PYC Therapeutics

Life-changing science

Placement – supporting document

May 2023

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PYC Therapeutics

Life-changing science

Investment highlights

Executive Summary

PYC Therapeutics:

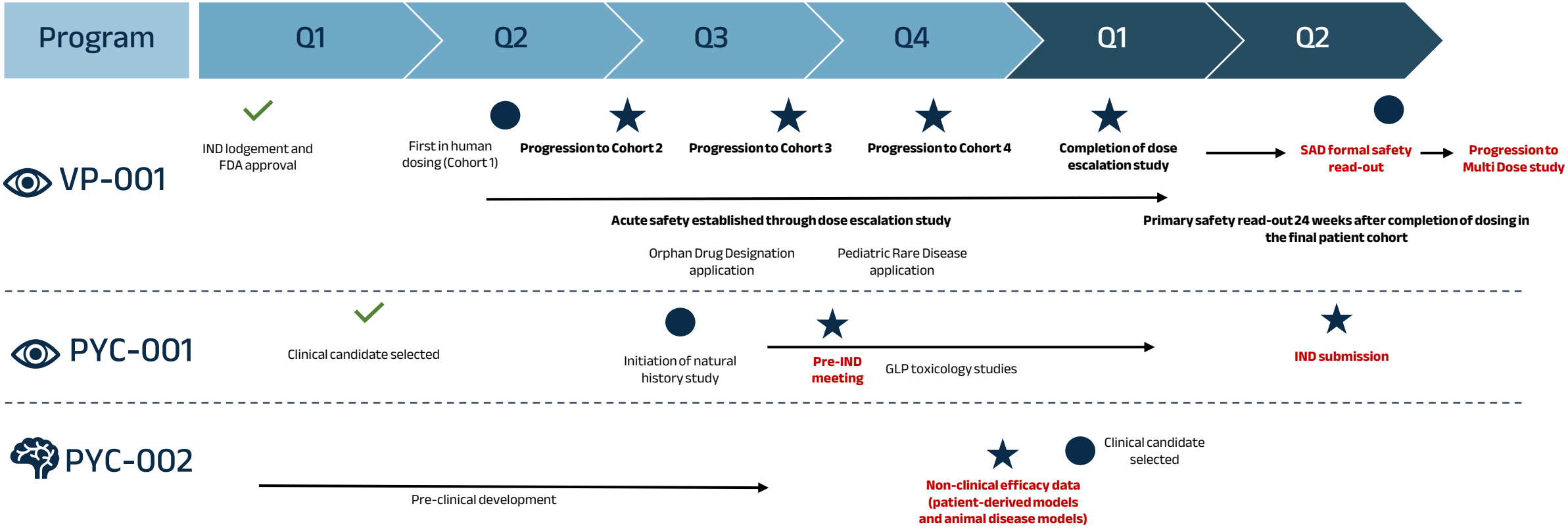
- is a **clinical-stage** drug discovery and development company
- makes **RNA drugs** for patients with **rare diseases**
- has a **multi-asset pipeline** with each program targeting commercially attractive markets (>$1billion p.a.)
- develops the class of drug with the **highest likelihood of success** in clinical studies[1]
- has **multiple near-term catalysts** including human safety and efficacy data that are expected to begin this year

PYC Therapeutics

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

Funds raised will propel pipeline assets into and through clinical data read-outs

Human safety data to be generated across 2023 in VP-001 program, with PYC-001 expected to enter the clinic in 2024



Business development

PYC has multiple assets in the licensing window

Anticipated milestones are projections based on latest company perspective on drug development plans as at May 2023

PYC's programs are in the licencing window for RNA therapeutics

Recently announced RNA and/or rare disease transactions

Stoke Therapeutics[1]

- Rare disease RNA drug (Neurodevelopmental disorder)
- 50% disposal
- **US$60m** upfront
- **US$900m** milestones
- sales royalties

Entrada Therapeutics[2]

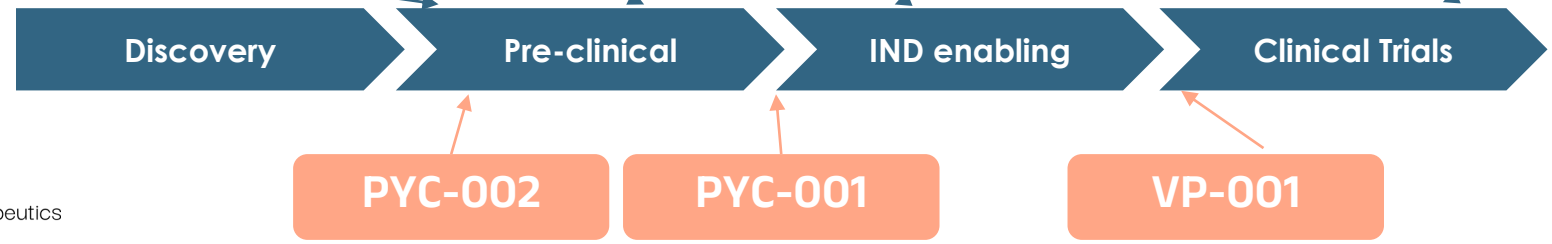
- Rare disease RNA drug (Muscular dystrophy)
- 100% disposal
- **US$224m** upfront + royalties

