PYC
Therapeutics

ANNUAL REPORT 2024

Corporate Directory

Directors

Alan Tribe:
Non-Executive Director and Chairperson

Dr Rohan Hockings:
Executive Director & Chief Executive Officer

Dr Michael Rosenblatt:
Non-Executive Director

Jason Haddock:
Non-Executive Director

Company secretary

Andrew Taylor & Kevin Hart

Registered office

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Telephone: +61 8 6151 0992

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Principal place of business

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Share register

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Auditor

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Stock exchange listing

PYC Therapeutics Limited shares are listed on the Australian Securities Exchange (ASX code: PYC)

Incorporated in Western Australia, October 2001

Website

www.pyctx.com

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Chairman's Letter to Shareholders

Dear Shareholder,

I am privileged to be part of the talented PYC team committed to the research and development of treatment solutions where none exist today.

We have come a long way and in the past twelve months we have advanced significantly towards our goal of making drugs available to patients who currently have no treatment options. PYC is now a clinical stage drug development Company with the real prospect of soon making its treatment options available to those in need.

Core Technologies

- PYC's drug delivery technology enables it to 'unlock' tissues and cells in the body that have not previously been druggable with precision medicines;
- PYC can build an RNA therapy on this delivery platform to precisely change gene expression within these 'unlocked' tissues;
- The combination of these two technologies holds the promise of new treatments that address the underlying cause of diseases across a wide variety of indications – in the eye, kidney, brain and beyond.

Retinitis Pigmentosa (RP11)

The Company's most advanced program is to treat the blinding eye disease RP11. Trials of this drug in humans continued throughout the year. Importantly no signs of drug-related safety or tolerability issues were noted throughout these trials.

From an efficacy standpoint, the results have been impressive. All patients have shown improvements in the treated eye when compared to the untreated eye and, importantly, many have seen their vision improve.

PYC is in the final stages of Phase 1 / 2 trials and these results will be available in the near future. Assuming favourable results, the program will then commence a pivotal study prior to the submission of a New Drug Application to the US Food and Drug Administration (FDA) for approval for the drug to enter the market.

Autosomal Dominant Optic Atrophy (ADOA)

The second program for the treatment of another blinding eye disease, ADOA, uses the same underlying drug delivery technology as the RP11 program.

The ADOA program has been approved by the Therapeutic Goods Administration (TGA) to conduct human trials in Australia. These trials will commence

shortly and continue throughout the 2024/25 financial year with an efficacy readout anticipated in H2, 2025.

Autosomal Dominant Polycystic Kidney Disease (ADPKD)

A third program for the treatment of ADPKD is in the final stages of non-human trials before an application to both the TGA and FDA for approval of the commencement of human trials.

It is anticipated that these trials will commence in Australia early in 2025.

This drug program again uses the Company's underlying drug delivery technology.

Drug Pipeline

PYC's core technology provides a pipeline of additional drug development opportunities. The most advanced of these is for the treatment of Phelan-McDermid Syndrome (PMS). But there are more opportunities for the treatment of eye diseases which can leverage off the two existing eye programs.

PYC is in a strong position with both programs advancing through clinical trials towards commercialisation and a pipeline of opportunities to follow.

Creating Value for Stakeholders

We are motivated and determined to provide treatment options to patients with rare diseases where currently there are none. Day by day we move forward towards the prospect of achieving this goal. With every successful trial the probability of success increases.

We appreciate the support of investors both long-standing and new who have shown confidence in the Company and its programs. From a commercial standpoint PYC is in a position where it could generate revenue as early as 2028. As the Company moves down this path it continues to build the value of its asset base of drug programs.

This is evidenced by the increasing interest shown by the pharmaceutical sector in PYC's activities.

Future Funding

Investors have an interest in understanding the future funding requirements of the Company and how that will be addressed. Compared to the potential future value of the Company's drug programs, the funding requirements are modest.

Two possible sources are the sale or licensing of the Company's assets or an issue of additional shares supported by equity capital markets. The Director's will consider both options as the Company gets closer to requiring additional funds in H2 2025.

Sale or licensing of an asset may be contemplated if any future offer adequately reflects the underlying value of that asset and compensates for the diminution of potential future revenue.

From an equity capital markets perspective we continue to have the support of existing major shareholders including institutional investors within Australia. In addition investors overseas have shown increased interest in the Company opening up the possibility of funding from that source.

In any future deliberations maximisation of value for Shareholders will be paramount.

PYC Team

I again pay tribute to the talented and dedicated team of which I am part. The Company has developed drug candidates with best-in-class potential that address the underlying cause of the target disease. This has been achieved with limited human and financial resources - a significant achievement.

And I thank the members of the Board for their expertise and guidance throughout the year.

Conclusion

These are exciting times for PYC. As the risk profile of the drug development programs diminishes, the prospect of success grows. The Company is moving ever closer towards its goal of building a pharmaceutical operation providing life-changing treatments for patients. If successful, these new therapies will be capable of supporting both capital returns to shareholders and reinvestment in the Company's platform technology to further expand the pipeline and reach beyond the 1 in every 1,000 people who stand to benefit from PYC's existing drug development assets.

Kind regards,
Alan Tribe
Non-Executive Director & Chairperson
PYC Therapeutics Limited

Chief Executive Officer's Letter to Shareholders

Dear Shareholder,

PYC's ultimate objective is to change the lives of those who need it most – patients with severe diseases who have no treatment options available today.

The Company has made great strides towards this objective through the course of 2024. PYC has opened the critical human data generation window and will now demonstrate the impact of three separate drug development programs in patients with three separate life-changing diseases over the coming 18 months. Collectively, tens of millions of people globally stand to benefit from successful results in these trials.

These read-outs represent the currency of the biotechnology industry and the early patient data already in-hand is encouraging. PYC's lead drug candidate is safe and well-tolerated in humans and the initial efficacy assessments hold great promise for patients with Retinitis Pigmentosa type 11. Successful extension of this data over coming months through the ongoing multiple dose studies could lead to the first approved therapy in this indication.

These results are important not just for the Retinitis Pigmentosa community and this program but for PYC's platform technology as a whole. The Company's

second drug development program has already entered human trials and results in patients with Optic Atrophy are also imminent – expected before the end of this year. The Polycystic Kidney Disease program is following shortly behind and is expected to enter human trials within the next 6 months.

PYC has a rich pipeline of first-in-class drugs that address the underlying cause of diseases that affect many millions of people worldwide. The Company is now generating the data that matters most. Success in these endeavours will see PYC begin the registrational studies that pave the path to the Company's progression to a commercial-stage biotechnology company.

We thank you for your ongoing support and look forward to updating you on the results of this important journey that will be eagerly anticipated by patients and shareholders alike.

Sincerely,
Rohan Hockings
Executive Director & Chief Executive Officer
PYC Therapeutics Limited

Operational & Financial Review

Our Company

PYC is a biotechnology company with multiple clinical stage assets creating a new generation of RNA therapies to change the lives of patients with genetic diseases. PYC 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 is headquartered in Perth, Australia with operations in San Francisco, California. We have an extensive advisory board of industry & regulatory experts and disease area specialists that support our drug discovery activities and the progression of our drug candidates through clinical studies.

FY2024 Highlights

in the last 12 months, PYC has:

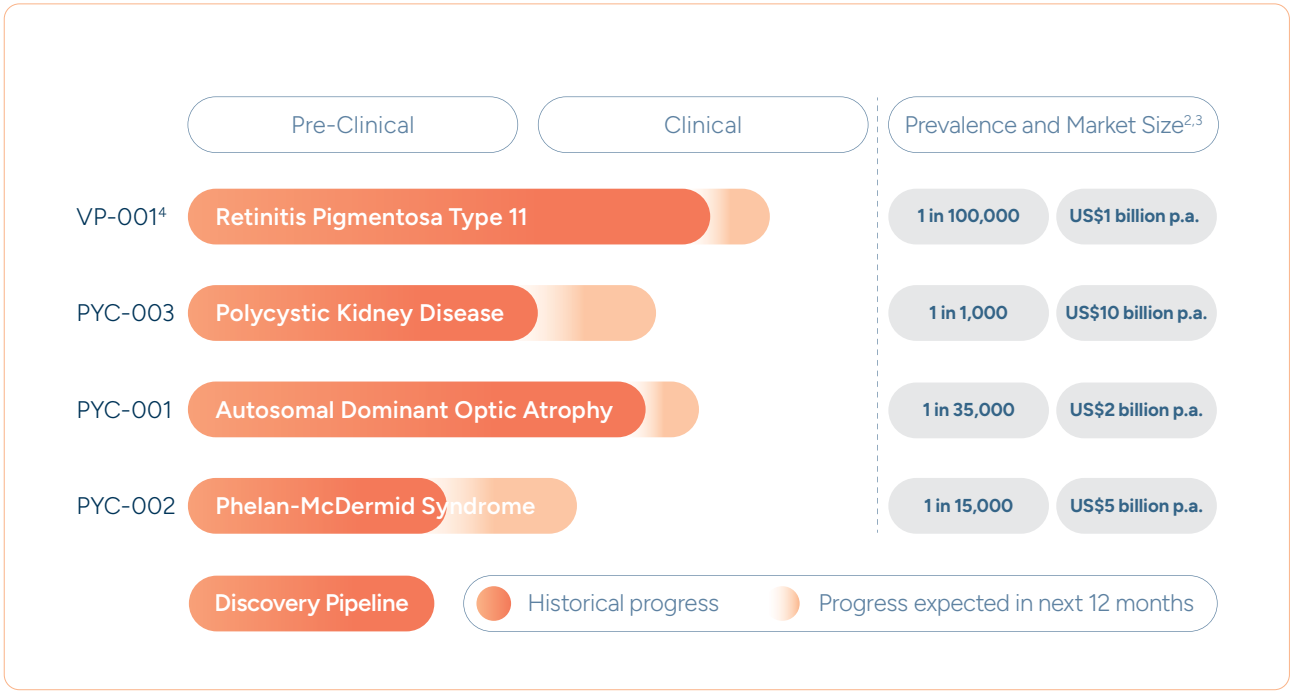
- Demonstrated that the Company's investigational drug candidate for Retinitis Pigmentosa type 11 (known as VP-001) is safe and well tolerated in humans in a Phase 1 Single Ascending Dose (SAD) study.
- Generated early efficacy insights in the Retinitis Pigmentosa program with improved visual function observed in multiple patients following administration of VP-001 at the two highest doses administered in the SAD study.
- Progressed VP-001 into a Multiple Ascending Dose (MAD) study. Dosing in this study has now commenced and critical data read-outs will be generated throughout the remainder of 2024.
- Commenced clinical studies in a second blinding eye disease called Autosomal Dominant Optic Atrophy (ADOA). PYC also received Orphan Drug Designation for this program (known as PYC-001) from the US Food and Drug Administration (FDA) during the period (as well as Rare Pediatric Disease Designation from the FDA after the end of FY24) providing several benefits for the program as it progresses through clinical trials towards regulatory approval.
- Added a third drug program (PYC-003) that addresses the underlying cause of a highly prevalent kidney disease to the Company's development pipeline. This indication has the largest addressable patient population of all monogenic indications and affects 1 in every 1,000 people worldwide. PYC's pre-clinical studies have demonstrated this drug candidate is effective in human models derived from the kidneys of patients with Polycystic Kidney Disease.
- Entered into an Artificial Intelligence (AI)-driven drug discovery collaboration with Google Cloud and other specialised partners to leverage PYC's proprietary data sets to predict the optimal sequences and structures of peptides with the ability to deliver precision medicine cargoes to specific cells within the human body; and
- Completed a fully subscribed $75 million capital raising to existing and new institutional investors to progress clinical programs through major human data readouts.

