

Announcement

PYC Therapeutics, (ASX:PYC) ('PYC' or 'the Company'), submits the following Appendix 4D and 31 December 2022 Interim Financial Statements.

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

About PYC Therapeutics

PYC Therapeutics (ASX: PYC) is a biotechnology company creating a new generation of RNA therapies by combining its drug design capabilities with a proprietary drug delivery platform.

The Company is leveraging its leading-edge science to develop a pipeline of novel therapies including two programs focused on inherited eye diseases and pre-clinical discovery programs focused on neurodevelopmental and kidney diseases. PYC's discovery, pre-clinical and laboratory operations are in Australia and its translational, clinical, and regulatory operations are in the United States. For more information, visit pyctx.com, or follow us on [LinkedIn](https://www.linkedin.com/company/pyc-therapeutics) and [Twitter](https://twitter.com/pyc_therapeutics).

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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1. Company details

Name of entity:	PYC Therapeutics Limited and its controlled entities
ABN:	48 098 391 961
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	43% to	3,487,782
Loss from ordinary activities after tax attributable to the owners of PYC Therapeutics Limited and its controlled entities	up	153% to	(16,238,636)
Loss for the half-year attributable to the owners of PYC Therapeutics Limited and its controlled entities	up	153% to	(16,238,636)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$16,238,636 (31 December 2021: \$6,418,285).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.58</u>	<u>1.36</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Murdoch University Collaborations (no material contribution to profit/(loss))	50.00%	50.00%	-	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material) Profit/(loss) from ordinary activities before income tax	-	-	-	-

9. Foreign entities

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board, the Corporations Act 2001 and other mandatory professional reporting requirements.

10. Audit qualification or review

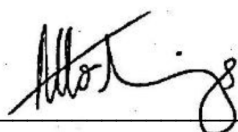
The financial statements are subject to a review by the auditors and the review report is attached as part of the Interim Report for the half-year ended 31 December 2022. The Interim Report has been reviewed by the Group's independent auditor who have included a paragraph regarding a material uncertainty in relation to going concern in their report.

11. Attachments

The Interim Report of PYC Therapeutics Limited and its controlled entities for the half-year ended 31 December 2022 is attached.

12. Signed

Signed



Rohan Hockings
Chief Executive Officer
Perth

Date: 28 February 2023

PYC Therapeutics Limited and its controlled entities

ABN 48 098 391 961

Interim Report - 31 December 2022

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Directors	Mr Alan Tribe: Non-Executive Director and Chairperson Dr Rohan Hockings: Chief Executive Officer Dr Michael Rosenblatt: Non-Executive Director Mr Jason Haddock: Non-Executive Director
Company secretary	Mr Kevin Hart
Registered office	Suite 8, 7 The Esplanade Mt Pleasant Western Australia 6153 Telephone: +61 8 9316 9100 Facsimile: +61 8 9315 5475
Principal place of business	Harry Perkins Institute 6 Verdun Street Nedlands Western Australia 6009 Telephone: +61 8 6151 0992 Facsimile: +61 8 9315 5475
Share register	Automic Group Level 5, 191 St Georges Terrace Perth Western Australia 6000 Telephone within Australia: 1300 228 664 Telephone outside Australia: +61 2 8072 1400
Auditor	PricewaterhouseCoopers Level 15, 125 St Georges Terrace Perth Western Australia 6000
Stock exchange listing	PYC Therapeutics Limited and its controlled entities shares are listed on the Australian Securities Exchange (ASX code: PYC)
Website	www.pyctx.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of PYC Therapeutics Limited and its controlled entities (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Review of operations

PYC Therapeutics is a biotechnology company creating a new generation of precision medicines 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 RNA therapeutic class. PYC has three first-in-class drug candidates in its pipeline across a range of indications, each of which addresses the underlying cause of the disease in question.

PYC's most advanced investigational drug program is a potentially disease-modifying therapy for patients with a rare blinding eye disease of childhood called Retinitis Pigmentosa type 11 and for which there are no treatments currently available. An Investigational New Drug (IND) application was submitted to the US Food and Drug Administration in February 2023 which, if successful, will see the program enter human trials in 2Q 2023. If successful, VP-001 will be the first ever treatment for Retinitis Pigmentosa Type 11 with the potential to modify the course of the disease.