Wave Therapeutics[3]

- Rare disease RNA drug (enzyme deficiency)
- 100% disposal
- **US$170m** upfront
- **US$525m** milestones & royalties

Iveric Bio[4]

- Phase 3 drug for Geographic Atrophy (Ophthalmology)
- 100% disposal
- **US$5.9bn** buyout



1. https://investor.stoketherapeutics.com/news-releases/news-release-details/acadia-pharmaceuticals-and-stoke-therapeutics-announce
2. https://investors.vrtx.com/news-releases/news-release-details/vertex-and-entrada-therapeutics-establish-collaboration-discover
3. https://ir.wavelifesciences.com/news-releases/news-release-details/wave-life-sciences-and-gsk-announce-collaboration-drive
4. https://investors.ivericbio.com/news-releases/news-release-details/astellas-enters-definitive-agreement-acquire-iveric-bio

PYC Therapeutics

Life-changing science

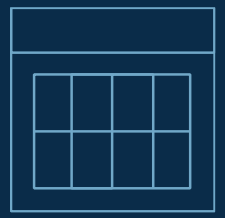
Introduction to PYC

PYC discovers and develops drugs for patients with unmet needs through a strategy anchored on four pillars

PYC Therapeutics

A HIGHER PROBABILITY OF SUCCESS

PYC focuses on monogenic diseases – drugs targeting monogenic diseases have the highest likelihood of success in clinical development[1]



A FASTER PATH TO MARKET

The potential for approval following two clinical trials (not three) due to the absence of existing treatment options for patients with the targeted indications

LIKELY RAPID UPTAKE IN MARKET

First-in-class drugs in rare diseases can achieve rapid market penetration with a very short lead time to reaching peak sales

ORPHAN DRUG PRICING

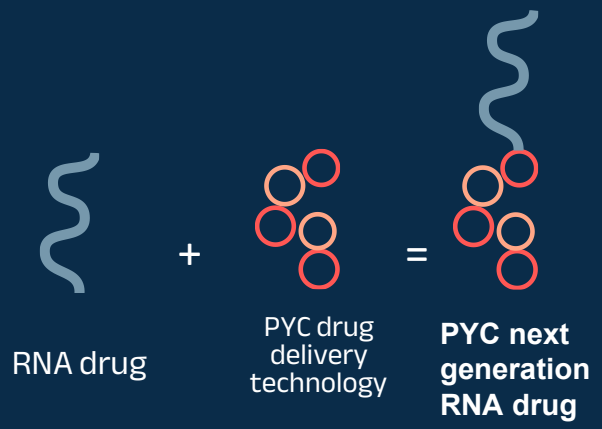
Median list price of ~US$150,000 per patient per annum for orphan drugs in the United States[2]

1. Advancing Human Genetics Research and Drug Discovery through Exome Sequencing of the UK Biobank. doi: https://doi.org/10.1101/2020.11.02.20222232
2. EvaluatePharma. Orphan Drug Report. 2019.

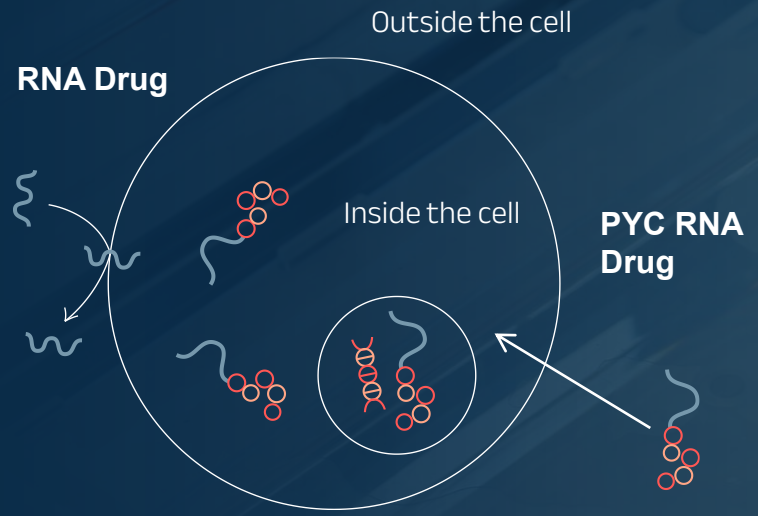
PYC's approach to drug development is differentiated by the potency profile of its drug candidates

PYC Therapeutics

PYC combines existing RNA drug design technology with its proprietary drug delivery platform to create potent and precise RNA therapeutics