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

PYC's drug discovery pipeline

PYC has built a pipeline of drug candidates designed to treat the underlying cause of the target disease. This pipeline has been created on the back of the unique ability of RNA therapeutics to increase gene expression in a subtle manner to overcome a genetic mutation that results in insufficient protein being generated in a particular cell type in the human body. PYC has coupled this specialised application of RNA technology with its proprietary drug delivery platform to overcome the fundamental limitation of this modality and create unique and novel precision therapies for patients who have previously not had any treatment options available to them.

Figure 1: Our Pipeline

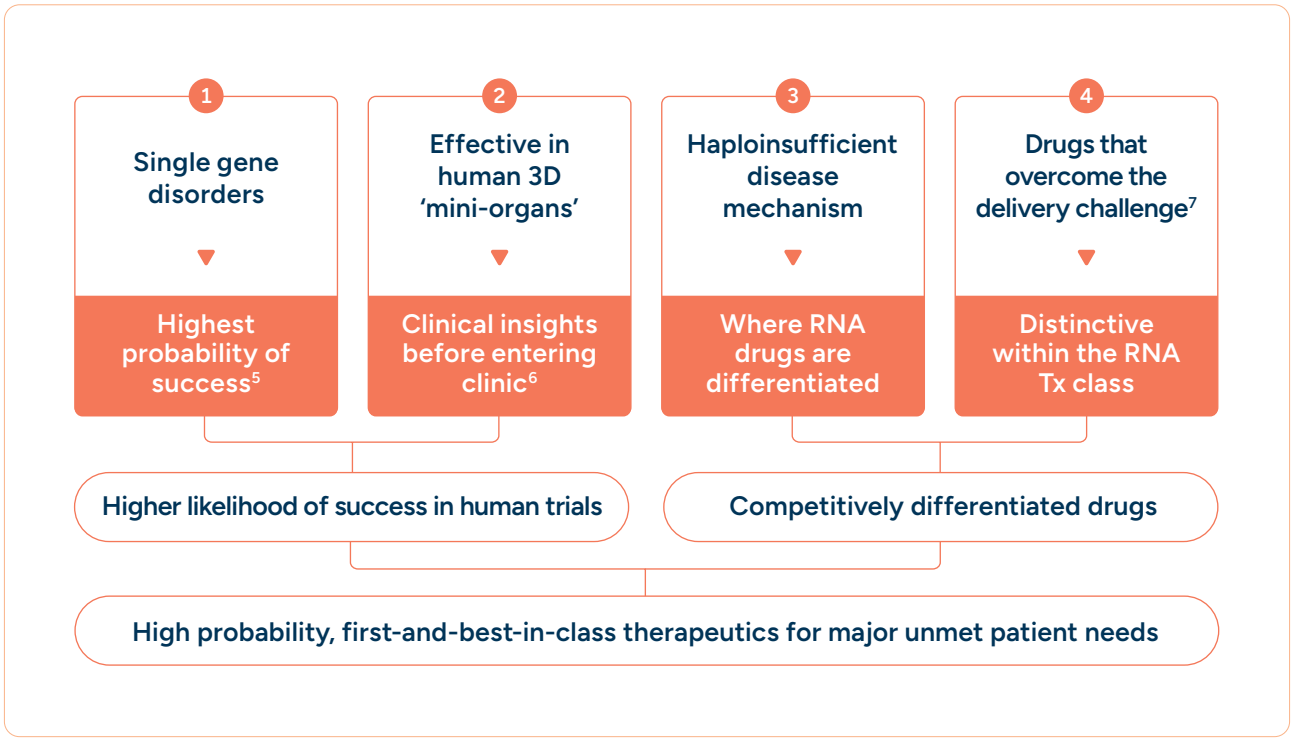


- Based on management's latest estimates accurate as at 4 July 2024 and subject to successful realisation of developmental milestones in each program as well as satisfaction of regulatory requirements and subject to all other risks customary to an early-clinical stage biotechnology company developing novel drug candidates

2 Prevalence: disease global prevalence estimates, refer to page 19 for prevalence estimates references
3 Market size is projected by multiplying patient prevalence per indication by the median orphan drug price of $150k p.a. EvaluatePharma. Orphan Drug Report. 2019.
4 PYC 96.2% ownership of VP-001 (3.8% ownership by Lions Eye Institute, Australia) and 100% ownership of all other pipeline programs

PYC's strategy sees it developing best-in-class assets with a high probability of success in the clinic

Figure 2:



5 Advancing Human Genetics Research and Drug Discovery through Exome Sequencing of the UK Biobank. doi: https://doi.org/10.1101/2020.11.02.20222232
6 https://endpts.com/roche-launches-institute-of-human-biology-in-search-of-predictive-models/
7 Refer ASX announcement 3 October 2022 for PYC OTS Poster Presentation

VP-001 – Retinitis Pigmentosa type 11 (RP11)

Early and mid-stage clinical trials in progress

Safe & well tolerated

in all doses administered in a Single Ascending Dose trial and now in an ongoing Multiple Ascending Dose study

No treatments currently available

for patients nor are there any others in clinical development that address the underlying cause of this disease

$1 billion p.a.

estimated addressable market size[8]

Fast Track

Designation received from the US FDA

RP11 is a blinding eye disease of childhood affecting 1 in every 100,000 people for which there are currently no available treatment options. VP-001 addresses the underlying cause of the disease and is the only potential treatment for patients currently in clinical development. RP11 is caused by a mutation in 1 copy of the *PRPF31* gene leading to a protein insufficiency in photoreceptor and Retinal Pigment Epithelial (RPE) cells in the retina. VP-001 seeks to restore the level of *PRPF31* gene expression back to wild-type ('unaffected') levels to halt the progression of loss of vision in RP11 patients.

Over the last 12 months, the VP-001 program achieved the following milestones:

- Established safety in the Phase 1 Single Ascending Dose (SAD) study at all 4 doses administered. This was an important milestone as this was the first time this modality had been administered in a human eye[9]. The safety profile of VP-001 demonstrated in the SAD study has enabled this program to progress to a Multiple Ascending Dose (MAD) trial. The SAD study has also been extended into a multiple dosing format[10].
- Generated encouraging early efficacy data from multiple patients in the SAD study in the two highest doses administered – these two doses have now been progressed to the ongoing multiple dose trials[11].

8 Market size is projected by multiplying patient prevalence per indication by the median orphan drug price of $150k p.a. EvaluatePharma. Orphan Drug Report. 2019. refer to page 19 for prevalence estimates references
9 See ASX announcement 1 July 2024
10 See ASX announcement 10 July 2024
11 See ASX announcement 12 August 2024

VP-001 – Retinitis Pigmentosa type 11 (RP11) (cont'd)

- Received Fast Track status from the US Food and Drug Administration in recognition of its potential impact for the RP11 patient population[12].
- PYC has increased its ownership of the VP-001 program from 95% to 96%[13]; and
- Continued enrolment of RP11 patients into a Natural History Study that is expected to complement data generated in an upcoming registrational study to support a planned New Drug Application for this drug candidate.

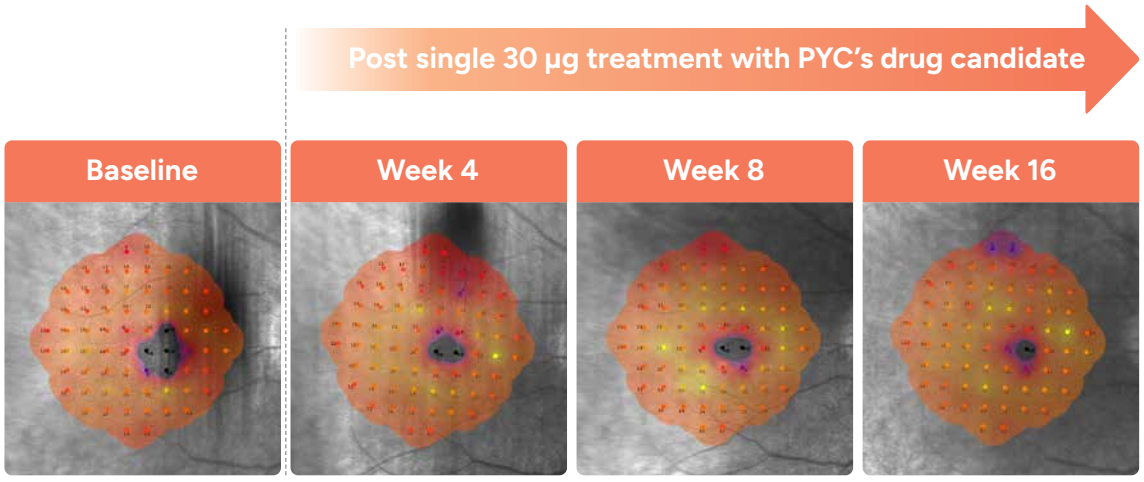
The company expects to provide multiple safety and efficacy readouts in this program over the next 9 months that will inform the design of a planned registrational study that is expected to commence in 2025.

Initial efficacy readouts in Single Ascending Dose study

Multiple patients in PYC's ongoing Single Ascending Dose study have improved visual function after a single dose of VP-001 including:

- Enhanced whole grid retinal sensitivity;
- Enhanced sensitivity of functional transition points; and
- A decreased number of scotomas.

Figure 3:
Functional improvement (microperimetry) of patient post single 30 microgram dose of VP-001[14].



12 See ASX announcement 2 August 2023
13 See ASX announcement 10 August 2023
14 See ASX announcement 5 August 2024 and 12 August 2024

PYC-001 – Autosomal Dominant Optic Atrophy (ADOA)

Phase 1

clinical trials in progress

No treatments currently available

to treat the underlying cause of this disease

$2 billion p.a.

estimated addressable market size[15]

Orphan Drug

Designation and Rare Pediatric Disease Designation received from the US FDA

ADOA is a blinding eye disease with no treatment options available today. The disease affects ~1 in every 35,000 people representing an estimated commercial market of $2 billion p.a. The median age of disease onset in this patient population is 7 years of age. ADOA is caused by a mutation in the OPA1 gene which causes the patient to produce insufficient levels of the OPA1 protein required for normal mitochondrial function. This protein insufficiency leads to retinal impairment and ultimately death of the cells in the optic nerve. PYC-001 addresses the underlying cause of ADOA by increasing OPA1 protein expression in the affected retinal ganglion cells that form the optic nerve.

During the last 12 months, the PYC-001 program achieved the following milestones:

- Received regulatory approval to commence the first clinical trial of a precision RNA drug candidate in ADOA (received after the end of the financial year).
- Successfully completed Good Laboratory Practise (GLP) toxicology studies demonstrating that the drug candidate was safe and well tolerated in Non-Human Primates[16].
- Commenced an observational Natural History study to generate data on the progression of the disease in ADOA patients which will support potential regulatory approval of this drug candidate.
- Aligned with the US FDA on the regulatory pathway for this drug candidate through a pre-Investigational New Drug (IND) meeting with the Regulator[17]; and
- Received Orphan Drug Designation[18] and Rare Pediatric Disease Designation[19] from the FDA for PYC-001.