In addition to advancing its lead program towards clinical studies, PYC is advancing its second and third programs towards IND enabling studies in calendar 2023 targeting a second blinding eye disease and a central nervous system disorder respectively.

As a result of the drug discovery and drug development efforts outlined above, the Company anticipates progressing to a clinical-stage and multi-asset company in the first half of 2023.

The interim financial statements have been reviewed by the Group's independent auditor which includes a paragraph regarding a material uncertainty in relation to going concern. For further information, refer to note 1 of the interim financial statements, together with the auditor's report.

Results of Operations

- Operating loss after tax for the half-year ended 31 December 2022 was \$16,238,636 (31 December 2021: loss after tax: \$6,418,285)
- Consolidated cash position at 31 December 2022 was \$17,079,549. In addition, the Company received a \$4,793,645 R&D Tax incentive in February 2023.
- Expenditure for the half year was \$20,428,939 (31 December 2021: \$12,575,113). The increase in expenditure is due to the completion of studies in the Company's lead program required to support the submission of the Investigational New Drug (IND) application with the US Food and Drug Administration in addition to set up costs associated with the anticipated clinical trial and the commencement of the natural history study in Retinitis Pigmentosa type 11.

Significant changes in the state of affairs

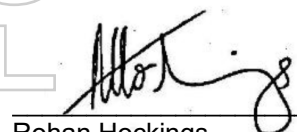
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Rohan Hockings
Chief Executive Officer

28 February 2023



Auditor's Independence Declaration

As lead auditor for the review of PYC Therapeutics Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of PYC Therapeutics Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Heatley', is written over a light grey signature line.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
28 February 2023

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PYC Therapeutics Limited and its controlled entities

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31 December 2022



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General information

The financial statements cover PYC Therapeutics Limited and its controlled entities as a consolidated entity consisting of PYC Therapeutics Limited and its controlled entities at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is PYC Therapeutics Limited and its controlled entities' functional and presentation currency.

PYC Therapeutics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 8, 7 The Esplanade
Mt Pleasant Western Australia 6153
Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Principal place of business

Harry Perkins Institute
6 Verdun Street
Nedlands Western Australia 6009
Telephone: +61 8 6151 0992
Facsimile: +61 8 9315 5475

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2023. The Directors have the power to amend and reissue the financial statements.

PYC Therapeutics Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	Note	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
Revenue			
Other income	3	3,487,782	6,081,025
Total revenue		<u>3,487,782</u>	<u>6,081,025</u>
Expenses			
Research and development expenditure	4	(17,947,669)	(9,383,725)
General and administrative expenses	5	(2,468,915)	(3,185,181)
Finance costs		(12,355)	(6,207)
Total expenses		<u>(20,428,939)</u>	<u>(12,575,113)</u>
Loss before income tax expense		(16,941,157)	(6,494,088)
Income tax expense		-	-
Loss after income tax expense for the half-year		(16,941,157)	(6,494,088)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>(16,941,157)</u>	<u>(6,494,088)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(702,521)	(75,803)
Owners of PYC Therapeutics Limited and its controlled entities		<u>(16,238,636)</u>	<u>(6,418,285)</u>
		<u>(16,941,157)</u>	<u>(6,494,088)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(702,521)	(75,803)
Owners of PYC Therapeutics Limited and its controlled entities		<u>(16,238,636)</u>	<u>(6,418,285)</u>
		<u>(16,941,157)</u>	<u>(6,494,088)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of PYC Therapeutics Limited and its controlled entities			
Basic earnings per share		(0.51)	(0.20)
Diluted earnings per share		(0.51)	(0.20)
Earnings per share for loss attributable to the owners of PYC Therapeutics Limited and its controlled entities			
Basic earnings per share		(0.51)	(0.20)
Diluted earnings per share		(0.51)	(0.20)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

PYC Therapeutics Limited and its controlled entities
Consolidated statement of financial position
As at 31 December 2022