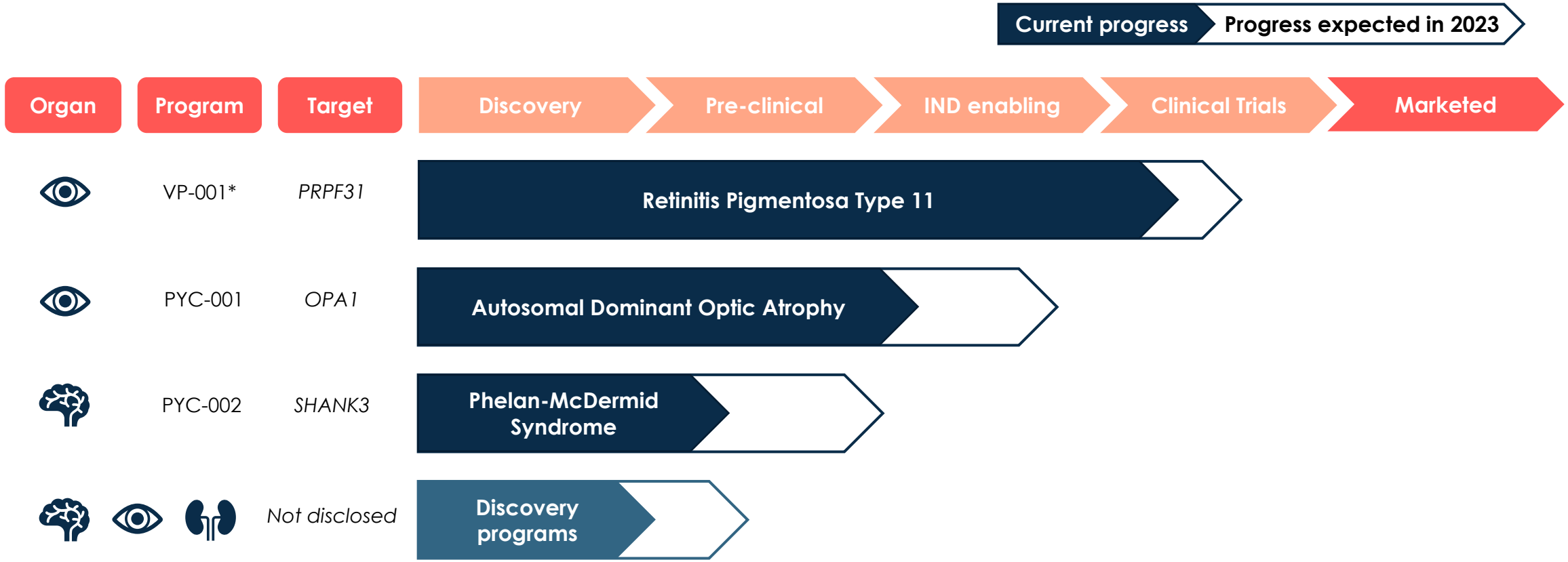
PYC's drug delivery platform is used to assist the RNA drug reach its target inside the cell



PYC's delivery platform achieves ~100x the target engagement of the equivalent 'naked' RNA drug *in vivo*[1]

1. Refer ASX announcement for OTS poster presentation 3 October 2022

PYC has built a pipeline of RNA therapies based on this non-viral facilitated delivery platform



PYC's technology is a scalable platform with broad potential application across many different disease indications

*PYC 95.2% ownership of VP-001 (4.8% ownership by Lions Eye Institute, Australia) and 100% ownership of all other pipeline programs

PYC's pipeline of first-in-class programs target commercially attractive rare disease markets

Program	Indication	Patient Population (western world)	Market Size[4]
VP-001	Retinitis Pigmentosa type 11	5,000-10,000[1]	**>$1bn p.a**
PYC-001	Autosomal Dominant Optic Atrophy	9,000-16,000[2]	**>$2bn p.a**
PYC-002	Phelan-McDermid Syndrome	~28,000[3]	**>$3bn p.a**

All of PYC's programs have the potential to receive special FDA designations enabling a favourable development profile, including:

- Orphan Drug Designation
- Rare Pediatric Disease Designation
- Accelerated approval[5]

1. Sullivan, L et al. Genomic rearrangements of the PRPF31 gene account for 3% of autosomal dominant retinitis pigmentosa. Invest Ophthalmol Vis Sci. 2006;47(10):4579-88
2. Yu-Wai-Man, P. et al. Ophthalmology. 2010;117(8):1538-46 doi: 10.1016/j.ophtha.2009.12.038
3. Cochoy, D.M., Kolevzon, A., Kajiwara, Y. et al. Phenotypic and functional analysis of SHANK3 stop mutations identified in individuals with ASD and/or ID. Mol. Autism. 2015;6(23) doi: 10.1186/s13229-015-0020-5
4. Assumes average orphan drug price US$150k (EvaluatePharma. Orphan Drug Report. 2019.) multiplied by prevalence of the target indication within target markets
5. FDA. Development and Approval Process | Drugs. 2022

PYC will begin generating human data in May 2023 and has a potentially rapid path to market in its lead indications