15 Market size is projected by multiplying patient prevalence per indication by the median orphan drug price of $150k p.a. EvaluatePharma. Orphan Drug Report. 2019. refer to page 19 for prevalence estimates references
16 See ASX announcement 14 May 2024
17 See ASX announcement 6 November 2023
18 See ASX announcement 24 May 2024
19 See ASX announcement 30 August 2024

PYC-003 – Polycystic Kidney Disease (PKD)

IND enabling studies

are currently underway to support a regulatory submission to enable first-in-human studies to commence

>5 million

patients worldwide with PKD[20]

No treatments currently available

that address the underlying cause of this disease

$10 billion p.a.

estimated addressable market size[21]

PKD affects 1 in every 1,000 people across the globe. There are currently no treatment options available that address the underlying cause of the disease and approximately 50% of PKD patients will progress to end-stage renal failure by the age of 60. PKD is characterised by the formation of multiple fluid filled cysts throughout the kidney and, to a lesser extent, other organs in the body. Progression of the cyst frequency and volume over time ultimately leads to destruction of the internal architecture and function of the kidney.

PYC-003 was added to PYC's drug development pipeline during FY24 and has:

- Completed dose range finding studies in Non-Human Primates with all doses administered determined to be safe and well tolerated[22].
- Demonstrated high concentrations of the drug candidate in the target tissue (kidney) in Non-Human Primates at these safe and well tolerated doses.
- Demonstrated efficacy in patient derived models visibly reducing the size and frequency of cysts in 3D models generated from tissue collected from the kidneys of end-stage PKD patients (see figure 4)[23].

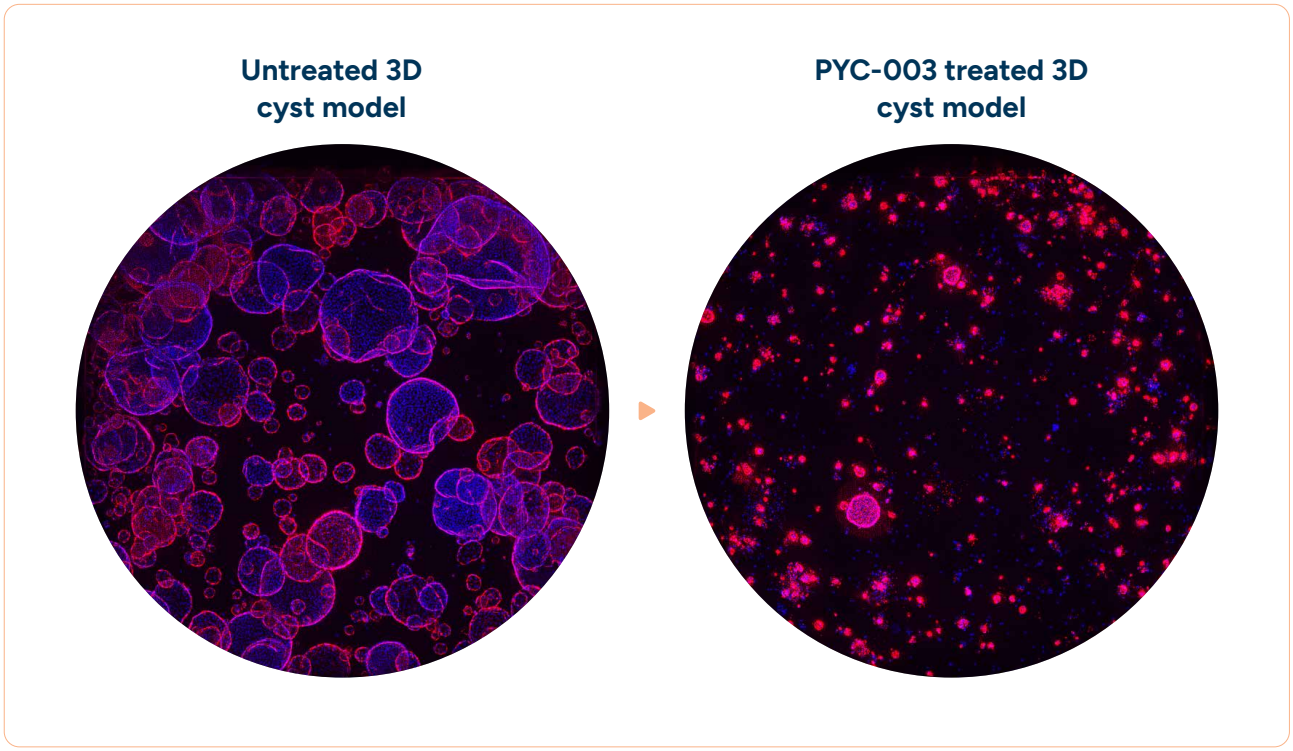
This program is progressing through pre-clinical studies over the course of the second half of 2024 to support a regulatory submission to proceed to human trials that are expected to commence in early 2025[24].

20 refer to page 19 for prevalence estimates references
21 Market size is projected by multiplying patient prevalence per indication by the median orphan drug price of $150k p.a. EvaluatePharma. Orphan Drug Report. 2019. refer to figure 2 on page 10 for prevalence estimates references
22 See ASX announcement 22 April 2024
23 See AS announcement 13 November 2023
24 Subject to receipt of regulatory approval to commence in-human studies.

PYC-003 – Polycystic Kidney Disease (PKD) (cont'd)

PYC-003 has demonstrated the ability to address this disease at its root cause in in-vitro models generated from cells derived from the kidneys of PKD patients.

Figure 4:
reduction in cyst size and frequency following treatment with PYC-003 in a human 3D model generated using tissue collected directly from the kidneys of PKD patients. The assay shows larger cysts (stained in blue and red) in the untreated 3D model when compared to the PYC-003 treated model.[25]



25 See ASX announcement 13 November 2023.

PYC-002 – Phelan-McDermid Syndrome (PMS)

Pre-clinical studies

currently underway

1 in every 10,000

people worldwide are affected[26]

No treatments currently available

to treat the underlying cause of this disease

$5 billion p.a.

estimated addressable market size[27]

PMS is a genetic disorder that affects 1 in every 10,000 people. PMS affects brain development and function and results in a range of intellectual and physical disabilities. There are currently no treatments available for patients with PMS that address the underlying cause of the disease.

During the last 12 months, the PYC-002 program has achieved the following milestones:

- Demonstration of target gene modulation capability of "hit" candidates in human brain cells derived from a patient with PMS. The data generated establish the ability of the hit candidates to restore the deficient protein (SHANK3) that causes the disorder in the affected brain cells (neurons).

The PMS program will complete pre-clinical studies over the remainder of 2024[28] prior to nomination of a clinical candidate. This program will then formally be added to the Company's development pipeline and progress into Investigational New Drug (IND)-enabling studies in 2025.

26 PMS Foundation https://pmsf.org/about-pms/
27 Market size is projected by multiplying patient prevalence per indication by the median orphan drug price of $150k p.a. EvaluatePharma. Orphan Drug Report. 2019. refer to page 19 for prevalence estimates references
28 Refer ASX announcement 7 June 2024

Discovery Pipeline

The Company continued its discovery activities over the course of the past year defining multiple new opportunities for the Company. These opportunities range from the extended application of existing drug candidates into novel indications to identification of novel drug candidates and extension of the Company's precision therapy interests into adjacent modalities.

The Company also entered into an Artificial Intelligence (AI)-driven drug discovery collaboration with Google Cloud and other specialised partners to leverage PYC's proprietary data sets to predict optimal sequences and structures of peptides that can enable cell-specific delivery of precision medicine cargoes[29].

Financial Review

PYC expects to have approximately $84 million of funds available to progress the Company's pipeline of drug programs through multiple critical safety and efficacy readouts in patients. The Group had cash and cash equivalents on hand at 30 June 2024 of $66.9 million (30 June 2023: $15.6 million). The Company expects to receive an estimated $17.2 million R&D tax rebate from the ATO in 1H25 yielding approximately $84 million in total available funding.

In April 2024, the Company completed a $74.6 million (before costs) accelerated non-renounceable entitlement offer with all shares offered under the entitlement offer subscribed for by existing and new shareholders.

Total loss for the Group for the 12 months ended 30 June 2024 was $38.1 million (12 months ended 30 June 2023: $23.4 million), an increase of $14.7 million. Total income of $22.9 million was $7.0 million higher than the 12 months ended 30 June 2023 due to a $1.8 million increase in the R&D tax incentive income, $0.7 million increase in interest income due to higher cash reserves and $4.5 million in income attributable to the AI drug discovery collaboration which commenced during the period. R&D expenditure increased $21.3 million to $56.4 million due to the progression of the VP-001 program through multiple clinical studies and the initiation and completion of several pre-clinical studies in the PYC-001 and PYC-003 programs. General and administrative expenses of $4.5 million were $0.4 million higher than the 12 months ended 30 June 2023 attributable to foreign exchange impacts of increased foreign currency denominated contracts and the write back of share-based payment expenses in the prior period.

29 See ASX announcement 2 January 2024

Figure 2: Prevalence references

Program	References for prevalence estimate
Retinitis Pigmentosa type 11	• Daiger S, et al. 'Genes and Mutations Causing Autosomal Dominant Retinitis Pigmentosa' Cold Spring Harb. Perspect. Med. 2014;5 • Ellingford J, et al. 'Molecular findings from 537 individuals with inherited retinal disease' J Med Genet. 2016;53, 761-776 • Sullivan L, et al. Genomic rearrangements of the PRPF31 gene account for 2.5% of autosomal dominant retinitis pigmentosa. Invest Ophthalmol Vis Sci. 2006;47(10):4579-88 • Sullivan L, et al. Prevalence of Mutations in eyeGENE Probands with a diagnosis of autosomal dominant retinitis pigmentosa. Invest Ophthalmol Vis Sci. 2013;54(9):6255-61 • Rose A, and Bhattacharya S. Variant haploinsufficiency and phenotypic non-penetrance in PRPF31-associated retinitis pigmentosa. Clin Genet, 2016;90: 118-126.
Autosomal Dominant Polycystic Kidney Disease	• Harris PC, Torres VE. Polycystic Kidney Disease, Autosomal Dominant. 2002 Jan 10 [Updated 2022 Sep 29]. In: Adam MP, Feldman J, Mirzaa GM, et al., editors. GeneReviews. Seattle (WA): University of Washington, Seattle; 1993-2023. • Lakhia R, et al. PKD1 and PKD2 mRNA cis-inhibition drives polycystic kidney disease progression. Nature Communications. 2022;13(1). • Cloutier et al. The societal economic burden of autosomal dominant polycystic kidney disease in the United States. BMC Health Serv Res. 2020;20(1):126. • Willey et al. Analysis of Nationwide Data to Determine the Incidence and Diagnosed Prevalence of Autosomal Dominant Polycystic Kidney Disease in the USA: 2013-2015. Kidney Dis (Basel). 2019;5(2):107-17.
Autosomal Dominant Optic Atrophy	• Yu-Wai-Man, P. et al. The Prevalence and Natural History of Dominant Optic Atrophy Due to OPA1 Mutations Ophthalmology. 2010;117(8):1538-46 doi: 10.1016/j.ophtha.2009.12.038 • Amati-Bonneau, P. et al. OPA1-associated disorders: phenotypes and pathophysiology. The international journal of biochemistry & cell biology, 2009;41(10), 1855–1865. doi: 10.1016/j.biocel.2009.04.012
Phelan-McDermid Syndrome	• Cochoy DM, 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 2. • Zeidan J, et al. Global prevalence of autism: A systematic review update. Autism Research. 2022;1–13. doi: 10.1002/aur.2696 3. • https://pmsf.org/about-pms/

Business Risks

The Company's short to medium term operational and financial success may be impacted by a number of factors which may be material to the Company's future success. Some of these risks and mitigation strategies include, but are not limited to:

Risk	Mitigation and management strategies
Funding	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. 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 Groups financial forecasts are dependent on funding received from the Australian Tax Office via the R&D tax incentive to progress the development of its drug pipeline. Any significant changes to this tax legislation and PYC's eligibility to claim expenditure under this incentive would have an impact on the funding of the Company. Management proactively explores opportunities to out license programs in its development pipelines whilst continuing to engage with equity market investors to ensure sufficient capital is available to the Group to enable progression of all programs in the Group's pipeline.
Drug development	Drug development is a long and highly regulated process with many identified potential risks. Whilst the Company completes significant in-vitro and in-vivo studies prior to commencing a in-human clinical trial, there remains a risk that the safety and efficacy of the drug candidate may not be evident in clinical trials to enable registration of the drug with authorities and ultimately leading to being unable to commercialise the drug program. PYC mitigates this risk by pursuing monogenic indications which studies have shown have a 5x greater probability of clinical success[30]. Additionally, PYC utilises patient derived models in pre-clinical studies to give the greatest insight into the drug candidates effectiveness prior to committing to proceeding any drug candidate into in human clinical trials. .
Foreign Currency Risk	As programs progress into clinical development, a significant proportion of the Company's expenditure is denominated in US dollars exposing the Company to fluctuations in its operating costs and consequently costs may exceed those forecast to reach milestones with current funding. The Company holds reserves of USD for upcoming USD supplier payments and proactively acquires additional USD reserves when FX rates are in the Company's favour.

