

APPENDIX 4D AND INTERIM FINANCIAL STATEMENTS

PERTH, Australia and SAN FRANCISCO, California – 29 February 2024

PYC Therapeutics, (ASX:PYC) ('PYC' or 'the Company'), submits the following Appendix 4D and 31 December 2023 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 clinical-stage biotechnology company creating a new generation of RNA therapies to change the lives of patients with genetic diseases. The Company utilises its proprietary drug delivery platform to enhance the potency of precision medicines within the rapidly growing RNA therapeutic class. PYC's drug development programs target monogenic diseases – **the indications with the highest likelihood of success in clinical development**¹.

The Company was the first to progress a drug candidate for a blinding eye disease of childhood into human trials. PYC is progressing two more drug candidates with disease-modifying potential into human studies in 2024².

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.

¹ Advancing Human Genetics Research and Drug Discovery through Exome Sequencing of the UK Biobank
<https://doi.org/10.1101/2020.11.02.2022232>

² Management forecast as of February 2024. Progression of the drug candidate on these timelines is subject to ongoing success of the development program and includes all risks customary to an early-stage biotechnology company including regulatory risks.

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

CONTACTS:

INVESTORS and MEDIA

info@pyctx.com

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 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	162% to	9,122,606
Loss from ordinary activities after tax attributable to the owners of PYC Therapeutics Limited and its controlled entities	down	7% to	(15,094,867)
Loss for the half-year attributable to the owners of PYC Therapeutics Limited and its controlled entities	down	7% to	(15,094,867)

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 \$15,094,867 (31 December 2022: \$16,238,636).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.71	0.58

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 Australian Accounting Standards Board, the Corporations Act 2001 and other mandatory professional reporting requirements.

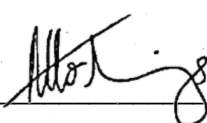
10. Audit qualification or review

The financial statements are subject to a review by the Group's independent auditor and the review report is attached as part of the Interim Report for the half-year ended 31 December 2023. The Interim Report has been reviewed by the Group's independent auditor who has 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 2023 is attached.

12. Signed

Signed 

Date: 29 February 2024

Rohan Hockings
Executive Director & Chief Executive Officer
Perth

PYC Therapeutics Limited and its controlled entities

ABN 48 098 391 961

Interim Report - 31 December 2023

Directors	Mr Alan Tribe: Non-Executive Director and Chairperson Dr Rohan Hockings: Executive Director and Chief Executive Officer Dr Michael Rosenblatt: Non-Executive Director Mr Jason Haddock: Non-Executive Director
Company secretary	Mr Kevin Hart & Mr Andrew Taylor
Registered office	Office 4, Level 1 174 Hampden Road Nedlands Western Australia 6009 Telephone: +61 8 6151 0992
Principal place of business	Harry Perkins Institute 6 Verdun Street Nedlands Western Australia 6009 Telephone: +61 8 6151 0992
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' or 'the Group') 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 2023.

Review of operations

PYC Therapeutics is a precision medicine company progressing a pipeline of best-in-class drug candidates towards areas of major unmet patient need. The Company combines its proprietary drug delivery platform with its precision drug design capability to create novel therapeutics within the rapidly growing RNA therapeutic class. PYC has four first-in-class RNA drug candidates in its pipeline - each of which addresses the underlying cause of the relevant disease.

PYC's most advanced drug development program (known as VP-001) holds disease-modifying potential in a rare blinding eye disease of childhood called Retinitis Pigmentosa type 11 (RP11). There are no treatments currently available for RP11 nor are there any in clinical development for this condition other than VP-001. VP-001 is currently progressing through a Phase 1 clinical study and is expected to transition to a multi dose study by mid-2024. PYC intends to initiate a registrational trial for VP-001 in 2025.

PYC's second drug development program addresses another blinding eye disease of childhood for which there are no treatment options available today. This program, known as PYC-001, is expected to commence human trials in Q3 2024.

The Company added a fourth program to its pipeline during the period targeting Polycystic Kidney Disease (PKD). PKD affects 1 in every 1,000 people. The program addition followed successful demonstration of efficacy in models derived from human kidneys donated by patients undergoing renal transplantation as a consequence of end-stage PKD (See ASX announcement 13 November 2023). These results provide a unique insight into the outcomes of the clinical trials planned for this program that are set to begin in early 2025.