PYC Therapeutics

1. PYC is now in the human data generation window

24-month milestones

RP11

- Establish human safety of PYC's platform technology and lead program, VP-001
- Provide insight on potential efficacy of VP-001 in Ph1/2 studies
- Finalise transition plan to Ph2/3 pivotal trial in RP11

ADOA

- Initiation of natural history study
- Initiation of Ph1/2 interventional trial for PYC-001

2. With the potential for 2 clinical trials to support approval

Eligible for FDA designations

Potential to receive multiple FDA special designations:

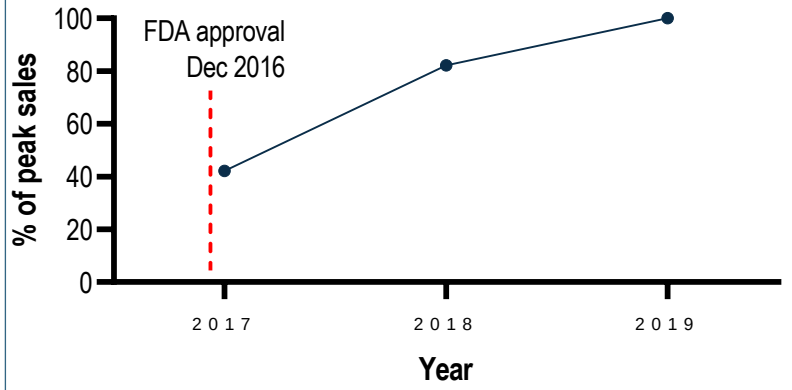
- Orphan Drug Designation
- Rare Pediatric Disease Designation[1]
  - Priority Review Voucher[2]
- Accelerated Approval[2]

These designations could **streamline VP-001 and PYC-001 paths to market** with the potential for a single pivotal study in both programs (2 clinical trials rather than 3)

3. And precedents for rapid market uptake if successful

Rare disease + first-in-class drug

Biogen's Spinraza reached 80% of peak sales <24 months after launch[3]



Patients with RP11 are **waiting for a treatment option**

1. Based on the median age of onset of RP11 of 17 years of age – see: Lisbjerg, K et al. Disease progression of retinitis pigmentosa caused by PRPF31 variants: A retrospective study with up to 36 years follow-up. Invest. Ophthalmol. Vis. Sci. 2022;63(7):4487 – F0274.
2. FDA. Development and Approval Process | Drugs. 2022. https://www.fda.gov/drugs/nda-and-bla-approvals/accelerated-approval-program
3. Data derived from Biogen's investor releases and financial statements.

PYC Therapeutics

Life-changing science

Capital Raising

Offer Overview

A$30m with the ability to accept oversubscriptions

Offer	• Two-tranche institutional Placement of 545.5 million new fully paid ordinary shares ("**Shares**") to certain Professional and Sophisticated investors ("**Offer**"), raising approximately A$30 million at A$0.055 per Share, with the ability to accept oversubscriptions. • The first tranche of the Offer will see 218.2 million Shares (A$12m) issued under the Company's available ASX Listing Rule 7.1 placement capacity ("**Tranche One Placement Shares**"). • The second tranche of the Offer will see the remaining 327.3 million Shares (A$18m) issued subject to approval from shareholders, expected to be sought in mid/late June ("**Tranche Two Placement Shares**").
Board Participation	• Alan Tribe, Chairman of PYC and who holds a combined beneficial interest of 30.54% of PYC's total outstanding Shares on issue, intends to subscribe for approximately A$15.0 million under the Offer. • Rohan Hockings (CEO) intends to subscribe for A$1m under the Offer. • Participation by PYC's Board and Management, including Alan Tribe's affiliated entities, will form part of Tranche 2 and will be subject to shareholder approval also expected to be sought in mid/late June.

Offer Price	• Offer Price of A$0.055 per Share, representing
	  • 14.1% discount to the last traded price on Monday, 08 May 2023
	  • 10.8% discount to the 5-day VWAP of A$0.062
	  • 10.5% discount to the 10-day VWAP of A$0.061
	  • 13.8% discount to the 30-day VWAP of A$0.064

Ranking	• Shares issued will rank equally with existing units from date of issue
Underwriting	• The Offer is not underwritten

Lead Manager

E&P Corporate Advisory Pty Limited

Use of Funds and Pro Forma Capital Structure

Sources of Funds	
Cash on Hand[1]	$12m
Anticipated FY23 R&D rebate	$10m
Capital raising proceeds	$30m
Total Sources	$52m

Uses of Funds	
VP-001 Studies	$11m
PYC-001 pre-IND studies, IND lodgment & trials commence	$23m
PYC-002 pre-IND studies	$4m
R&D & Admin	$13m
Offer Costs	$1m
Total Uses	$52m

Pro Forma Capital Structure	
Ordinary shares on issue prior to the Placement	3,187.4m
Undiluted market capitalisation prior to Placement[2]	$204.0m
Gross Placement Proceeds	$30m
Total Placement Shares	545.5m
Total Shares on issue post Placement[3]	3732.9m
Offer Price	**$0.055**
Implied market capitalisation post Placement[4]	$205.3m
Options on issue	41.3m