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

Risk	Mitigation and management strategies
Competitive landscape	One of PYC's strategic advantages is pursuing indications which currently have no treatment available to patients. The development of a treatment for an indication PYC is pursuing by a competitor would have a negative effect on the value of PYC's program due to either the competitor receiving approval for a therapeutic prior to PYC receiving regulatory approval or the competitor receiving regulatory approval for a superior therapeutic after PYC commercialises the program and consequently reduces PYC's market share. Management continually reviews the progress of competitors including reproducing competitor data to assess against PYC's drug candidates. The Company also retains numerous industry experts, including IP attorneys, to assess the competitive landscape.
IP	PYC's drug programs are 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. PYC retains the services of a leading IP attorney to manage and maintain its international IP rights. PYC continually reviews the IP landscape for indications it is pursuing to ensure IP protection is retained.
Regulatory changes	PYC's commercial success is dependent on the ability to access regulatory and commercial incentives available to it including, but not limited to, the Orphan Drug Act of 1983 passed in the United States of America. Significant regulatory changes could impact PYC's ability to receive approval to market any of the drugs in its pipeline or provide sufficient returns to investors once marketed. The Company pays close attention to regulatory changes across its targeted markets and utilises regulatory consultants where appropriate.
Dependence on commercial partners	Due to the nature of the biotech industry, PYC is reliant on third parties to complete various stages of the program development. This includes, but not limited to, manufacturing of test materials, conducting in-vivo and in-vitro studies and management of clinical trials. The successful performance of these contracts are critical to the success of PYC's drug development programs. The Company ensures any third parties contracted are reputable through reference checks with industry contacts. PYC utilises suppliers, where appropriate, that have passed FDA audits to ensure materials and study results received comply with regulatory requirements.
Regulatory approvals	The ultimate success of PYC's drug programs is regulatory approval to commercialise the drug for patient use. Prior to this, approval is required by these regulators to allow PYC to conduct clinical trials in human patients to assess the safety and efficacy of the drug. The inability to obtain these approvals from regulators impacts PYC's ability to progress its drug programs into clinical studies and ultimately commercialisation. PYC actively engages with the US Food & Drug Administration (FDA) throughout the pre-clinical and clinical process to ensure studies and endpoints are tailored to provide sufficient data to enable regulatory approvals. This includes, but not limited to, pre-IND meetings with the FDA and applications for designations including "Fast-Track" status and Orphan Drug Designation which provides additional interactions with the FDA throughout the clinical trial process.

Directors' Report

Directors' Report
30 JUNE 2024

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of PYC Therapeutics Limited (referred to hereafter as the 'Company' or 'Parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024, and the audit report thereon.

1. Directors

The following persons were Directors of PYC Therapeutics Limited and its controlled entities during the whole of the financial year and up to the date of this report, unless otherwise stated:

Alan Tribe
Non-Executive Director & Chairperson

Dr Rohan Hockings
Executive Director & Chief Executive Officer

Dr Michael Rosenblatt
Non-Executive Director

Jason Haddock
Non-Executive Director

Information on Directors

Name:
Alan Tribe

Title:
Non-Executive Director and Chairperson – Appointed 11 April 2018

Experience and expertise:
Mr Tribe has a background in the accounting profession both in the UK and Australia. Moving into industry he became the Managing Director of a group of companies with interests in natural resources in Australia and overseas. The group also included a technology Group which grew through both successful product development and acquisitions.

He was closely involved in establishing subsidiary operations in the USA, UK and Singapore to access markets worldwide.

Most recently he was the catalyst for the development of large retail operations in Western and South Australia.

Mr Tribe will contribute his broad experience in successfully commercialising technology internationally. He represents a large shareholding in PYC.

Other current directorships:
None

Former directorships (last 3 years):
None

Interests in shares:
1,587,267,467 Ordinary shares

Interests in options:
Nil

Name:
Dr Rohan Hockings M.B.B.S (Hons.), J.D., G.D.L.P

Title:
Executive Director & Chief Executive Officer – Appointed 30 November 2018

Experience and expertise:
Dr Hockings spent four years with McKinsey & Company and a further two years in the Private Equity industry before joining PYC Therapeutics. He brings a deep affinity for conceptual thinking to PYC Therapeutics along with an understanding of the company's technology and its commercialisation path.

Dr Hockings is a founding principal of a private equity fund active in the acquisition of health care assets within Australia. His previous roles include strategy and operational advisory positions with a global management consulting firm, equity capital markets experience as a solicitor with a national law firm and a number of appointments as a medical practitioner. Dr Hockings has a special interest in both venture capital and private equity within the healthcare industry.

Dr Hockings holds double degrees in medicine and law. He has worked across both disciplines following an internship at Sir Charles Gairdner Hospital and admission to practice in the Supreme Court of Victoria respectively.

Other current directorships:
None

Former directorships (last 3 years):
None

Interests in shares:
Nil

Interests in options:
Nil

Information on Directors (cont'd)

Name:
Dr Michael Rosenblatt BA, MD

Title:
Non-Executive Director – Appointed 17 March 2021

Experience and expertise:
Dr Rosenblatt is currently a Senior Partner of Flagship Pioneering.

Dr Rosenblatt joined Flagship from Merck, where he served as Executive Vice President and Chief Medical Officer from 2009 to 2016. During an earlier period at Merck, he led drug discovery efforts in ophthalmology, molecular biology, bone biology, virology, cancer research, gastroenterology, lipid metabolism and cardiovascular research.

He has held appointments as Dean of Tufts University School of Medicine; Robert H. Ebert Professor of Molecular Medicine and George R. Minot Professor of Medicine, both at Harvard Medical School; President, Harvard Faculty Dean and Senior Vice President for Academic Programs of Beth Israel Deaconess Medical Center; and Director of the Harvard-MIT Division of Health Sciences and Technology.

Dr Rosenblatt has served as a founding scientist, scientific advisory board member or director of more than 12 biopharmaceutical companies. He received his BA summa cum laude from Columbia University and his MD magna cum laude from Harvard Medical School, and completed internship, residency and endocrinology training at the Massachusetts General Hospital.

Other current directorships:
None

Former directorships (last 3 years):
None

Interests in shares:
Nil

Interests in options:
2,500,000 unlisted options exercisable by the payment of $0.17 on or before 23 March 2031.

Name:
Jason Haddock BS, MBA

Title:
Non-Executive Director – Appointed 29 March 2021

Experience and expertise:
Jason Haddock has more than 20 years of financial and operational experience in the biopharmaceutical industry. He served as CFO at Array BioPharma, Inc., where he was instrumental in the execution of an oncology-focused research, development and commercialization strategy that culminated in the successful launch of two new drugs and the company ultimately being acquired by Pfizer.

Prior, he worked at Bristol-Myers Squibb in a variety of finance, strategic, commercial and business development capacities, including CFO and COO roles for business units in Asia Pacific, Europe and the United States. Mr. Haddock has also served as CFO for ArcherDX as the company was acquired by Invitae to create a global leader in comprehensive cancer genetics and precision oncology. He holds a BS in accounting from Illinois State University and an EMBA from Washington University in St. Louis.

Other current directorships:
None

Former directorships (last 3 years):
None

Interests in shares:
Nil

Interests in options:
2,500,000 unlisted options exercisable by the payment of $0.17 on or before 29 March 2031.

2. Company Secretary

Andrew Taylor BComm, CA, GAICD
Chief Financial Officer & Company Secretary – Commenced 19 April 2022

Mr Taylor holds a Bachelor of Commerce Degree and is a Chartered Accountant. Mr Taylor has more than 15 years of professional experience holding senior finance positions with ASX listed companies and an international accounting firm. He has overseen the management of financial operations in North and South America and completed numerous debt and equity raisings on public markets.

Kevin Hart BComm, FCA
Company Secretary – Appointed 24 July 2017

Mr Hart holds a Bachelor of Commerce Degree and is a Chartered Accountant. Mr Hart has more than 30 years of professional experience with the accounting and management of public companies.

3. Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Alan Tribe	4	4
Dr Rohan Hockings	4	4
Jason Haddock	3	4
Dr Michael Rosenblatt	4	4

Held: represents the number of meetings held during the time the Director held office.

4. Principal activities

During the financial year the principal continuing activities of the Group consisted of drug development and progressing the Company's drug pipeline through preclinical and clinical development.

5. Operating Results and Financial Position

Financial performance

The consolidated results of the Group for the year reflects the Group's investment in advancing its drug development programmes.

	2024 $	2023 $
Operating loss after tax	(38,110,459)	(23,356,480)
R&D tax incentive income	17,559,314	15,806,256

Financial position

At 30 June 2024, the Group had cash reserves of $66,874,579 (2023: $15,571,534) and net current assets of $76,507,364 (2023: $23,467,617).

The ongoing operations of the Group are 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 financial report has 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. However, there is a material uncertainty associated with the ability to execute these transactions at the time and the amount needed to meet the Group's requirements. Refer to Note 1 for further details.

6. Review of Activities

Corporate

During the year the Group was focused on advancing its pipeline of first-in-class precision therapies in areas of major unmet patient need. The Company has made material progress in all three drug development programs covering two blinding eye diseases and a form of chronic kidney disease. PYC has also advanced a fourth drug discovery program in a severe neurodevelopmental disorder towards human trials. Collectively, these four indications affect 1 in every 1,000 people.

Initial human safety and efficacy data was established for the Company's RNA-conjugate platform technology through the Company's lead program in Retinitis Pigmentosa. These results herald the start of the critical 'clinical proof of concept' window during which the Company expects human safety and efficacy data across all three development programs within the next 18 months.

The Company successfully completed a $75 million capital raising, before costs, in April 2024 to existing and new institutional investors. The funds raised will be used to progress into and through early and mid-stage clinical trials in the Company's three development programs, conversion of discovery stage efforts into development programs and to provide general working capital.

6. Review of Activities (cont'd)

Corporate (cont'd)

The Company increased its shareholding in Vision Pharma Pty Ltd, the entity that owns VP-001, during the period taking its ownership to 96.2% (previously 95.2%) at 30 June 2024. Vision Pharma undertook a $10 million recapitalisation with the Company taking up both its $9.6 million pro rata entitlement and the $0.4 million shortfall created by Lions Eye Institute declining to participate in the fundraising round. Funds raised will be used to progress the VP-001 program through early and mid-stage clinical trials.