	Note	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		17,079,549	29,110,023
Trade and other receivables		8,673,678	10,070,585
Other assets		275,654	68,373
Total current assets		<u>26,028,881</u>	<u>39,248,981</u>
Non-current assets			
Property, plant and equipment		629,229	726,695
Right-of-use assets		614,090	902,477
Intangibles		4,350,000	4,450,000
Other assets		23,595	23,595
Total non-current assets		<u>5,616,914</u>	<u>6,102,767</u>
Total assets		<u>31,645,795</u>	<u>45,351,748</u>
Liabilities			
Current liabilities			
Trade and other payables		7,042,692	3,120,505
Lease liabilities		260,677	259,800
Employee benefits		767,612	1,007,563
Total current liabilities		<u>8,070,981</u>	<u>4,387,868</u>
Non-current liabilities			
Lease liabilities		408,413	683,966
Employee benefits		115,987	77,617
Total non-current liabilities		<u>524,400</u>	<u>761,583</u>
Total liabilities		<u>8,595,381</u>	<u>5,149,451</u>
Net assets		<u>23,050,414</u>	<u>40,202,297</u>
Equity			
Issued capital	6	125,991,333	125,991,333
Reserves		8,120,230	8,741,256
Accumulated losses		(111,619,088)	(95,380,452)
Equity attributable to the owners of PYC Therapeutics Limited and its controlled entities		22,492,475	39,352,137
Non-controlling interest		557,939	850,160
Total equity		<u>23,050,414</u>	<u>40,202,297</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

PYC Therapeutics Limited and its controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2022



Consolidated	Issued capital \$	Share based payment reserve \$	Transactions with NCI reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2021	125,991,333	5,624,516	3,000,000	(54,556)	(81,517,293)	880,261	53,924,261
Loss after income tax expense for the half-year	-	-	-	-	(6,418,285)	(75,803)	(6,494,088)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	(6,418,285)	(75,803)	(6,494,088)
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments	-	176,147	-	-	-	-	176,147
Foreign currency transaction reserve	-	-	-	7,720	-	-	7,720
Balance at 31 December 2021	<u>125,991,333</u>	<u>5,800,663</u>	<u>3,000,000</u>	<u>(46,836)</u>	<u>(87,935,578)</u>	<u>804,458</u>	<u>47,614,040</u>

Consolidated	Issued capital \$	Share based payment reserve \$	Transactions with NCI reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	125,991,333	6,237,237	2,599,292	(95,273)	(95,380,452)	850,160	40,202,297
Loss after income tax expense for the half-year	-	-	-	-	(16,238,636)	(702,521)	(16,941,157)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	(16,238,636)	(702,521)	(16,941,157)
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments	-	(206,575)	-	-	-	-	(206,575)
Transactions with NCI	-	-	(410,300)	-	-	410,300	-
Foreign currency transaction reserve	-	-	-	(4,151)	-	-	(4,151)
Balance at 31 December 2022	<u>125,991,333</u>	<u>6,030,662</u>	<u>2,188,992</u>	<u>(99,424)</u>	<u>(111,619,088)</u>	<u>557,939</u>	<u>23,050,414</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

PYC Therapeutics Limited and its controlled entities
Consolidated statement of cash flows
For the half-year ended 31 December 2022



	Consolidated	Consolidated
	31 Dec 2022	31 Dec 2021
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(16,762,637)	(11,738,109)
R&D tax incentive received	4,879,971	4,116,520
Interest received	15,659	18,626
Interest paid leases	(11,761)	(17,588)
	<u>(11,878,768)</u>	<u>(7,620,551)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(143,356)	(129,179)
Funds transferred from term deposits	-	10,983,331
Security deposits released	14,000	7,041
	<u>(129,356)</u>	<u>10,861,193</u>
Net cash (used in) /from investing activities		
Cash flows from financing activities		
Principal elements of lease payments	(103,180)	(110,554)
	<u>(103,180)</u>	<u>(110,554)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	(12,111,304)	3,130,088
Cash and cash equivalents at the beginning of the financial half-year	29,110,023	18,435,199
Effects of exchange rate changes on cash and cash equivalents	80,830	(4,374)
	<u>17,079,549</u>	<u>21,560,913</u>
Cash and cash equivalents at the end of the financial half-year		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