1. As at 31 March 2023
2. As at last close of $0.064 per share on Monday, 8 May 2023
3. Subject to shareholder approval of Tranche 2 Shares and Shares to be issued to Directors, being obtained and those Shares being issued by the Company
4. Post Offer using the Offer Price of $0.055

Capital Raising Timetable

Indicative Timetable[1][2]	
Company enters into Trading Halt	Tuesday, 09 May 2023
Placement Offer Opens	12pm Tuesday, 09 May 2023
Placement Broker Firm bids due	**12pm Wednesday, 10 May 2023**
Placement Bookbuild Closes	**12pm Wednesday, 10 May 2023**
Trading Halt Lifted and Return to Trading on the ASX	10am Thursday, 11 May 2023
Settlement of Tranche One Placement Shares	Thursday, 18 May 2023
Allotment of Tranche One Placement Shares	Friday, 19 May 2023
General Meeting of Shareholders to approve issue of Tranche Two Placement Shares and Director participation in the Placement	Mid/late June 2023
Settlement of Tranche Two Placement Shares and Shares to be issued to Directors	Mid/late June 2023

1. The Lead Manager and the Company reserve the right to vary these dates without prior notice
2. All times are in AEST

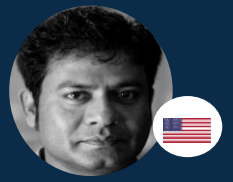
Board, Executive and Advisory Boards

Alan Tribe
Chairman

Experience commercialising Australian technology in US markets, and managing and leading growth companies across technology, resources and retail

Dr Rohan Hockings
Chief Executive Officer

Dual-trained in medicine and law with experience across both disciplines in addition to roles in strategy consulting and private equity



Sri Mudumba
Chief Research & Development Officer

Over 20 years of experience developing drug delivery products utilising various therapeutic modalities and delivery vehicles from early research through to NDA

Andrew Taylor
Chief Financial Officer

Held senior finance positions in ASX listed organisations. Completed multiple equity raisings, debt refinances and M&A transactions.

Prof Sue Fletcher
Chief Scientific Officer

Leading global expert and pioneer in RNA therapeutics with over 30 years experience developing RNA drugs. Co-inventor of Exondys-51, Vyondys-53, and Amondys-45 and VP-001

Dr Michael Rosenblatt
Director

Former Senior Partner with Flagship Pioneering, previously EVP and Chief Medical Officer at Merck. Deep experience in leading numerous drug development programs, and guiding strategies at biopharma and academic institutions

Jason Haddock
Director

Over 20 years' experience in finance, operations and commercialisation of biotechnology companies including at Array BioPharma and Bristol Myers Squibb

Prof Ian Constable
Advisory board

Renowned Ophthalmologist for over 50 years. Founding Managing Director and now the Patron of the Lions Eye Institute Western Australia. Pioneered first in man gene therapy for macular degeneration

A/Prof Fred Chen
Advisory board

Ophthalmologist at Lions Eye Institute (LEI) , Royal Perth Hospital and Perth Children's Hospital Western Australia. Performed over 800 vitrectomy surgeries. Lead Research Scientist LEI's Ocular Tissue Engineering Laboratory

Prof Alice Pebay
Advisory Board

Stem cell biology expert. Principal investigator of the Neuroregeneration Unit at the Centre for Eye Research Australia, and a Senior Research Fellow in the Department of Ophthalmology at the University of Melbourne

Dr David Birch
Advisory Board

Scientific Director, Rose-Silverthorne Retinal Degenerations Laboratory

Dr Josephine Prener-Holtan
Advisory Board

Clinician-Researcher and specialist in Retinitis Pigmentosa type 11 - Department of Ophthalmology, pediatric unit, ocular genetic disorders, Oslo University Hospital

Dr Naveed Shams
Advisory Board

Retinal disease specialist. Past President and CEO of Santen Inc, and Global Head of R&D at Santen Pharmaceuticals, a global ophthalmology company

Dr Karl Csaky
Advisory Board

Vitreo-retinal disease specialist and current CEO of the Retina Foundation of the Southwest

Dr Mark Pennesi
Advisory Board

Professor in Ophthalmology at Oregon Health & Science University. Chief of the Ophthalmic Genetics Division at the Casey Eye Institute

Appendix A: Key Risks

PYC Therapeutics

Disclaimer

This section discusses some of the key risks associated with any investment in PYC, which may affect the value of PYC shares. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in PYC. Before investing in PYC, you should be aware that an investment in PYC has a number of risks, some of which are specific to PYC and some of which relate to listed securities generally, and many of which are beyond the control of PYC. If any of these risks eventuate, they could have a material adverse effect on business, financial condition, PYC share price, operating and financial performance and return to shareholders. Before investing in PYC, you should consider whether this investment is suitable for you. Potential investors should carefully review publicly available information on PYC, carefully consider their personal circumstances (including the ability to lose all or a portion of their investment) and consult their professional advisers before making an investment decision. Many of the risks highlighted in this section may be heightened due to the current economic climate, the current and potential future impact of COVID-19 and the situation in Ukraine. Additional risks and uncertainties that PYC is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect PYC's operating and financial performance.