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 attributable to the owners of PYC Therapeutics Limited and its controlled entities for the half-year ended 31 December 2023 was \$15,094,867 (31 December 2022: loss after tax: \$16,238,636)
- Consolidated cash position at 31 December 2023 was \$25,413,571.
- Expenditure for the half year was \$24,379,165 (31 December 2022: \$20,428,939). The increase in expenditure is due to the continuing Phase 1 clinical study of VP-001 that commenced in 2H FY23, increased studies in the PYC-001 program to support an expected regulatory submission in 2H FY24 to commence a Phase 1 clinical study and the inclusion of the PYC-003 program targeting Polycystic Kidney Disease.

Significant changes in the state of affairs

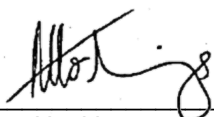
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

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
Executive Director & Chief Executive Officer

29 February 2024



Auditor's Independence Declaration

As lead auditor for the review of PYC Therapeutics Limited for the half-year ended 31 December 2023, 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 'Adam Thompson'.

Adam Thompson
Partner
PricewaterhouseCoopers

Perth
29 February 2024

PYC Therapeutics Limited and its controlled entities

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31 December 2023



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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

Office 4, Level 1
174 Hampden Road
Nedlands Western Australia 6009
Telephone: +61 8 6151 0992

Principal place of business

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

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 29 February 2024. 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 2023



		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Revenue			
Other income	3	9,122,606	3,487,782
Total revenue		<u>9,122,606</u>	<u>3,487,782</u>
Expenses			
Research and development expenditure	4	(21,847,527)	(17,947,669)
General and administrative expenses	5	(2,494,979)	(2,468,915)
Finance costs		(36,659)	(12,355)
Total expenses		<u>(24,379,165)</u>	<u>(20,428,939)</u>
Income tax expense		-	-
Loss after income tax expense for the half-year		(15,256,559)	(16,941,157)
Other comprehensive loss for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		<u>(15,256,559)</u>	<u>(16,941,157)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(161,692)	(702,521)
Owners of PYC Therapeutics Limited and its controlled entities		<u>(15,094,867)</u>	<u>(16,238,636)</u>
		<u>(15,256,559)</u>	<u>(16,941,157)</u>
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		(161,692)	(702,521)
Owners of PYC Therapeutics Limited and its controlled entities		<u>(15,094,867)</u>	<u>(16,238,636)</u>
		<u>(15,256,559)</u>	<u>(16,941,157)</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		(0.40)	(0.51)
Diluted earnings per share		(0.40)	(0.51)
Earnings per share for loss attributable to the owners of PYC Therapeutics Limited and its controlled entities			
Basic earnings per share		(0.40)	(0.51)
Diluted earnings per share		(0.40)	(0.51)

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 2023



	Note	Consolidated 31 Dec 2023 \$	30 Jun 2023 \$
Assets			
Current assets			
Cash and cash equivalents		25,413,571	15,571,534
Trade and other receivables		8,671,869	16,252,028
Other assets		314,431	49,583
Total current assets		34,399,871	31,873,145
Non-current assets			
Property, plant and equipment		752,985	755,478
Right-of-use assets		454,613	287,275
Intangibles		4,150,000	4,250,000
Total non-current assets		5,357,598	5,292,753
Total assets		39,757,469	37,165,898
Liabilities			
Current liabilities			
Trade and other payables		7,409,070	7,462,579
Lease liabilities		324,399	177,816
Employee benefits		897,839	765,133
Total current liabilities		8,631,308	8,405,528
Non-current liabilities			
Lease liabilities		219,803	137,671
Employee benefits		221,345	180,100
Total non-current liabilities		441,148	317,771
Total liabilities		9,072,456	8,723,299
Net assets		30,685,013	28,442,599
Equity			
Issued capital	6	157,487,345	140,087,345
Reserves		5,679,498	5,831,725
Accumulated losses		(133,264,304)	(118,169,437)
Equity attributable to the owners of PYC Therapeutics Limited and its controlled entities		29,902,539	27,749,633
Non-controlling interest		782,474	692,966
Total equity		30,685,013	28,442,599

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 2023



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 loss for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive loss 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>