Basis of preparation

These interim financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going Concern basis

The Group is a development stage biotechnology company and as such does not expect to generate revenue until its development programs have become marketable. The Group has incurred recurring losses since inception, including a loss of \$16,941,157 for the half-year ended 31 December 2022 (2021: \$6,494,088). The Group also incurred an operating cash outflow of \$11,878,768 (2021: \$7,620,551 outflow). The Group expects to continue incurring losses into the foreseeable future. The interim financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the realisation of assets and the satisfaction of its liabilities in the normal course of business.

The continuing viability of the Group is dependent on its ability to raise additional capital to finance the continuation of its planned research and development programs through to a commercialisation stage. The Group expects to be able to finance these activities via the issuance of additional equity in the Company or via out licensing a program in the Group's development pipeline. The Directors intend to investigate both of these options to enable progression of the Group's planned research and development programs, however there is uncertainty associated with the ability to execute these transactions at the time and amount needed to meet the Group's requirements.

An inability to obtain funding, as and when needed, would have a negative impact on the Group's financial condition and the ability to pursue its business strategies. If the Group is unable to obtain the required funding to run its operations and to develop and commercialise its drug candidates, the Group could be forced to delay, reduce or eliminate some or all of its research and development programs, which could adversely affect its business prospects.

Management and the Directors believe the Group will be successful in raising additional capital and accordingly have prepared the financial report on a going concern basis, notwithstanding there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge liabilities in the normal course of business.

Note 2. Operating segments

Identification of reportable operating segments

The Group comprises a single business segment comprising discovery and development of novel RNA therapeutics, with a single geographical location in Australia. In 2021 an office in the US was established to drive formal drug development activities including regulatory engagement as well as engagements with prospective investors and business development partners. At this stage the US location is not considered a material segment separate from the Australian operations. The segment details are therefore fully reflected in the results and balances reported in the statement of comprehensive income and statement of financial position.

The Group is primarily focused on discovering and developing novel RNA therapeutics for the treatment of genetic diseases.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM of the Group is considered to be the CEO, Dr Rohan Hocking. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 3. Other income

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
R&D tax incentive	3,472,124	5,997,821
Interest income	15,658	16,554
WA Innovator of the Year award	-	70,000
Other	-	(3,350)
	<u>3,487,782</u>	<u>6,081,025</u>
Other income	<u>3,487,782</u>	<u>6,081,025</u>

The R&D Tax Incentive Scheme is an Australian Federal Government program under which eligible companies with annual aggregated revenue of less than \$20 million can receive cash amounts equal to 43.5% of eligible research and development expenditures from the Australian Taxation Office (ATO). The R&D Tax Incentive Scheme relates to eligible expenditure incurred in Australia relating to the Group's R&D activities. The R&D tax incentive is applied annually to eligible expenditure incurred during the Group's financial year following annual application to AusIndustry, an Australian governmental agency, and subsequent filing of its Income Tax Return with the ATO after the financial year end.

R&D Tax Incentive is recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the incentives will be received. The incentive recognised for the period ending 31 December 2022 is an estimated receivable related to expenditure incurred in 1H23 which will be receivable upon lodgement of the FY23 income tax return. The incentive recognised for the period ending 31 December 2021 is associated with the eligible expenditure incurred for FY21. The incentive attributable to the FY22 expenditure was recognised as a receivable at 30 June 2022 of which 4,879,971 was received in the six months ending 31 December 2022 and the residual \$4,793,645 received in February 2023.

Note 4. Research and development expenditure

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Research and development expenses	<u>17,947,669</u>	<u>9,383,725</u>

The accounting standards do not permit the capitalisation of development expenditure in circumstances where the Group cannot demonstrate sustainable revenue generation derived from the results of the expenditure. Research expenditure must be expensed under accounting standards. The expenditure incurred in relation to obtaining and maintaining patent protection have been expensed.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of profit or loss and other comprehensive income as an expense as incurred. The Group does not currently undertake development activities as defined in AASB 138 Intangible Assets and therefore has not capitalised development expenditure.