COVID-19 and global health risks	Global health risks or the potential for these events could have a negative impact on PYC. Since early 2020 the coronavirus pandemic, now known as COVID19, has spread rapidly to many countries globally. The impact of COVID-19 has led to the adoption of extreme preventative measures by governments and other authorities, including the imposition of limits on public gatherings, restrictions on travel, the closure of borders, requirements for self-isolation, restriction of access to services and the closure of stores and businesses, including in Australia. Given the high degree of uncertainty surrounding the extent and duration of COVID-19 it is not possible to assess the impact of COVID-19 on PYC's business. These events have had and can be expected to continue to precipitate sudden significant changes and volatility in regional and global economic conditions and financial markets. If there is a significant increase in the number of COVID-19 cases, this may burden hospitals and healthcare institutions to the extent that all non-urgent medical procedures, including clinical trials, may be cancelled or postponed indefinitely. This may impact the ability of PYC to progress the phases of their clinical trials. As a result, the operations of PYC may be significantly adversely affected by such events.
Technology risk	For PYC to be competitive in the drug discovery and development market, the Directors expect it will need to continue to develop or acquire new technologies and platforms, develop niche markets and to take early advantage of technological advancements. While the Directors regard PYC's "Peptide Libraries' and "Antisense Oligonucleotide design capabilities" as being at the forefront of drug discovery, competition and new technologies have the potential to negatively impact market share, product prices, profit margins, and the financial value of products. Further, it may render PYC's research projects and the high costs associated with such research and development obsolete. Outcomes of research and development work will affect the future performance of PYC and its Shares.

Appendix A: Key Risks contd.

Drug development	Drug development is a long and highly regulated process with many identified potential risks. Therapeutics derived from peptides and oligonucleotides are subject to some of these potential risks as described below. These risks can indirectly influence the possibility of PYC to obtain downstream revenue from drug sales or milestone payments and royalties from drugs it discovers or develops being taken through clinical development and subsequent marketing. Difficulty could be encountered with absorption, delivery, metabolism, toxicity, stability, delivery or efficacy in animal or human trials. This could result in early termination of a specific drug candidate program. Formulation difficulties such as poor solubility may also be encountered or other chemical or manufacturing controls related issues which may occur with the drug candidate. Drugs developed from peptides and oligonucleotides may not be suitable for all individuals such as different genetic backgrounds, patients suffering from particular conditions. Unforeseen interactions with other pharmaceuticals or substances may be encountered. Peptides and oligonucleotides that appear specific at early stages of drug discovery may nonetheless exhibit unforeseen side effects in animal or human trials resulting in early termination of the specific drug candidate program. Government regulatory bodies are the final arbiters of approval of drugs for market. Applications for approval may not be granted in all instances in all markets.
Research and development	PYC can make no representations that any of its research and development will be successful, that PYC's development milestones will be achieved or that PYC will develop products that are commercially exploitable. Prior to commercialisation, projects may be delayed or terminated for a range of unexpected scientific, preclinical, clinical, regulatory or commercial reasons. Being at the forefront of both peptide and antisense oligonucleotide drug discovery and development, PYC is entering unchartered territory which may present unforeseen biological complexities. PYC may need to develop new technologies to resolve these complexities and to advance its programs.
Operational success is uncertain	Clinical trials are complex projects and sometimes fail to provide the anticipated data. For example, the inability to recruit sufficient numbers of patients, or the practical challenges associated with capturing the necessary data, can cause a study to fail, even though the drug itself may be efficacious.
Pre-clinical development risk	Before PYC's drug candidates can be considered appropriate for human clinical trialling, candidates must successfully satisfy a number of preclinical requirements. These include the ability to manufacture sufficient amounts of drug of sufficient quality to be used in both preclinical studies and also early stage human clinical trialling. Candidates must demonstrate acceptable safety and tolerability in rigorous toxicology studies. These studies must also reveal a suitable initial dose for use in human trials. There is no guarantee that these requirements will be met, failing which PYC would be unable to develop its products.

Appendix A: Key Risks contd.