Operational

Operational highlights during the year and up to the date of this report include:

- PYC's investigational drug candidate for Retinitis Pigmentosa type 11 (RP11) completed dosing in the Phase 1 Single Ascending Dose (SAD) study demonstrating that this drug candidate was generally safe and well-tolerated in RP11 patients in the acute setting. Early efficacy data was obtained in patient cohort 3 in this trial providing conviction to progress into a Multiple Ascending Dose study and to extend the SAD study into a multiple dose extension format (this part of the trial commenced after the end of the financial year);
- The Company's second drug candidate for another blinding eye disease (Known as PYC-001) completed pre-clinical and Investigational New Drug enabling studies. The Company submitted a regulatory application to enable PYC-001 to enter human trials (this regulatory submission was successful after the end of the financial year). PYC also received Orphan Drug Designation for PYC-001 from the US Food and Drug Administration during the period providing several benefits for the program as it progresses through clinical trials and towards regulatory approval;
- The Company successfully matured drug discovery activities into a third formal development program during the year. The new drug candidate, known as PYC-003, has disease-modifying potential in Autosomal Dominant Polycystic Kidney Disease (ADPKD) which affects 1 in every 1,000 people. PYC's pre-clinical studies have demonstrated that PYC-003 is effective in human models derived from the kidneys of patients with ADPKD. The Company is currently progressing through studies required to support regulatory submissions to commence human trials in early 2025;
- PYC entered into an Artificial Intelligence (AI) based drug discovery collaboration with Google Cloud and other specialised partners to create a new generation of precision medicines. The project will leverage PYC's proprietary medicine data sets and will be designed to predict the optimal sequences and structures of peptides with the ability to deliver precision medicine cargoes to specific cells in the human body; and
- The Company continued to engage in drug discovery activities with a view to further expansion of its drug development pipeline over time.

7. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

8. Dividends

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

9. Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2024 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 financial years.

10. Indemnities and insurance premiums for officers

During the financial year, the Group paid a premium to insure the directors and secretaries of the company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

11. Non-audit services

During the year, PricewaterhouseCoopers, the Group's auditor, has performed certain other services in addition to their statutory duties related to the provision of income tax and R&D compliance services. No other services were provided by PricewaterhouseCoopers during the year.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing the risks and rewards.

Details of the amounts paid to the auditor of the Group, PricewaterhouseCoopers and its network firms, for audit and non-audit services provided during the year are found in note 23 of the notes to the financial statements.

12. Shares under option

Unissued ordinary shares of PYC Therapeutics Limited and its controlled entities under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23/03/2021	28/02/2031	$0.170	2,000,000
23/03/2021	23/03/2031	$0.170	2,500,000
23/03/2021	29/03/2031	$0.170	2,500,000
23/11/2021	23/11/2024	$0.170	500,000
20/04/2022	20/04/2026	$0.170	2,400,000
30/09/2022	30/09/2026	$0.170	5,000,000
30/09/2022	30/09/2026	$0.170	1,000,000
30/09/2022	30/09/2026	$0.170	1,300,000
30/09/2022	30/09/2026	$0.170	1,100,000
30/09/2022	30/09/2026	$0.170	1,300,000
30/09/2022	30/09/2026	$0.170	1,200,000
30/09/2022	30/09/2026	$0.170	1,000,000
30/09/2022	30/09/2026	$0.170	1,000,000
30/09/2022	30/09/2026	$0.170	1,800,000
10/02/2023	10/02/2027	$0.170	1,500,000
28/09/2024	28/09/2027	$0.090	1,000,000
01/10/2023	01/10/2027	$0.090	2,500,000
22/05/2024	22/05/2028	$0.170	21,000,000
01/07/2024	01/07/2028	$0.170	2,000,000
			52,600,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

13. Shares issued on the exercise of options

There were no ordinary shares of PYC Therapeutics Limited issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted.

14. Environmental regulation

The Group complies with all laboratory practice regulations, including, Materials and Materials Handling Practice, Animal Handling Practice, and Office of the Gene Technology Regulator (OGTR) Approval.

15. Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- 15.1 Principles used to determine the nature and amount of remuneration
- 15.2 Service agreements
- 15.3 Details of remuneration
- 15.4 Share-based compensation

15.1 Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- achievement of strategic objectives
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives
- establishment of revenue streams and growth of the Group's share price

15. Remuneration report (audited) (cont'd)

15.1 Principles used to determine the nature and amount of remuneration (cont'd)

Additionally, the reward framework should seek to enhance the Group's executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Director and executive Director remuneration is separate.

Non-Executive Directors remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 27 November 2014, where the shareholders approved a maximum annual aggregate remuneration of $300,000, excluding share-based remuneration. Options issued to the Non-Executive Directors have been approved by the Board.

The Group makes contributions at the statutory minimum rate to superannuation funds nominated by Directors, in addition to the base fee.

Directors' fees cover all main board activities and committee memberships.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and Group performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the Group with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include progressing the Company's drug programs and creation of a pipeline of discovery assets.

15. Remuneration report (audited) (cont'd)

15.1 Principles used to determine the nature and amount of remuneration (cont'd)

Short Term Incentives are usually in the form of cash bonuses calculated based on achievement of Key Performance Indicators (KPI's). No Short Term Incentive cash bonus was paid to executives for the year ended 30 June 2024.

The long-term incentives ('LTI') include long service leave and the Employee Share Option Plan. Long term incentives for senior executives are through the grant of share options vesting over time. The options are granted free of charge and are exercisable at a fixed price. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2024.

Consolidated entity performance and link to remuneration

Performance linked compensation includes short term incentives (STI), in the form of cash bonuses paid upon the achievement of predetermined Key Performance Indicators (KPI), and long-term incentives (LTI) provided as options under the Employee Share Option Plan. In the case of Executive Directors, the number and conditions of the options are approved by the shareholders in general meeting.

Consequences of performance on shareholders' wealth

The Board has regard to a broad range of factors in considering the Group's performance and how best to generate shareholder value. These include financial factors, securing new drug discovery partnerships and others that relate to meeting the objectives of existing discovery alliances, scientific progress of the Group's in-house projects, grants awarded, staff development etc. The Board has some, but not absolute regard to the Group's result and cash consumption during the year. It does not utilise earnings per share as a performance measure nor does it contemplate consideration of any dividends in the short to medium term, given that efforts are being expended to build the business and generate self-sustaining revenue streams. The Group is of the view that any adverse movement in the Group's share price should not be taken into account in assessing the performance of employees, unless such a measure is agreed with the executive as a KPI.

Use of remuneration consultants

During the financial year ended 30 June 2024, the Group, through the Board, did not engage the services of remuneration consultants.

15.2 Service agreements

Name	Dr Rohan Hockings
Position	Executive Director & Chief Executive Officer
Term Expiring	No fixed term
Salary	$395,000
STI	Payment of up to $198,000. The performance criteria, assessment and timing are determined at the discretion of the Board.
Options	Nil
Termination Notice	If terminated by the Group, twelve months' notice and two months' notice by the individual.

15. Remuneration report (audited) (cont'd)

15.3 Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Leave entitlement	Share-based payments	
2024	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Annual leave and Long service leave $	Value of options $	Total $
Non-Executive Directors:							
A Tribe	63,063	-	-	6,937	-	-	70,000
J Haddock[1]	68,637	-	-	-	-	18,029	86,666
Dr M Rosenblatt[1]	68,637	-	-	-	-	18,029	86,666
Executive Directors:							
Dr R Hockings[2]	395,000	-	-	-	38,210	-	433,210
	595,337	-	-	6,937	38,210	36,058	676,542

1. Mr J Haddock and Dr M Rosenblatt are remunerated in USD. Their cash salary and fees for FY24 have been converted to AUD using an average rate of 0.6556.
2. Dr R Hockings' cash salary and fees are paid under a contractor arrangement.

The Group pays an insurance premium for Group reimbursement and Directors' and Officers' liability insurance as a combined amount. The portion of the premium which relates to Directors and Officers has not been included as part of remuneration.

	Short-term benefits			Post-employment benefits	Leave entitlement	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Annual leave and Long service leave $	Value of options $	Total $
Non-Executive Directors:							
A Tribe	63,348	-	-	6,652	-	-	70,000
J Haddock[1]	66,833	-	-	-	-	76,041	142,874
Dr M Rosenblatt[1]	66,833	-	-	-	-	76,041	142,874
Executive Directors:							
Dr R Hockings[2]	395,000	-	-	-	42,500	-	437,500
	592,014	-	-	6,652	42,500	152,082	793,248

1. Mr J Haddock and Dr M Rosenblatt are remunerated in USD. Their cash salary and fees for FY23 have been converted to AUD using an average rate of 0.6734.
2. Dr R Hockings' cash salary and fees are paid under a contractor arrangement.

The Group pays an insurance premium for Group reimbursement and Directors' and Officers' liability insurance as a combined amount. The portion of the premium which relates to Directors and Officers has not been included as part of remuneration.

15. Remuneration report (audited) (cont'd)

15.4 Share-based compensation

Options

All options refer to options over ordinary share of PYC Therapeutics Limited which are exercisable on a one-for-one basis.

During the year ended 30 June 2024, no options over ordinary shares in the Group were granted as compensation to key management personnel (30 June 2023: nil).

Exercise of options granted as compensation

No options were exercised by key management personnel during the period ending 30 June 2024 (30 June 2023: nil).

Options granted carry no dividend or voting rights. There are no other service conditions associated with these options other than the service period.

Analysis of options and rights over equity instruments granted as compensation

The methodology used to arrive at a fair value of the options issued during the current financial year is set out in Note 32.

Key Management Personnel	Balance at 1 July 2023	Granted as compensation	Exercised	Other changes	Balance at 30 June 2024	Vested during the year	Vested & Exercisable 30 June 2024
Directors							
A Tribe	-	-	-	-	-	-	-
Dr R Hockings	-	-	-	-	-	-	-
Dr M Rosenblatt	2,500,000	-	-	-	2,500,000	833,334	2,500,000
J Haddock	2,500,000	-	-	-	2,500,000	833,334	2,500,000

The options held by Dr M Rosenblatt and Mr J Haddock have an exercise price of $0.17 and an expiry date of 23 March 2031 and 29 March 2031 respectively.

Shareholdings

The movement during the reporting period in the number of ordinary shares in the Group held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

Key Management Personnel	Balance 1 July 2023	Purchases	Granted as Compensation	Sales	Balance 30 June 2024
Directors					
A Tribe	975,185,905	612,081,562	-	-	1,587,267,467
Dr R Hockings	10,000,000	-	-	(10,000,000)	-
Dr M Rosenblatt	-	-	-	-	-
J Haddock	-	-	-	-	-

Dr Hockings completed an off-market share transfer during the period to satisfy the repayment of an intra-family loan account.

15. Remuneration report (audited) (cont'd)

15.4 Share-based compensation (cont'd)

Key management personnel transactions
Other than the above, there were no amounts paid or payable to key management personnel during the reporting period or at reporting date.

This concludes the remuneration report, which has been audited.

16. Corporate Governance

The Group's corporate governance statement can be found on the Group's website https://pyctx.com/investors-news-announcements/

17. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

18. 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.