Employee benefits expenses included in research and development expenditure:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Employee benefits expenses	<u>3,453,933</u>	<u>3,275,410</u>

Note 5. General and administrative expenses

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Employee benefits expenses	1,323,515	1,707,058
Share-based payment expenses	(206,575)	176,147
Professional services	175,088	223,489
Depreciation and amortisation	457,714	423,993
Travel and accommodation	69,214	36,650
Audit	33,000	29,172
Other administrative expenses	616,959	588,672
	<u>2,468,915</u>	<u>3,185,181</u>
General and administrative expenses	<u>2,468,915</u>	<u>3,185,181</u>

Note 6. Issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>3,180,926,103</u>	<u>3,180,926,103</u>	<u>125,991,333</u>	<u>125,991,333</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 7. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy.

Name	Country of incorporation	Principal activities	Parent ownership interest	Non-controlling interest	Parent ownership interest	Non-controlling interest
			Dec 2022	Dec 2022	June 2022	June 2022
Vision Pharma Pty Ltd	Australia	Drug development	95.2%	4.8%	93.5%	6.5%

Note 7. Interests in subsidiaries (continued)

On 29 November 2022, a \$10 million recapitalisation of Vision Pharma Pty Ltd (**Vision Pharma**) was made in preparation for the VP-001 program to enter clinical trials. PYC subscribed for the full \$10 million raised by Vision Pharma consisting of PYC's \$9.347 million pro rata entitlement and \$0.653 million shortfall created by the Lions Eye Institute declining to participate in the fundraising round. Consequently, PYC's shareholding in Vision Pharma has increased to 95.2% with the Lions Eye Institute remaining a 4.8% shareholder in the entity.

Note 8. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Events after the reporting period

In February 2023, PYC announced the lodgement of an Investigational New Drug (IND) application with the US Food and Drug Administration to enable the commencement of clinical trials for PYC's lead drug candidate, VP-001, a treatment for Retinitis Pigmentosa Type 11.

In February 2023, PYC received a R&D tax incentive from the Australian Tax Office for \$4,793,645. This amount was recognised as a receivable in the financial statements for the year ended 30 June 2022.

Note 10. Share-based payments

Set out below are summaries of options granted under the plan:

	Number of options 31 Dec 2022	Weighted average exercise price 31 Dec 2022	Number of options 31 Dec 2021	Weighted average exercise price 31 Dec 2021
Outstanding at the beginning of the financial half-year	63,900,000	\$0.121	81,000,000	\$0.117
Granted	16,900,000	\$0.170	3,000,000	\$0.175
Forfeited	<u>(6,000,000)</u>	\$0.170	<u>(22,000,000)</u>	\$0.076
Outstanding at the end of the financial half-year	<u>74,800,000</u>	\$0.095	<u>62,000,000</u>	\$0.089

Note 10. Share-based payments (continued)