Clinical development risk	The nature of clinical drug development is inherently risky, with many drug candidates failing to be successfully developed into marketable products. Clinical trials have many associated risks which may impact commercial potential and therefore future profitability. Such trials may fail to recruit patients, be terminated for safety reasons, or fail to be completed within acceptable timeframes. Clinical trialling may reveal drug candidates to be unsafe, poorly tolerated or non-effective. Any of these outcomes will likely have a significant adverse effect on PYC, the value of its securities and the future commercial development of its drug candidates including VP-001 (RP11). Clinical trials might also potentially expose PYC to product liability claims in the event its products in development have unexpected effects on clinical subjects.
Regulatory approvals necessary for clinical trials	PYC may be unable to secure necessary approvals from regulatory agencies and institutional bodies (clinics and hospitals) to conduct its planned clinical trials. There is also no assurance that drug candidates trialled by PYC will prove to be safe and efficacious in clinical trials, or that the regulatory approval to manufacture and market its products will be received.
Competition	The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change, both in Australia and internationally, and there are no guarantees about PYC's ability to successfully compete. Although the Board believes that PYC's technology is unique and will be effective in identifying and developing drug candidates, there are competing technologies which will continue to be used and other competitors unknown to PYC may emerge from time to time. The introduction of new competitors or a more successful outcome from existing participants may affect the operating performance of PYC.
Funding	PYC's long-term value requires its drug candidates to be successful in development and to reach the market. Otherwise, it may be dependent upon the funds raised by this Placement, existing collaboration agreements, and its ability to obtain future equity or debt funding to support commercialisation of development programs. PYC's ability to raise further equity or debt including ability to divest part of its interest in its drug development programs or assets and the terms of such transactions, will vary according to a number of factors, including the success of research and development results and the future development of PYC's technology and stock market conditions. While the Directors believe that PYC will have sufficient funds to fund its activities in the short term, PYC is operating in a dynamic and complex industry. There can be no assurance that PYC will not seek to exploit business opportunities of a kind which will require it to raise additional funding from equity or debt sources or divestments including via out-licensing of a drug development program. There can be no assurance that PYC will be able to raise such funding on favourable terms or at all. Any additional equity raising may dilute the interest of Shareholders and any debt financing may involve financial covenants which limit PYC's operations. If PYC is unable to obtain such additional funding, PYC may be required to reduce the scope of any expansion, which could adversely affect its financial performance.
PYC is dependent on protection of its intellectual property	PYC's lead drug program is protected by an extensive suite of granted and pending international patents, and also depends on proprietary know-how, trade secrets, and confidential information. If any of these be compromised, struck down, or otherwise rendered indefensible, PYC's ability to realise value from the asset may be severely compromised.

Appendix A: Key Risks contd.

PYC is dependent on key personnel	PYC depends on being able to attract and retain personnel with specialist expertise, and to ensure continuity of key management. The loss of one or more key members of the management team could material affect PYC's ability to pursue its business plan and to realise value for investors.
Research & Development (R&D) Tax Rebate	PYC has received R&D rebate(s) on part of its expenditure in research and development. There is a risk that the Australian Government may make material changes to the rebate scheme, which may adversely impact the funding available to PYC to fund its operations. In order to obtain an R&D rebate on that part of its expenditure that is incurred out of Australia PYC must first gain approval for that expenditure from the Australian Government. Such an approval is called an Advanced Finding. PYC prepares Advanced Finding applications from time to time. However, there is no guarantee that this application will be approved
Orphan Drug Act	The anticipated development timeline and commercial success of PYC's drug development program is dependent on the assumption that PYC is eligible to receive special designations from the US Food and Drug Administration (FDA) under the Orphan Drug Act 1983. These designations, if received by PYC, would enable, in some cases, priority pathways to commercialisation of a clinical drug program. Additionally, the anticipated pricing of a commercialised product is dependent on PYC meeting the eligibility criteria of that Act. Any changes to the Act or PYC's eligibility for these designations would have an adverse effect on the commercial success of PYC's development programs.
Partnerships and collaborations	PYC relies on partners, collaborators, licensees, and vendors to drive forward its drug development and commercialisation efforts. PYC's ability to engage such parties in the future is uncertain, and the performance of current parties, while reasonably ensured by customary legal agreements, is also ultimately uncertain.
Product liability and uninsured risks	Through its intended business, PYC is exposed to potential product liability risks which are inherent in the research and development, manufacturing, marketing and use of its products or products developed with future co-development alliance partners. It will be necessary to secure insurance to help manage such risks. PYC may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, PYC's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims. Although PYC endeavours to work to rigorous standards there is still the potential for the products to contain defects which may result in system failures. These defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to PYC's reputation or increased insurance costs. If PYC fails to meet expectations, PYC's reputation could suffer and it could be liable for damages. Further PYC is exposed to the risk of catastrophic loss to necessary laboratory equipment, computer equipment or other facilities which would have a serious impact on PYC . PYC gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

Appendix A: Key Risks contd.