On behalf of the Directors

Rohan Hockings

Executive Director & Chief Executive Officer

29 August 2024

Perth

Auditor's independence declaration

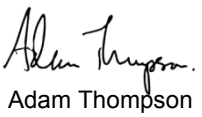
Auditor's Independence Declaration

As lead auditor for the audit of PYC Therapeutics Limited for the year ended 30 June 2024, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Adam Thompson
Partner
PricewaterhouseCoopers

Perth
29 August 2024

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Financial Statements

Financial Statements Content Page

30 JUNE 2024

General information

The financial statements cover PYC Therapeutics Limited and its controlled entities as a Group consisting of PYC Therapeutics Limited and the entities it controlled at the end of, or during the 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 WA 6009

Principal place of business

Harry Perkins Institute
6 Verdun Street
Nedlands WA 6009

The principal activity of the Company during the financial year was drug development and progressing the Company's drug pipeline through preclinical and clinical development.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2024. The Directors have the power to amend and reissue the financial statements.

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $	2023 $
Revenue			
Other income	5	22,855,290	15,907,972
Total revenue		22,855,290	15,907,972
Expenses			
Research and development expenditure	6	(56,408,265)	(35,146,007)
General and administrative expenses	7	(4,508,275)	(4,091,157)
Finance costs		(49,209)	(27,288)
Total expenses		(60,965,749)	(39,264,452)
Loss before income tax expense		(38,110,459)	(23,356,480)
Income tax expense	8	-	-
Loss after income tax expense for the year		(38,110,459)	(23,356,480)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(38,110,459)	(23,356,480)
Loss for the year is attributable to:			
Non-controlling interest		(385,048)	(567,495)
Owners of PYC Therapeutics Limited and its controlled entities	19	(37,725,411)	(22,788,985)
		(38,110,459)	(23,356,480)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(385,048)	(567,495)
Owners of PYC Therapeutics Limited and its controlled entities		(37,725,411)	(22,788,985)
		(38,110,459)	(23,356,480)

		Cents	Cents
Basic loss per share	31	(0.96)	(0.71)
Diluted loss per share	31	(0.96)	(0.71)

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

Consolidated statement of financial position

AS AT 30 JUNE 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	9	66,874,579	15,571,534
Trade and other receivables	10	17,995,965	16,252,028
Other assets		743,959	49,583
Total current assets		85,614,503	31,873,145
Non-current assets			
Property, plant and equipment	12	523,381	755,478
Right-of-use assets	11	1,050,976	287,275
Intangibles	13	4,050,000	4,250,000
Total non-current assets		5,624,357	5,292,753
Total assets		91,238,860	37,165,898
Liabilities			
Current liabilities			
Trade and other payables	14	7,847,664	7,462,579
Lease liabilities	15	309,786	177,816
Employee benefits	16	949,689	765,133
Total current liabilities		9,107,139	8,405,528
Non-current liabilities			
Lease liabilities	15	803,006	137,671
Employee benefits	16	273,945	180,100
Total non-current liabilities		1,076,951	317,771
Total liabilities		10,184,090	8,723,299
Net assets		81,054,770	28,442,599
Equity			
Issued capital	17	230,575,898	140,087,345
Reserves	18	5,814,602	5,831,725
Accumulated losses	19	(155,894,848)	(118,169,437)
Equity attributable to the owners of PYC Therapeutics Limited and its controlled entities		80,495,652	27,749,633
Non-controlling interest	20	559,118	692,966
Total equity		81,054,770	28,442,599

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

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

	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 year	-	-	-	-	(22,788,985)	(567,495)	(23,356,480)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(22,788,985)	(567,495)	(23,356,480)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs (note 17)	11,623,752	-	-	-	-	-	11,623,752
Exercise of options	2,472,260	(2,422,260)	-	-	-	-	50,000
Share-based payments (note 32)	-	(70,303)	-	-	-	-	(70,303)
Transactions with NCI	-	-	(410,301)	-	-	410,301	-
Foreign currency translation reserve	-	-	-	(6,667)	-	-	(6,667)
Balance at 30 June 2023	140,087,345	3,744,674	2,188,991	(101,940)	(118,169,437)	692,966	28,442,599

	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 year	-	-	-	-	(37,725,411)	(385,048)	(38,110,459)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(37,725,411)	(385,048)	(38,110,459)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs (note 17)	90,488,553	-	-	-	-	-	90,488,553
Share-based payments (note 32)	-	247,409	-	-	-	-	247,409
Transactions with NCI	-	-	(251,200)	-	-	251,200	-
Foreign currency translation reserve	-	-	-	(13,332)	-	-	(13,332)
Balance at 30 June 2024	230,575,898	3,992,083	1,937,791	(115,272)	(155,894,848)	559,118	81,054,770

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

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(59,884,513)	(34,138,817)
R&D tax incentive received		16,458,970	9,673,617
Interest received		386,415	70,948
Interest paid leases		(49,373)	(27,434)
Receipt of AI drug discovery collaboration fees		4,500,000	-
Net cash used in operating activities	29	(38,588,501)	(24,421,686)
Cash flows from investing activities			
Payments for property, plant and equipment		(307,044)	(491,116)
Return of security deposits		-	14,000
Net cash used in investing activities		(307,044)	(476,116)
Cash flows from financing activities			
Proceeds from issue of shares	17	92,057,302	12,650,000
Payment of transaction costs	17	(1,568,749)	(976,248)
Principal elements of lease payments		(294,485)	(232,788)
Net cash from financing activities		90,194,068	11,440,964
Net increase/(decrease) in cash and cash equivalents		51,298,523	(13,457,838)
Cash and cash equivalents at the beginning of the financial year		15,571,534	29,110,023
Effects of exchange rate changes on cash and cash equivalents		4,522	(80,651)
Cash and cash equivalents at the end of the financial year	9	66,874,579	15,571,534

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

Notes to the consolidated financial statements

30 JUNE 2024

Note 1. Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Group is a pre-commercial biotechnology company and as such does not expect to generate revenue until the commercialisation of one of its drug development programs. This may be realised by either the licensing of one of the assets in the Group's pipeline or the receipt of regulatory approval to market one of the drug candidates. The Group has incurred recurring losses and operating cash outflows since inception, including in the current financial year. The Group expects to continue incurring losses until such time as one of its programs are commercialised. The financial report has 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 Group has a proven track record of successfully raising additional capital to progress the development of the pipeline of drug development programs.

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 1. Material accounting policies (cont'd)

Basis of preparation (cont'd)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Tax legislation

PYC Therapeutics Ltd and its Australian controlled entities are not consolidated for tax purposes.

Each entity is a taxable entity and continues to account for its own current and deferred tax amounts.

Foreign currency translation

The financial statements are presented in Australian dollars, which is PYC Therapeutics Limited and its controlled entity's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 1. Material accounting policies (cont'd)

Revenue recognition

The Group recognises revenue as follows:

Interest

revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established. Refer to note 5 for further detail on the recognition of other income.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 1. Material accounting policies (cont'd)

Investments and other financial assets (cont'd)

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 1. Material accounting policies (cont'd)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Intangible assets

The Company's intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Refer to note 13 for details about amortisation methods and periods used by the Group for intangible assets.

Note 2. Critical accounting judgements, estimates and assumptions (cont'd)

R&D Tax Incentive

The Group is eligible to receive a tax incentive from the Australian Tax Office for eligible research and development expenditure. The Group recognises this incentive as Other Income in the Consolidated Statement of Profit or Loss and other comprehensive income in the period the Group is eligible to receive the incentive and where the incentive can reliably be estimated. Management has used judgement and estimates which it believes is reasonable in determining the value of the incentive to accrue in the reporting period which is yet to be lodged or approved by the Australian Tax Office. Refer to note 5 for details on the values recognised related to this incentive.

Note 3. Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group receivables and cash investments.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group undertakes due diligence prior to entering into any collaboration, co-development or licensing agreement with a counterparty that exposes the Group to credit risk.

No receivables are past due or considered impaired at 30 June 2024 or 30 June 2023.

Trade and other receivables

The Group had no material credit risk with respect to trade and other receivables at 30 June 2024 or 30 June 2023.

Note 3. Financial risk management (cont'd)

Overview (cont'd)

Cash investments

The Group limits its exposure to credit risk by banking only with Australia and New Zealand Banking Group and JP Morgan Chase Bank. Given these bank's credit ratings, management does not expect it to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group does not presently use financial derivatives as a risk management tool.

Currency risk

The Group is exposed to currency risk on some purchases that are denominated in a currency other than the functional currency of the Group, the Australian dollar (AUD). The Group holds reserves of USD to satisfy short term requirements. The Group does not employ any long term hedging strategies for foreign currency risk management.

Interest rate risk

The Group does not have any borrowings. The Group invests temporarily idle funds for terms of up to three months at variable interest rates.

(i) Interest rate risk profile:

	2024 $	2023 $
At reporting date, the interest rate profile of the Group's interest bearing financial instrument was:		
Variable rate instruments		
- Financial assets	66,874,579	15,571,534

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

Note 3. Financial risk management (cont'd)

Overview (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 30 June 2023.

	2024		2023	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	668,746	(668,746)	155,715	(155,715)

(ii) Fair value

The financial assets and financial liabilities of the Group are all current and therefore fair value is equal to carrying value. Consequently, the Group does not make any adjustments through the statement of profit or loss and other comprehensive income or on the statement of financial position to restate the carrying value of the financial assets and liabilities.

(iii) Foreign exchange risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the AUD, future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in the relevant currency, was as follows:

	2024 USD	2024 EUR	2023 USD	2023 EUR
Cash and cash equivalents	3,233,488	-	3,030,851	-
Trade payables	(2,963,840)	(5,552)	(2,758,460)	(5,458)

The aggregate net foreign exchange gains/losses recognised in profit or loss was $493,829 loss (2023: loss $74,041).

Note 3. Financial risk management (cont'd)

Overview (cont'd)

(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held $40,700,000 in deposits at call (2023: 8,107,000). Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve and cash and cash equivalents (note 9) on the basis of expected cash flows. This is carried out at a Group level. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities:

2024	Less than 6 months $	6-12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Total contractual cash flows $	Carrying amount liabilities $
Trade payables	7,526,624	-	-	-	7,526,624	7,526,624
Lease liabilities	173,872	173,872	359,465	505,413	1,212,622	1,112,792
Total financial liabilities	7,700,496	173,872	359,465	505,413	8,739,246	8,639,416

2023	Less than 6 months $	6-12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Total contractual cash flows $	Carrying amount liabilities $
Trade payables	4,919,128	-	-	-	4,919,128	4,919,128
Lease liabilities	94,308	94,308	141,162	-	329,778	315,487
Total financial liabilities	5,013,436	94,308	141,162	-	5,248,906	5,234,615

Note 4. 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.

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 Maker ('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 5. Other income

	2024 $	2023 $
R&D tax incentive	17,559,314	15,806,256
Drug discovery collaboration	4,500,000	-
Interest income	795,976	81,849
Gain on Disposal of ROU asset	-	19,867
Other income	22,855,290	15,907,972

R&D Tax Incentive

The Research and Development (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 R&D Tax Incentive recognised in the year ended 30 June 2024 is attributable to the eligible expenditure incurred in the year ended 30 June 2024 and is expected to be received in late 2024. The R&D Tax Incentive recognised in the year ended 30 June 2023 was received in the year ended 30 June 2024.

Note 5. Other income (cont'd)

Drug Discovery Collaboration

As announced to the ASX on 2 January 2024, PYC entered into collaboration agreement with Google Cloud and other specialised partners to build customer designed machine learning models integrated with AlphaFold and its successors, and hosted on Google Cloud's Artificial Intelligence (AI) platform, in order to create a new generation of precision medicines. PYC is responsible for funding the A$10 million project over a 12-month term via three instalments. PYC received a A$4.5m upfront collaboration fee from the specialised partners as consideration for accessing PYC's proprietary data sets and capabilities.