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 2023	140,087,345	3,744,674	2,188,991	(101,940)	(118,169,437)	692,966	28,442,599
Loss after income tax expense for the half-year	-	-	-	-	(15,094,867)	(161,692)	(15,256,559)
Other comprehensive loss for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	-	(15,094,867)	(161,692)	(15,256,559)
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments	-	106,829	-	-	-	-	106,829
Contributions of equity	17,400,000	-	-	-	-	-	17,400,000
Transactions with NCI	-	-	(251,200)	-	-	251,200	-
Foreign currency transaction reserve	-	-	-	(7,856)	-	-	(7,856)
Balance at 31 December 2023	<u>157,487,345</u>	<u>3,851,503</u>	<u>1,937,791</u>	<u>(109,796)</u>	<u>(133,264,304)</u>	<u>782,474</u>	<u>30,685,013</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 2023



	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(23,507,345)	(16,762,637)
R&D tax incentive received	16,458,970	4,879,971
Interest received	246,071	15,659
Interest paid leases	(36,659)	(11,761)
	<u>(6,838,963)</u>	<u>(11,878,768)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(279,481)	(143,356)
Security deposits released	-	14,000
	<u>(279,481)</u>	<u>(129,356)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from the issue of share capital	17,400,000	-
Principal elements of lease payments	(135,270)	(103,180)
	<u>17,264,730</u>	<u>(103,180)</u>
Net cash from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents	10,146,286	(12,111,304)
Cash and cash equivalents at the beginning of the financial half-year	15,571,535	29,110,023
Effects of exchange rate changes on cash and cash equivalents	(304,250)	80,830
	<u>25,413,571</u>	<u>17,079,549</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. Material accounting policies

Basis of preparation

These interim financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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

PYC Therapeutics Limited (referred to hereafter as the 'consolidated entity' or 'the Group') 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 2023.

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 \$15,256,559 for the half-year ended 31 December 2023 (2022: \$16,941,157). The Group also incurred a net cash outflow from operating activities of \$6,838,963 (2022: \$11,878,768 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.

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. There is an office in the US 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.

Note 2. Operating segments (continued)

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 Hockings. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 3. Other income

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
R&D tax incentive	8,907,303	3,472,124
Interest income	215,303	15,658
Other income	<u>9,122,606</u>	<u>3,487,782</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 2023 is an estimated receivable related to expenditure incurred in 1H24 which will be receivable upon lodgement of the FY24 income tax return. The incentive recognised for the period ending 31 December 2022 was associated with the eligible expenditure incurred for 1H23. The incentive attributable to the FY23 expenditure was recognised as a receivable at 30 June 2023 of which 16,458,970 was received in the six months ending 31 December 2023.

Note 4. Research and development expenditure

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Research and development expenses	<u>21,847,527</u>	<u>17,947,669</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 2023	31 Dec 2022
	\$	\$
Employee benefits expenses	<u>3,756,678</u>	<u>3,453,933</u>

Note 5. General and administrative expenses

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Employee benefits expenses	1,006,689	1,323,515
Share-based payment expenses	106,829	(206,575)
Professional services	214,416	175,088
Depreciation and amortisation	336,421	457,714
Insurances	124,386	133,500
Travel and accommodation	6,836	69,214
Audit	33,000	33,000
Net foreign exchange gain	296,630	252,733
Other administrative expenses	369,772	230,726
General and administrative expenses	<u>2,494,979</u>	<u>2,468,915</u>

Note 6. Issued capital

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>3,732,867,135</u>	<u>3,416,503,494</u>	<u>157,487,345</u>	<u>140,087,345</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.

On 14 July 2023, Tranche 2 of a \$30,000,000 million placement was completed upon receiving shareholder approval on 5 July 2023. 316,363,641 shares were settled under Tranche 2 at an issue price of \$0.055 with \$17,400,000 received from shareholders.

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 Dec 2023	Non-controlling interest Ownership interest Dec 2023	Parent ownership interest June 2023	Non-controlling interest Ownership interest June 2023
Vision Pharma Pty Ltd	Australia	Drug development	96.2%	3.8%	95.2%	4.8%

Note 7. Interests in subsidiaries (continued)

On 10 August 2023, a \$10 million recapitalisation of Vision Pharma Pty Ltd (Vision Pharma) was made for the VP-001 program to continue progression through the current clinical trial. PYC subscribed for the full \$10.0 million raised by Vision Pharma consisting of PYC's \$9.6 million pro rata entitlement and \$0.4 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 96.2% with the Lions Eye Institute remaining a 3.8% shareholder in the entity.