Regulatory Approval	PYC operates within a highly regulated industry, relating to the manufacture, distribution and supply of pharmaceutical products. Accordingly, PYC is continually exposed to the risk of changes in laws, regulation and government policies in Australia, US, EU and other international target markets. If we fail to comply with the regulatory requirements and receive applicable marketing approvals, our target market will be reduced and our ability to realise the full market potential of our product candidates will be harmed and our business will be adversely affected. We may not obtain regulatory approvals on a timely basis, if at all. Our failure to obtain approval of any of our product candidates by regulatory authorities in another country may significantly diminish the commercial prospects of that product candidate and our business prospects.
Dependence on commercial partners	PYC utilises third parties, including suppliers and third-party service providers for product development, manufacture and commercialisation of products, and certain financial transactional processes. For example, the operation of clinical trials may be outsourced to a contract research organisation. Outsourcing these functions involves the risk that the third party service provider may not comply with regulatory and legal requirements, may not produce reliable results, may not perform in a timely manner or fail to perform at all, may not maintain confidentiality or meet contractual or other obligations. Failure of these third parties could have a material adverse effect on PYC or the success of any of its programs.
Competitive environment may change	Despite customary competitor surveillance, it is possible that development of therapeutic products by other companies will materially, and in an unforeseen way, limit the commercial opportunity associated with PYC's lead drug program, even if it should be successful in clinical trials.
Future access to funding is uncertain	PYC is a pre-revenue company and, as such, is substantially dependent on investors to fund its operations until it is able to generate sufficient cashflows. Future access to equity capital is uncertain. If PYC is unable to fund its continuing operations, the value of PYC may be significantly and adversely affected.
Currency risk	Expenditures in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. For example, PYC has certain payment obligations that are denominated in foreign currencies. Accordingly, payment will be made in those countries' currencies, and may exceed the budgeted expenditure if there are adverse currency fluctuations against the Australian dollar.
Workplace Health and Safety	PYC's business activities may expose its staff to potentially dangerous working environments. Workplace health and safety legislation and regulations differ in each jurisdiction. If any of PYC's employees suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the PYC's business and reputation.
Litigation	There has been substantial litigation and other proceedings in the pharmaceutical and biotechnology industries. There is a risk that PYC may in future be the subject of or required to commence litigation. There is, however, no litigation currently underway or threatened.
Dividends	PYC has never paid a dividend and PYC does not intend on paying dividends in the foreseeable future which means that holders of shares may not receive any return on their investment from dividends.

Appendix A: Key Risks contd.

Cyber security	PYC relies heavily on its information technology systems including its networks, equipment, hardware, software, telecommunications and other information technology (collectively, IT Systems), and the IT Systems of third-party service providers, to operate its business as a whole. PYC's operations depend on the timely maintenance, upgrade and replacement of its IT Systems, as well as pre-emptive efforts to mitigate cybersecurity risks and other IT System disruptions. IT Systems are subject to an increasing threat of continually evolving cybersecurity risks from sources such as computer viruses, cyber-attacks, natural disasters, power loss, defects in design, security breaches and other manipulation or improper use of the Company's systems and networks, resulting in, among other things, unauthorised access, disruption, damage or failure of the Company's IT Systems (collectively, IT Disruptions). Although to date the Company has not experienced any material data losses or financial impost relating to such IT Disruptions, there can be no assurance that it will not incur such losses in the future. The occurrence of one or more IT Disruptions could have effects such as damage to the Company's equipment, downtimes, operational delays, destruction or corruption of data, increases in capital expenditures, expensive remediation efforts, distraction of management, damage to the Company's reputation or events of noncompliance which could lead to regulatory fines or penalties or ransom payments. Any of the foregoing could have a material adverse effect on PYC's results of operations and financial performance.
Economic risk and market forces	Any deterioration in the domestic and global economy may have a material adverse effect on the performance of PYC business and PYC's share price. It is possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks, and may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility. Other factors including, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on PYC's operating costs, profit margins and share price. These factors are beyond the control of the Company and PYC cannot, to any degree of certainty, predict how they will impact the Company.
Share Investment	There are risks associated with any investment in equity capital and stock markets. The market price of PYC shares will fluctuate due to various factors, many of which are out of PYC's control, such as general movements in the stock markets, recommendations by brokers and analysts, changes in inflation rates and interest rates, changes in government, fiscal, monetary and regulatory policies, global geopolitical events and hostilities, acts of terrorism and investor perceptions. As a consequence, PYC shares may trade at a higher or lower price than the issue price of the Placement shares. Equity capital markets are subject to significant volatility and PYC, its directors and its management cannot guarantee the performance of the shares issued under the Placement.

Appendix A: Key Risks contd.

Dilution risk	Existing shareholders who do not participate in the Placement will be diluted as a result of the issue of new shares. A participating shareholder may still be diluted even though they participate in the Placement, depending on the number of shares issued to them. In the future, PYC may decide to issue additional shares to raise funds for operations or acquisitions the company decides to make, and shareholders may be diluted as a result.
Liquidity risk	There is no guarantee of an active market for PYC shares or that the price of PYC shares will increase. Shareholders who wish to sell their Placement shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market. Therefore, changes in the prevailing market price of PYC shares may result in a loss of money invested for shareholders.
Taxation	Changes to taxation laws and in the way taxation laws are interpreted may impact the tax liabilities of PYC, shareholder returns, the level of dividend imputation or franking, or tax treatment of a shareholder's investment. In particular, both the level and basis of taxation may change. Frequent changes to taxation laws may cause compliance issues and any failure by PYC to comply with evolving laws may increase its tax liabilities or expose the company to enforcement action. An investment in shares involves tax considerations that differ for each investor. Investors should consult with a tax professional in connection with any investment in PYC.