Note 6. Research and development expenditure

	2024 $	2023 $
Research and development expenses	56,408,265	35,146,007

Accounting policy for research and development

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 has 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:

	2024 $	2023 $
Employee benefits expenses	9,953,419	9,738,246

Note 7. General and administrative expenses

	2024 $	2023 $
Employee benefits expenses	1,412,075	1,923,243
Share-based payment expenses	247,409	(70,303)
Depreciation and amortisation	600,881	551,218
Professional services	569,431	344,408
Insurances	247,151	264,556
Travel and accommodation	75,786	223,390
Net foreign exchange loss	493,829	74,041
Audit	116,800	91,140
Other administrative expenses	744,913	689,464
	4,508,275	4,091,157

Refer to note 32 for details of share-based payments.

Note 8. Income tax

(i) Income tax benefit

	2024 $	2023 $
The prima facie tax on the operating loss is reconciled to the income tax provided in the accounts as follows:		
Accounting profit/(loss)	(38,110,459)	(23,356,480)
Prima facie tax benefit on operating loss before income tax at 25% (2023: 25%)	9,527,615	5,839,120
Difference due to impact of overseas tax rates	(19,849)	(37,123)
Tax effect on permanent differences	(5,698,975)	(5,772,167)
Current period tax losses and temporary differences not brought to account	(3,808,791)	(29,830)
	-	-

Note 8. Income tax (cont'd)

(ii) Unrecognised deferred tax balances

(a) Deferred tax assets

	2024 $	2023 $
The balance comprises temporary difference attributable to:		
Property, plant & equipment	-	-
Lease liabilities	278,198	78,872
Tax losses	15,058,704	10,934,039
	15,336,902	11,012,911
Other		
Employee benefits	289,640	214,313
Patents & intellectual property	13,331	14,316
S40-880 expenditure	509,423	494,338
Other	51,000	8,250
	863,394	731,217
Total unrecognised deferred tax assets	16,200,296	11,744,128
Set-off deferred tax liabilities	(666,568)	(249,800)
Net unrecognised deferred tax assets	15,533,728	11,494,328

(b) Deferred tax liabilities

	2024 $	2023 $
The balance comprises temporary differences attributable to:		
Right-of-use assets	262,744	166,167
Other		
Other current assets	403,824	83,633
Total deferred tax liabilities	666,568	249,799
Set-off deferred tax liabilities	(666,568)	(249,799)
Net deferred tax liabilities	-	-

Note 8. Income tax (cont'd)

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 9. Cash and cash equivalents

	2024 $	2023 $
Current assets		
Cash and cash equivalents	66,874,579	15,571,534

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Included within the current assets is a cash amount of $85,155 (30 June 2023: $169,859) which is not considered available for general use. The balances are held within the Murdoch joint operations and may only be used in relation to joint operation expenditure.

Note 10. Trade and other receivables

	2024 $	2023 $
Current assets		
GST Receivable	135,040	108,872
Interest receivable	440,329	30,767
R&D tax incentive receivable	17,207,984	16,112,389
Other receivable	212,612	-
	17,995,965	16,252,028

Accounting policy for trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Right-of-use assets

	2024 $	2023 $
Non-current assets		
Property leases - right-of-use	2,035,698	943,908
Less: Accumulated depreciation	(984,722)	(656,633)
	1,050,976	287,275

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	ROU Assets $
Balance at 30 June 2022	902,477
Additions	-
Remeasurement	-
Disposals	(363,052)
Depreciation expense	(252,150)
Balance at 30 June 2023	287,275
Additions	271,380
Remeasurement	820,410
Disposals	-
Depreciation expense	(328,089)
Balance at 30 June 2024	1,050,976

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 12. Property, plant and equipment

	2024 $	2023 $
Non-current assets		
Plant and equipment - at cost	3,551,762	3,244,185
Less: Accumulated depreciation	(3,028,381)	(2,488,707)
	523,381	755,478

	Office and research equipment
Balance at 1 July 2022	726,695
Additions	459,048
Disposals	(24,124)
Depreciation expense	(406,141)
Balance at 30 June 2023	755,478
Additions	307,577
Disposals	-
Depreciation expense	(539,674)
Balance at 30 June 2024	523,381

Accounting policy for property, plant and equipment

The Group holds no property. Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office and research equipment	2-13 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Intangibles

	2024 $	2023 $
Non-current assets		
Intellectual property - at cost	5,000,000	5,000,000
Less: Accumulated amortisation	(950,000)	(750,000)
	4,050,000	4,250,000

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 25 years.

Note 14. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	7,526,624	4,919,128
Accrued expenses	283,611	2,353,719
PAYG withholding	-	148,837
Payroll tax payables	31,141	35,590
Other payables	6,288	5,305
	7,847,664	7,462,579

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Lease liabilities

	2024 $	2023 $
Current liabilities		
Lease liability	309,786	177,816
Non-current liabilities		
Lease liability	803,006	137,671

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Refer to note 30 for movements in the lease liability during the period and note 3 for contractual cash flow outflows of leases contracted by the Group.

Note 16. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	884,615	700,743
Superannuation	65,074	64,390
	949,689	765,133
Non-current liabilities		
Long service leave	273,945	180,100
	273,945	180,100

Note 16. Employee benefits (cont'd)

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 17. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	4,666,083,409	3,416,503,494	230,575,898	140,087,345

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	3,180,926,103		125,991,333
Shares issued	3 March 2023	5,692,836	note (a)	2,422,260
Shares issued	3 March 2023	793,651	$0.063	50,000
Shares issued	19 May 2023	229,090,494	$0.055	12,6000,000
Share issue costs		-		(976,248)
Balance	30 June 2023	3,416,503,494		140,087,345
Shares issued	14 July 2023	316,363,641	$0.055	17,400,000
Shares issued	26 March 2024	499,999,999	$0.080	40,000,000
Shares issued	15 April 2024	239,109,482	$0.080	19,128,759
Shares issued	30 April 2024	194,106,793	$0.080	15,528,543
Share issue costs		-		(1,568,749)
Balance	30 June 2024	4,666,083,409		230,575,898

Note 17. Issued capital (cont'd)

Movements in ordinary share capital (cont'd)

On 14 March 2024, the Company launched an accelerated non-renounceable entitlement offer (ANREO) for shareholders to raise up to $74,600,000. All shares offered under the accelerated component of the offer (499,999,999) were subscribed for and issued on 26 March 2024 raising $40,000,000. The retail component was completed on 30 April 2024 with the entire shortfall of this offer placed in two tranches to select institutional and sophisticated investors. The retail component and Tranche 1 of the retail offer shortfall (239,109,482 shares in total) was settled on 30 April 2024 raising a total of $19,128,759. Tranche 2 (194,106,793 shares) was settled on 31 May 2024 raising a total of $15,528,543.

On 5 July 2023, shareholders approved the Tranche 2 placement of the capital raising completed on 3 May 2023. On receiving approval, 316,363,641 shares were issued on 14 July 2023 at $0.055 per share raising a total of $17,400,000.

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.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report. refer to note 3 for further details on financial risk management.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 18. Reserves

	2024 $	2023 $
Foreign currency reserve	(115,272)	(101,940)
Share-based payments reserve	3,992,083	3,744,674
Transactions with NCI reserve	1,937,791	2,188,991
	5,814,602	5,831,725

Foreign currency reserve

Foreign currency translation exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised and the grant date fair value of shares issued to employees.

Transactions with NCI reserve

This reserve is used to record differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Note 19. Accumulated losses

	2024 $	2023 $
Accumulated losses at the beginning of the financial year	(118,169,437)	(95,380,452)
Loss after income tax expense for the year	(37,725,411)	(22,788,985)
Accumulated losses at the end of the financial year	(155,894,848)	(118,169,437)

Note 20. Non-controlling interest

	2024 $	2023 $
Non-controlling interest	559,118	692,966

Note 21. Dividends

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

Note 22. Key management personnel disclosures

Directors

The following persons were Directors of PYC Therapeutics Limited and its controlled entities during the financial year:

Executive Director	
Dr R Hockings	Executive Director & Chief Executive Officer
Non-Executive Directors	
A Tribe	Non-Executive Chairman
Dr M Rosenblatt	Non-Executive Director
J Haddock	Non-Executive Director

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2024 $	2023 $
Short-term employee benefits	595,337	592,014
Post-employment benefits	6,937	6,652
Long-term benefits	38,210	42,500
Share-based payments	36,058	152,082
	676,542	793,248

Note 23. Remuneration of auditors

	2024 $	2023 $
PricewaterhouseCoopers		
Audit of financial statements	116,800	91,140
Income tax and R&D compliance services	54,000	-
	170,800	91,140

Note 24. Related party transactions

Parent entity
The immediate parent and ultimate controlling party of the Group is PYC Therapeutics Limited.

Subsidiaries
Interests in subsidiaries are set out in note 26.

Joint operations
Interests in joint operations are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2024	2023
Loss after income tax	(38,123,791)	(23,363,147)
Total comprehensive income	(38,123,791)	(23,363,147)

Statement of financial position

	2024	2023
Total current assets	73,311,000	20,014,040
Total Assets	89,549,589	35,711,448
Total current liabilities	7,417,868	6,951,078
Total liabilities	8,494,819	7,268,849
Equity		
Issued capital	230,575,898	140,087,345
Share-based payment reserve	3,992,083	3,744,674
Accumulated losses	(153,513,211)	(115,389,420)
	81,054,770	28,442,599

Note 25. Parent entity information (cont'd)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the Group, except for the following:

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2024 %	2023 %
PYC Therapeutics LLC	USA	100%	100%

Accounting policy on consolidation of subsidiaries:

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 26. Interests in subsidiaries (cont'd)

Accounting policy on consolidation of subsidiaries: (cont'd)

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 2024	Non-controlling interest Ownership interest 2024	Parent ownership interest 2023	Non-controlling interest Ownership interest 2023
Vision Pharma Pty Ltd	Australia	Drug development	96.2%	3.8%	95.2%	4.8%

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 $0.4m 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.

Accounting policy on interests in non-controlling interests:

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 26. Interests in subsidiaries (cont'd)

Summarised financial information for Vision Pharma Pty Ltd, before intragroup eliminations is set out below:

	2024 $	2023 $
Summarised statement of financial position		
Current assets	12,163,749	11,437,331
Non-current assets	4,050,000	4,250,075
Total assets	16,213,749	15,687,406
Current liabilities	1,499,627	1,250,115
Total liabilities	1,499,627	1,250,115
Net assets	14,714,122	14,437,291

	2024 $	2023 $
Summarised statement of profit or loss and other comprehensive income		
Revenue	122,957	8,611,171
Expenses	(9,846,127)	(17,251,922)
Loss before income tax	(9,723,170)	(8,640,751)
Other comprehensive income	-	-
Total comprehensive income	(9,723,170)	(8,640,751)

The Group has the following subsidiary with material non-controlling interests:

	2024 $	2023 $
Proportion of ownership interest and voting rights held by non-controlling interests (3.8%) (2023:4.8%)		
Carrying amount of non-controlling interests acquired	692,966	850,160
Loss allocated to non-controlling interests	(385,048)	(567,495)
Transaction with non-controlling interest	251,200	410,301
Accumulated non-controlling interest	559,118	692,966

Note 27. Interests in joint operations

The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the Group are set out below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2024 %	2023 %
PYC Therapeutics/Murdoch University collaboration	Academic-industry collaboration/ Australia	50%	50%
Vision Pharma Pty Ltd/Murdoch University	Academic-industry collaboration/ Australia	50%	50%

The Group has entered into academic-industry collaborations with Murdoch University to support drug discovery and development efforts in the field of neurodegenerative disorders.

