PYC Therapeutics

27 January, 2022

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021 (Q4)

PYC established multiple safe and well tolerated doses of its co-lead drug candidate in non-human primates to guide dose selection in upcoming human trials

The Company remains on course to transition to a clinical-stage genetic medicine company in 2022

PYC anticipates significant expansion of its drug development pipeline into both common diseases in the eye and new target tissues including the central nervous system in 2022

PERTH, Australia and SAN DIEGO, California – January 27, 2022 – PYC Therapeutics (ASX:PYC) is a biotechnology company combining two complementary platform technologies:

- RNA drug design capabilities; and
- a proprietary drug delivery technology.

Together they are being developed to create and deliver a new generation of RNA therapeutics to change the lives of patients with genetic diseases. The Company's initial focus is on blinding diseases of the eye.

PYC's co-lead drug program (known as VP-001[1]) is the first disease-modifying therapy for patients with a rare blinding eye disease of childhood called Retinitis Pigmentosa type 11. This drug candidate is currently progressing through Investigational New Drug (IND)-enabling studies in the USA. It is scheduled to enter clinical trials in 2022.

During the fourth quarter of 2021, PYC established multiple safe and well-tolerated doses of this drug candidate in studies in Non-Human Primates. These results will help guide selection of the doses in PYC's Good Laboratory Practice (GLP) studies scheduled for early 2022 which, in turn, will inform the starting doses in the upcoming first in human studies of this drug candidate.

Developments in Q4 2021 see PYC making strong progress towards its transition to a clinical-stage company in 2022. Completion of pharmacokinetic studies in Q1 2022 and initial results of the GLP safety studies in Q3 will complete the non-clinical data pack in the Company's co-lead program. This will enable submission of the IND filing required to initiate first in-human studies.

[1] VP-001 is being developed by PYC's 90% owned (10% Lions Eye Institute) subsidiary Vision Pharma

The advancement of this program into clinical development has significant read-through implications for the entire drug development pipeline of the Company. PYC will leverage work performed to-date to advance all of its follow-on drug development programs. Throughout 2022 the drug development pipeline is anticipated to expand in the following areas:

- non-orphan blinding diseases of the eye with larger patient populations and larger market sizes;
- neurodegenerative diseases; and
- additional target tissues beyond the eye and CNS.

Each of these areas represents a considerable unmet patient need.

In addition to its drug development activities, PYC continues to invest in its underlying drug delivery platform. There are two main limitations preventing realisation of the full potential of genetic medicines. These are:

i) the specificity of delivery of the drug to its intended cellular target; and
ii) the efficiency of delivery to the inside of that target cell.

PYC expects to extend the reach of its technology through progress in these domains through 2022 and will update the market as it progresses towards these objectives.

PYC is validating its genetic medicine platforms at a time of great interest and progress in the field. The advancement of PYC's technology into clinical development is driving heightened commercial interest in the Company's co-lead programs as well as the broader pipeline and enabling platforms. Recent commercial transactions for early pre-clinical genetic medicine candidates have demonstrated the potential for very early accretion of shareholder value in this field of drug development.

Payments in the December quarter to related parties of $294,000 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 pre-clinical 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 programs focused on neurodegenerative diseases. PYC's discovery and laboratory operations are located in Australia and its preclinical, clinical, regulatory and business development operations are located in the United States. 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	**Quarter ended ("current quarter")**
48 098 391 961	31 December 2021

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		
	research and development	(4,881)	(9,329)
	product manufacturing and operating costs	-	-
	advertising and marketing	-	-
	leased assets	(76)	(133)
	staff costs	(509)	(1,240)
	administration and corporate costs	(565)	(1,174)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	16	18
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	4,117	4,117
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,898)**	**(7,741)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	businesses	-	-
	property, plant and equipment	(94)	(129)
	investments	-	-
	intellectual property	-	-
	other non-current assets	18	7

+ See chapter 19 of the ASX Listing Rules for defined terms.

Consolidated statement of cash flows		Current quarter $A'000	Year to date 6 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	businesses	-	-
	property, plant and equipment	-	-
	investments	-	-
	intellectual property	-	-
	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**	**(76)**	**(122)**

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	45,618	51,502
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,898)	(7,741)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(76)	(122)

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)	-	-
4.5	Effect of movement in exchange rates on cash held	1	6
4.6	**Cash and cash equivalents at end of period**	**43,645**	**43,645**

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	21,561	12,551
5.2	Call deposits	22,084	33,067
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)**	**43,645**	**45,618**

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	(294)
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 $294k 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)	(1,898)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	43,645
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	43,645
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**23.00**

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.

27/01/2022

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.