On 29 November 2022, a \$10 million recapitalisation of Vision Pharma Pty Ltd (Vision Pharma) was made for the VP-001 program to commence clinical trials. PYC subscribed for the full \$10 million raised by Vision Pharma consisting of PYC's \$9.0 million pro rata entitlement and \$1.0 million shortfall created by the Lions Eye Institute declining to participate in the fundraising round. Consequently, PYC's shareholding in Vision Pharma 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

On 2 January 2024, the Company entered into an AI-Driven drug discovery collaboration with Google Cloud and other Specialised Partners to build custom designed machine learnings models to create a new generation of precision medicines. PYC has received a \$4.5 million up-front fee for providing access to the Company's proprietary data sets and capabilities and will fund the \$10.1 million required for execution of the project over 12 months.

No other matters of circumstances have arisen since 31 December 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future periods.

Note 10. Share-based payments

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

	Number of options 31 Dec 2023	Weighted average exercise price 31 Dec 2023	Number of options 31 Dec 2022	Weighted average exercise price 31 Dec 2022
Outstanding at the beginning of the financial half-year	41,300,000	\$0.165	63,900,000	\$0.121
Granted	3,500,000	\$0.090	16,900,000	\$0.170
Forfeited	(1,200,000)	\$0.170	(6,000,000)	\$0.170
Expired	(12,000,000)	\$0.150	-	-
Outstanding at the end of the financial half-year	<u>31,600,000</u>	\$0.162	<u>74,800,000</u>	\$0.095

Note 10. Share-based payments (continued)

31 Dec 2023

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
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	2,000,000	-	-	-	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	500,000	-	-	-	500,000
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
26/09/2022	26/09/2026	0.170	1,300,000	-	-	-	1,300,000
26/09/2022	26/09/2026	0.170	1,100,000	-	-	-	1,100,000
26/09/2022	26/09/2026	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
10/02/2023	10/02/2027	0.170	1,500,000	-	-	-	1,500,000
28/09/2023	28/09/2027	0.090	-	1,000,000	-	-	1,000,000
01/10/2023	01/10/2027	0.090	-	2,500,000	-	-	2,500,000
			41,300,000	3,500,000	-	(13,200,000)	31,600,000

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	-	1,800,000	-	-	1,800,000
30/09/2022	30/09/2026	\$0.170	-	1,000,000	-	-	1,000,000
			63,900,000	16,900,000	-	(6,000,000)	74,800,000

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 2023 Number	31 Dec 2022 Number
17/02/2020	28/02/2023	-	6,666,667
03/11/2020	28/02/2031	-	13,333,333
10/03/2020	28/02/2023	-	15,000,000
23/03/2021	23/03/2031	2,083,333	1,249,999
23/03/2021	29/03/2031	2,083,333	1,249,999
23/03/2021	23/03/2024	1,000,000	1,000,000
23/03/2021	28/02/2031	2,000,000	2,000,000
16/12/2020	30/11/2023	-	12,000,000
23/11/2021	23/11/2024	500,000	500,000
30/09/2022	30/09/2026	1,666,666	-
30/09/2022	30/09/2026	333,333	-
20/04/2022	20/04/2026	600,000	-
		<u>10,266,665</u>	<u>52,999,998</u>

The weighted average exercise share price during the financial half-year was \$0.174 (Dec 2022 \$0.095).

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 3.72 years (Dec 2022: 3.40 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:

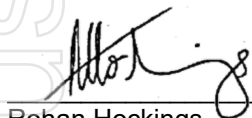
Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/09/2023	28/09/2027	\$0.060	\$0.09	59.00%	-	3.5%	\$0.025
01/10/2023	01/10/2027	\$0.060	\$0.09	59.00%	-	2.3%	\$0.024

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 2023 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



Rohan Hockings
Executive Director & Chief Executive Officer

29 February 2024



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 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected 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 2023 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 net loss of \$15,256,559 and net cash outflows from operating activities of \$6,838,963 during the six-months ended 31 December 2023 and that the continuing viability of the Group is dependent on raising additional capital to finance the continuation of its planned research and development programs through to a commercialisation stage. 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.



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 2023 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.

A stylized, handwritten-style signature of the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A handwritten signature of Adam Thompson.

Adam Thompson
Partner

Perth
29 February 2024