Note 28. Events after the reporting period

No matters or circumstances have arisen since 30 June 2024 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 financial years.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	2024 $	2023 $
Loss after income tax expense for the year	(38,110,459)	(23,356,480)
Adjustments for:		
Depreciation and amortisation	1,067,763	882,045
Share-based payments	247,409	(70,303)
Foreign exchange differences	(18,387)	83,578
Change in operating assets and liabilities:		
Increase in trade and other assets	(2,438,313)	(6,162,653)
Increase in trade and other payables	385,085	4,342,074
Increase/(Decrease) in other provisions	278,401	(139,947)
Net cash used in operating activities	(38,588,501)	(24,421,686)

Note 30. Non-cash investing and financing activities

	2024 $	2023 $
Lease liabilities at 1 July	315,487	943,766
Non-cash Addition/(Disposal)	271,380	(373,971)
Remeasurement	869,783	-
Payments of lease liabilities	(343,858)	(260,222)
FX translation movement	-	5,914
Lease liabilities at 30 June	1,112,792	315,487

Note 31. Earnings per share

	2024 $	2023 $
Earnings per share for loss		
Loss after income tax attributable to the owners of PYC Therapeutics Limited	(37,725,411)	(22,788,985)
Non-controlling interest	(385,048)	(567,495)
	(38,110,459)	(23,356,480)
Loss after income tax attributable to the owners of PYC Therapeutics Limited and its controlled entities used in calculating basic and diluted earnings per share	(37,725,411)	(22,788,985)

	Cents	Cents
Basic loss per share	(0.96)	(0.71)
Diluted loss per share	(0.96)	(0.71)

	2024 Number	2023 Number
Weighted average number of ordinary shares	3,935,910,623	3,210,593,803

Note 31. Earnings per share (cont'd)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of PYC Therapeutics Limited and its controlled entities, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

As the Group incurred a loss for the year ended 30 June 2024, the options on issue have an antidilutive effect, therefore the diluted earnings per share is equal to the basic earnings per share.

Note 32. Share-based payments

(a) ESOP

At the Annual General Meeting held in November 2024, the Company renewed an employee share option programme (ESOP) that entitles key management personnel and senior employees to purchase shares in the Company.

(b) Options issued during the year

24,500,000 options were issued to Executives and senior management during the year ended 30 June 2024 (30 June 2023: 18,400,000).

(c) Fair value and assumptions

All options refer to options over ordinary share of PYC Therapeutics Ltd which are exercisable on a one for one basis.

The fair value of the options is calculated at grant date using a Black–Scholes pricing model and allocated to each reporting period in accordance with the vesting profile of the options.

The options have no performance conditions and the only condition is a service period.

The value recognised is the portion of the fair value of the options allocated to the reporting period.

The factors and assumptions used in determining the fair value on grant date of options issued during the financial year as follows:

Note 32. Share-based payments (cont'd)

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

	Number of options 2024	Weighted average exercise price 2024	Number of options 2023	Weighted average exercise price 2023
Outstanding at the beginning of the financial year	41,300,000	$0.165	63,900,000	$0.121
Granted	24,500,000	$0.159	18,400,000	$0.170
Forfeited	(2,200,000)	$0.170	(6,000,000)	$0.170
Expired/lapsed	(13,000,000)	$0.155	-	-
Exercised	-	-	(35,000,000)	$0.062
Outstanding at the end of the financial year	50,600,000	$0.164	41,300,000	$0.165
Exercisable at the end of the financial year	10,599,999	$0.170	19,433,332	$0.160

Note 32. Share-based payments (cont'd)

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the 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
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)	-
10/02/2023	10/02/2027	$0.170	1,500,000	-	-	-	1,500,000
28/09/2024	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
22/05/2024	22/05/2028	$0.170	-	21,000,000	-	-	21,000,000
			41,300,000	24,500,000		(15,200,000)	50,600,000

Note 32. Share-based payments (cont'd)

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the 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
10/02/2023	10/02/2027	$0.170	-	1,500,000	-	-	1,500,000
			63,900,000	18,400,000	(35,000,000)	(6,000,000)	41,300,000

Note 32. Share-based payments (cont'd)

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

Grant date	Expiry date	2024 Number	2023 Number
23/03/2021	28/02/2031	2,000,000	2,000,000
23/03/2021	23/03/2031	2,500,000	1,666,666
23/03/2021	29/03/2031	2,500,000	1,666,666
16/12/2020	30/11/2023	-	12,000,000
23/03/2021	23/03/2024	-	1,000,000
23/11/2021	23/11/2024	500,000	500,000
20/04/2022	20/04/2026	600,000	600,000
30/09/2022	30/09/2026	1,666,666	-
30/09/2022	30/09/2026	333,333	-
14/02/2023	14/02/2027	500,000	-
		10,599,999	19,433,332

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.59 years (30 June 2023: 3.09 years).

For the options granted during the current financial 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	$0.090	59%	-	3.50%	$0.025
01/10/2023	01/10/2027	$0.060	$0.090	59%	-	3.50%	$0.024
23/05/2024	23/05/2028	$0.115	$0.170	60%	-	3.50%	$0.039

Expenses arising from share-based payment transactions

	2024 Number	2023 Number
Equity – settled share-based payments issued:		
In FY 2021	36,058	(181,172)
In FY 2022	30,055	29,857
In FY 2023	72,932	81,012
In FY 2024	108,364	-
	247,409	(70,303)

Note 32. Share-based payments (cont'd)

Accounting policy for share-based payments

Equity-settled compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying a Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Consolidated entity disclosure statement

This Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the Group as at the end of the financial year. Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

Name of entity	Type of entity	Trustee, partner of participant in JV	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
PYC Therapeutics Ltd	Body Corporate	-	100	Australia	Australian	n/a
Vision Pharma Pty Ltd	Body Corporate	-	96.2	Australia	Australian	n/a
PYC Therapeutics LLC	Body Corporate	-	100	USA	Foreign	USA

Directors' declaration

30 JUNE 2024

In the Directors' opinion:

a) the consolidated financial statements and notes set out on pages 40 to 79 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 30 June 2024 and of its performance for the financial year ended on that date, and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) the consolidated entity disclosure statement on page 80 is true and correct; and

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and the chief financial officer required by Section 295A of the *Corporations Act 2001.*

The declaration is made in accordance with a resolution of the directors:

Rohan Hockings
Executive Director & Chief Executive Officer

29 August 2024
Perth

Independent auditor's report

Independent auditor's report

To the members of PYC Therapeutics Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of PYC Therapeutics Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that 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 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 opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board of Directors.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Research and development tax incentive receivable	
As per note 10 to the consolidated financial statements, the Group's research and development ("R&D") tax incentive receivable was $17,207,984 as of 30 June 2024. These R&D incentives were recognised as other income for the year then ended. The Group assessed the R&D activities to determine which of those activities were eligible under the R&D tax incentive program and when there is reasonable assurance that the entity will comply with the program conditions. The Group records the expected R&D tax incentive amount as a receivable in the consolidated statement of financial position and as other income in the consolidated statement of profit or loss and other comprehensive income. This was a key audit matter due to the significant judgement applied in determining whether the R&D activities and related expenditures were eligible under the R&D tax incentive program and the quantum of the income and receivable.	Our audit procedures, amongst others included: • with the assistance of PwC R&D incentive experts, evaluating the appropriateness of the methodology used to estimate the amount of the R&D tax incentive receivable; • comparing the estimate recorded in the financial statements as at 30 June 2023 to the amount of cash received after lodgement of the R&D Tax Incentive claim to assess historical accuracy of the estimate. • agreeing a sample of eligible expenditure in the estimate to the general ledger or other underlying accounting records. • agreeing the mathematical accuracy, on a sample basis, of the Group's R&D incentive calculation; and • evaluating, for a selection of eligible expenditures, the appropriateness of the Group's assessment of eligibility by comparing the nature of the expenditure against the eligibility criteria of the R&D Tax Incentive program.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

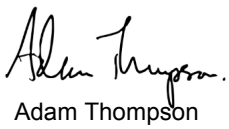
We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of PYC Therapeutics Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers



Adam Thompson
Partner

Perth
29 August 2024

ASX Additional information

30 JUNE 2024

The shareholder information set out below was applicable as at 30 September 2024.

Distribution of equitable securities

Analysis of number of equitable security holdings by size of holding:

	Number of holders	Number of shares	%
1 to 1,000	51	6,862	0.0%
1,001 to 5,000	187	809,683	0.0%
5,001 to 10,000	458	3,710,107	0.1%
10,001 to 100,000	1,700	71,949,633	1.5%
100,001 and over	1,310	4,589,607,124	98.4%
	3,706	4,666,083,409	

Based on the closing price on 30 September 2024 of $0.17 per security, number of holders with an unmarketable holding: 56, with a total of 14,374 shares, amounting to 0.0% of Issued Capital.

Twenty largest security holders

The names of the twenty largest holders of ordinary shares are listed below:

Name	Number of ordinary shares	% of Issued capital
AUSTRALIAN LAND PTY LTD <THE SOUTHDOWN A/C>	621,090,559	13.31
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	193,174,229	4.14
RUNCTON PTY LTD <THE GOODWOOD A/C>	191,896,969	4.11
PAGHAM PTY LTD <THE AINTREE A/C>	191,896,969	4.11
TREXON PTY LTD <BLACKPOOL TRUST A/C>	191,896,969	4.11
STOCKBRIDGE CORPORATION PTY LTD <THE ASCOT A/C>	191,896,968	4.11
MCCUSKER HOLDINGS PTY LTD	185,000,000	3.96
CITICORP NOMINESS PTY LIMITED	172,298,260	3.69
SIETSMA HOLDINGS PTY LTD <THE SIETSMA SUPER FUND A/C>	168,250,000	3.61
AUSTRALIAN LAND PTY LTD <THE TRIBE SUPER FUND A/C>	113,136,364	2.42
NATIONAL NOMINEES LIMITED	93,129,087	2.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	81,642,806	1.75
DATAMATCH PTY LTD <PARAGON FAMILY A/C>	75,000,000	1.61
MR ANTHONY PETER BARTON & MRS CORINNE HEATHER BARTON <A P BARTON PERSON S/F A/C>	60,000,000	1.29
LOCCA PTY LTD	52,091,721	1.12
MASALI PTY LTD	51,500,000	1.10
DR YANG SHENG YEO & MS ESTHER MEI YEN LIAW <PAPY FAMILY A/C>	51,425,925	1.10
MR JOHN BAIRD	43,500,000	0.93
MCCUSKER FOUNDATION LTD <THE MCCUSKER CHARITABLE A/C>	42,000,000	0.90
BARTON & BARTON PTY LTD	40,000,000	0.86
	2,810,826,826	60.24

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Australian Land Pty Ltd & other entities associated with Mr Alan Tribe	1,587,267,467	34.02
David Sietsma	283,400,000	6.07

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

Unquoted options

Unquoted options do not entitle the holder to any voting rights

On Market Buy Back

There is no on-market buy-back scheme in operation for the company's quoted shares or quoted options

Unquoted Option Holder Information

The information on unquoted securities set out below was applicable as at 25 September 2024

Distribution of unquoted option holder numbers

Category (size of holding)	No. of Option Holders	No. of Options
100,001 and over	23	52,600,000

Holders of more than 20% of unquoted options

The name of holders, holding more than 20% of the unquoted options on issue in the Company's share register as at 25 September 2024 were: nil

PYC Therapeutics