PYC Therapeutics

25 October 2023

Q3 2023 SHAREHOLDER UPDATE

Key Highlights:

- PYC designs and develops precision medicines for patients who have severe diseases and no available treatment options
- The Company is on track to realise its objective of progressing 3 first-in-class drugs that address the root cause of a major unmet patient need into human trials before the end of 2024
- Progress in Q3 included:
    - Retinitis Pigmentosa type 11 (RP11) program
      In Phase 1 Human Trials
        - US Food and Drug Administration (FDA) designating PYC's RP11 clinical drug candidate with Fast Track status[1]
        - Completion of dosing in patient cohort 1 in the Platypus clinical trial[2]
        - Safety Review Committee approval to initiate dosing in patient cohort 2 in the Platypus clinical trial[3]
        - Completion of the repeat dose non-clinical toxicology studies required to take this program to a potentially registrational phase 2/3 study expected to start in Q3 2024[4]
    - Autosomal Dominant Optic Atrophy (ADOA) program
      Human Trials planned for H1 2024
        - Demonstration of the efficacy, safety/tolerability and durability of PYC's second drug candidate for ADOA in Non-Human Primates[5]
        - PYC has a pre-IND meeting with the US FDA in late October for this drug candidate to prepare for the transition to human trials in patients with ADOA in H1 2024[5]

[1] Refer ASX Announcement 2 August 2023
[2] Refer ASX Announcement 17 August 2023
[3] Refer ASX Announcement 22 September 2023
[4] Refer ASX Announcement 18 July 2023
[5] Refer ASX Announcement 4 October 2023

PERTH, Australia and SAN FRANCISCO, California – 25 October 2023

PYC Therapeutics today updates shareholders in relation to progress made in the third quarter of 2023 towards the Company's objective of progressing three first-in-class drug candidates into clinical trials before the end of next year.

Each of PYC's pipeline programs target the underlying cause of a major unmet patient need in a commercially attractive market worth between A$1 billion and $5 billion per annum.[6]

PYC remains on track to deliver upon this objective with:

- The Company's first drug for RP11, a blinding eye disease of childhood, currently progressing through a Phase 1 clinical trial towards a combined Phase 2/3 study anticipated to start in mid-2024[7]
- The Company's second drug for ADOA, also a blinding eye disease of childhood expected to begin clinical trials in H1 2024[8]
- A third program set to complete Investigational New Drug (IND)-enabling studies with submission to the FDA anticipated in Q4 2023

PYC is progressing these programs on industry best practice timelines and with a lean operating model reflected in the substantially lower cost base when compared to RNA therapeutics peers at a similar stage of development.

Most importantly, the pre-clinical data generated in support of these programs highlights the potential of each drug candidate to change patient lives. This was evident through the Q3 announcement of the pre-clinical data pack in Autosomal Dominant Optic Atrophy (ADOA) demonstrating the ability to increase expression of the missing protein in ADOA in Non-Human Primates following a single safe and well-tolerated dose of the drug (See ASX announcement of 4 October 2023). The change in protein expression achieved in these studies has already been demonstrated to rescue the functional deficits of the disease in human models derived from patients with ADOA (See ASX announcement of 20 October 2023). Together, these data points provide a high degree of conviction in the potential of the program to be life changing for ADOA patients when clinical trials begin in the first half of next year[9].

These data sets complement the Company's strategy to pursue indications that have the highest likelihood of success in clinical trials[10]. The first-in-class nature of PYC's drug candidates allow for a high velocity path through clinical development of the Company's pipeline.

Financial Update

As of 30 September 2023, the Company had $21.0 million of cash on hand. The Company expects to receive a cash R&D Tax Incentive of approximately $16.1 million within the next three months which provides total available liquidity of approximately $37.1 million.

[6] Market size is projected by multiplying patient prevalence per indication by the median orphan drug price of US$150k p.a. EvaluatePharma. Orphan Drug Report. 2019.

[7] PYC expects to transition to a Phase 2 multi-dose study beginning in the middle of next year on successful completion of the ongoing Phase 1 study.

[8] Subject to IND application being submitted and approved by FDA

[9] Subject to IND application being submitted and approved by FDA

[10] Advancing Human Genetics Research and Drug Discovery through Exome Sequencing of the UK Biobank. doi: https://doi.org/10.1101/2020.11.02.20222232

The R&D Tax Incentive was recorded as a receivable in the company's audited 2023 Financial Statements.

Related Party Payments

Section 6 of the Appendix 4C released today discloses payments to related parties of $182k, reflecting fees paid to executive and non-executive directors during the quarter.

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.**[11]

The Company was the first to progress a drug candidate for RP11, a blinding eye disease of childhood into human trials and is now progressing '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.

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

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[11] Advancing Human Genetics Research and Drug Discovery through Exome Sequencing of the UK Biobank https://doi.org/10.1101/2020.11.02.20222232

Appendix 4C

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

Name of entity	
PYC THERAPEUTICS LIMITED	
ABN	**Quarter ended ("current quarter")**
48 098 391 961	30 Sep 2023

	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	(10,744)	(10,744)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	(27)	(27)
	(e) staff costs	(505)	(505)
	(f) administration and corporate costs	(543)	(543)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	119	119
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(11,700)**	**(11,700)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(62)	(62)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date 3 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**	**(62)**	**(62)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	17,400	17,450
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)	(57)	(57)
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**	**17,343**	**17,343**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,572	15,572
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(11,700)	(11,700)

Consolidated statement of cash flows		Current quarter $A'000	Year to date 3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(62)	(62)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	17,343	17,343
4.5	Effect of movement in exchange rates on cash held	(177)	(177)
4.6	**Cash and cash equivalents at end of period**	**20,976**	**20,976**

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	20,976	15,572
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)**	**20,976**	**15,572**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(182)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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 $182k 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)	(11,700)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	20,976
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	20,976
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**1.79**

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: The Company expects to receive a R&D tax incentive of approximately $16,100,000 within the next three months. Consequently, the Company believes the cash runway will extend beyond the timeline suggested above.

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 expects to receive a R&D tax incentive of approximately $16,100,000 from the ATO in the next 3 months. Accordingly, the Company has not taken any steps to raise further cash to fund its operations at this time.

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 does expect to be able to continue its operations and to meet its business objectives based on the entity's responses above.

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.

25 October 2023

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.