31 Dec 2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
17/02/2020	28/02/2023	\$0.063	6,666,667	-	-	-	6,666,667
10/03/2020	28/02/2023	\$0.060	15,000,000	-	-	-	15,000,000
03/11/2020	28/02/2023	\$0.063	13,333,333	-	-	-	13,333,333
16/12/2020	30/11/2023	\$0.150	12,000,000	-	-	-	12,000,000
23/03/2021	23/03/2024	\$0.210	1,000,000	-	-	-	1,000,000
23/03/2021	28/02/2031	\$0.170	6,000,000	-	-	(4,000,000)	2,000,000
23/03/2021	23/03/2031	\$0.170	2,500,000	-	-	-	2,500,000
23/03/2021	29/03/2031	\$0.170	2,500,000	-	-	-	2,500,000
23/11/2021	23/11/2024	\$0.170	1,500,000	-	-	(1,000,000)	500,000
11/02/2022	11/02/2025	\$0.170	1,000,000	-	-	(1,000,000)	-
20/04/2022	20/04/2026	\$0.170	2,400,000	-	-	-	2,400,000
30/09/2022	30/09/2026	\$0.170	-	5,000,000	-	-	5,000,000
30/09/2022	30/09/2026	\$0.170	-	1,000,000	-	-	1,000,000
30/09/2022	30/09/2026	\$0.170	-	1,300,000	-	-	1,300,000
30/09/2022	30/09/2026	\$0.170	-	1,100,000	-	-	1,100,000
30/09/2022	30/09/2026	\$0.170	-	1,300,000	-	-	1,300,000
30/09/2022	30/09/2026	\$0.170	-	1,200,000	-	-	1,200,000
30/09/2022	30/09/2026	\$0.170	-	1,200,000	-	-	1,200,000
30/09/2022	30/09/2026	\$0.170	-	1,000,000	-	-	1,000,000
30/09/2022	30/09/2026	\$0.170	-	1,000,000	-	-	1,000,000
30/09/2022	30/09/2026	\$0.170	-	1,800,000	-	-	1,800,000
30/09/2022	30/09/2026	\$0.170	-	1,000,000	-	-	1,000,000
			<u>63,900,000</u>	<u>16,900,000</u>	<u>-</u>	<u>(6,000,000)</u>	<u>74,800,000</u>

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
17/02/2020	28/02/2023	\$0.063	6,666,667	-	-	-	6,666,667
10/03/2020	28/02/2023	\$0.060	15,000,000	-	-	-	15,000,000
03/11/2020	28/02/2023	\$0.063	13,333,333	-	-	-	13,333,333
16/12/2020	30/11/2023	\$0.063	32,000,000	-	-	(20,000,000)	12,000,000
23/03/2021	23/03/2024	\$0.210	3,000,000	-	-	(2,000,000)	1,000,000
23/03/2021	28/02/2031	\$0.170	6,000,000	-	-	-	6,000,000
23/03/2021	23/03/2031	\$0.170	2,500,000	-	-	-	2,500,000
23/03/2021	29/03/2031	\$0.170	2,500,000	-	-	-	2,500,000
19/11/2021	18/11/2031	\$0.180	-	1,500,000	-	-	1,500,000
23/11/2021	23/11/2024	\$0.170	-	1,500,000	-	-	1,500,000
			<u>81,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(22,000,000)</u>	<u>62,000,000</u>

Note 10. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial half-year:

Grant date	Expiry date	31 Dec 2022 Number	31 Dec 2021 Number
17/02/2020	28/02/2023	6,666,667	6,666,667
03/11/2020	28/02/2031	13,333,333	-
10/03/2020	28/02/2023	15,000,000	10,000,000
23/03/2021	23/03/2031	1,249,999	416,666
23/03/2021	29/03/2031	1,249,999	416,666
23/03/2021	23/03/2024	1,000,000	1,000,000
23/03/2021	28/02/2031	2,000,000	-
16/12/2020	30/11/2023	12,000,000	12,000,000
23/11/2021	23/11/2024	500,000	-
		<u>52,999,998</u>	<u>30,499,999</u>

The weighted average exercise share price during the financial half-year was \$0.095 (Dec 2021 \$0.089).

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 3.40 years (Dec 2021: 3 years).

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/09/2022	30/09/2026	\$0.068	\$0.170	63.00%	-	3.5%	\$0.014

PYC Therapeutics Limited and its controlled entities
Directors' declaration
31 December 2022



In the Directors' opinion:

- the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Rohan Hockings', written over a horizontal line.

Rohan Hockings
Chief Executive Officer

28 February 2023



Independent auditor's review report to the members of PYC Therapeutics Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of PYC Therapeutics Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of PYC Therapeutics Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss of \$16,941,157 and an operating cash outflow of \$11,878,768 for the half year ended 31 December 2022. The continuing viability of the Group is dependent on its ability to raise additional capital to finance the continuation of its planned research and development programs through to a commercialisation stage, either by issuing additional equity in the Company or via out licensing a program in the Group's development pipeline. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


PricewaterhouseCoopers


Craig Heatley
Partner

Perth
28 February 2023

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