the quarter, PYC advanced its pipeline, appointed a new CEO in the U.S. and announced expansion plans. The Company expects to continue this momentum in 2021 by reaching several critical milestones.

VP-001, the Company's lead candidate, has shown potential to be the first disease-modifying therapy for patients with RP11, a rare, inherited, retinal disease caused by mutation in the *PRPF31* gene and characterized by progressive retinal degeneration and eventual blindness. In 4Q, PYC reported preclinical results demonstrating efficacy in five patient-derived models, the gold standard for preclinical efficacy assessment in genetic eye diseases. The results demonstrated VP-001's ability to have the desired effect on the target gene (resulting in increased expression of the target protein) in all patient-derived models. Additionally, VP-001 was able to correct another structural deficiency in patient-derived retinal cells that is one of the key causes of vision loss in RP11 patients. These encouraging results came after two prior VP-001 readouts earlier in 2020 that showed

¹ See ASX announcements 4 October 2020 and 12 October 2020

² See ASX announcement 13 November 2020

³ See ASX announcement 10 December 2020

improvement in phagocytosis, and cilia incidence and length, for retinal pigmented epithelium (RPE) cells, also in patient-derived models⁴. PYC expects to report results from ongoing toxicity studies in larger animals in mid-2021, moving VP-001 closer to human clinical studies.

PYC recently expanded its pipeline to include two new development candidates, VP-002 and PYC-001. VP-002 is an investigational candidate for the treatment of autosomal dominant optic atrophy (ADOA), the most common hereditary optic neuropathy which eventually leads to vision loss and for which there are no available therapies. ADOA is commonly associated with mutations in the *OPA1* gene. PYC-001 is an investigational candidate for the treatment of diabetic retinopathy and age-related macular degeneration, two leading causes of blindness worldwide. Both candidates leverage the same drug delivery technology and anti-sense oligonucleotide backbone chemistry as VP-001, further validating the Company's ability to scale its potentially life-changing science.

Having completed a capital raise of A\$41 million in November 2020, the Company is also well positioned to advance its three pre-clinical programs, further expand its pipeline, including additional ocular and central nervous system (CNS) candidates, and build out U.S. operations this year. The accelerated component of the Entitlement Offer and the Placement were both fully subscribed and raised A\$35.2 million, while the retail component raised A\$5.4 million.

In December, the Company named Sahm Nasseri as CEO of PYC in the U.S. to prepare for the Company's evolution into a clinical-stage organization and join the world's largest biotech and life sciences market with an active RNA field. Mr. Nasseri, who was previously a non-executive Director at PYC, led product teams and commercial strategy across a range of therapeutic areas, modalities and geographies for seven years at Merck & Co. Expanding the U.S. management team, hiring employees to build preclinical, clinical development, corporate and business teams, and engaging with major biotech investors are key priorities this year.

"This is an exciting and pivotal time for PYC, as we build upon the extensive foundation laid in 2020 and further demonstrate the potential of our life-changing science to deliver new therapies to patients who greatly need them. Our pioneering research team, led by PYC's world-renowned Chief Scientific Officer Sue Fletcher, PhD, is rapidly validating our unique approach to correcting inherited retinal diseases and coming closer to human studies, while also beginning to apply our technology to neurodegenerative diseases," said Mr. Nasseri. "With the capital to support our pipeline goals and recruit top talent in the U.S. and Australia, along with the strong market potential of our therapies, we are well positioned to create meaningful value in the coming 12 months. I look forward to a very significant year for PYC as we continue our transformation into a clinical-stage biotech company."

Payments in the December quarter to related parties of \$179,000 included in item 6 in the attached Appendix 4C comprised fees and remuneration paid to Directors.

A fee of \$767,625, included in item 3.4, was paid to a director related entity Australian Land Pty Ltd relating to the accelerated non renounceable entitlement issue completed in November 2020 on the same arm's length terms as other parties.

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

⁴ See ASX announcement 1 April 2020

ENDS For further information, please contact:

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About PYC Therapeutics

PYC Therapeutics (ASX: PYC) is a development-stage biotechnology company pioneering a new generation of RNA therapeutics that utilize Cell Penetrating Peptides (CPPs), a revolutionary delivery technology designed to overcome the major challenges of current gene-based therapies. PYC believes its CPP technology provides safer, more effective access for a wide range of potent and precise drug cargoes to the highest value drug targets that exist inside cells. The Company is leveraging its leading-edge science to develop a pipeline of novel therapies with an initial focus on inherited eye diseases for which it has unveiled three preclinical stage assets. 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 business development 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.

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 DECEMBER 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(2,240)	(4,821)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(324)	(935)
(f) administration and corporate costs	(409)	(909)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	52
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	13	55
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,955)	(6,558)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(81)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(9)	(81)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	40,689	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	(2,245)	(2,245)
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	38,444	38,444

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21,726	25,428
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,955)	(6,558)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(81)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	38,444	38,444
4.5	Effect of movement in exchange rates on cash held	(37)	(64)
4.6	Cash and cash equivalents at end of period	57,169	57,169

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	11,534	5,996
5.2	Call deposits	45,635	15,723
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)	57,169	21,726

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**

(179)

-

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.

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,955)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	57,169
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	57,169
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	19.3

- 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 January 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.