ASX ANNOUNCEMENT

ASX: 1AI | 29 July 2025

- **AlgoraeOS advances to preclinical validation via strategic partnership with Peter MacCallum Cancer Centre**
- **AI-driven drug synergy screening commences across four major cancer types**
- **Receipt of $318,771 R&D Tax Incentive rebate from the Australian Taxation Office**
- **Significant progress in AlgoraeOS Version 2.0 development, on track for Q3 2025**
- **Therapeutic pipeline progresses for lead drug candidates, AI-116 and AI-168**
- **Appointment of Mr. Vishal Shah as Chief Commercial Officer to drive commercialisation strategy**

AI-enabled pharmaceutical development company **Algorae Pharmaceuticals Ltd (ASX: 1AI) ('Algorae' or 'the Company')** presents its highlights for the quarter ended **30 June 2025 (Q2 2025)**.

AI-enabled Drug Discovery and Validation

A key milestone was achieved during the quarter with the formalisation of a strategic partnership with the **Victorian Centre for Functional Genomics ('VCFG')** at the **Peter MacCallum Cancer Centre ('Peter Mac').**

Under this partnership, high-throughput experimental validation is underway for 21 *in silico* predictions generated by **AlgoraeOS Version 1.0**, alongside 3 drug combinations identified through conventional scientific methods.

Peter MacCallum Cancer Centre, Melbourne VIC, Australia

These oncology-focused predictions are being evaluated across four cancer cell lines:

- **T98G** (brain)
- **PANC-1** (pancreas)
- **BT-20** (breast)
- **22Rv1** (prostate)

Key areas of study:

- Optimisation of cell growth kinetics
- Optimisation of drug toxicity parameters
- *In vitro* assessment of drug combination synergy
- Analysis of synergy across empirically tested drug combinations

This validation program leverages the "**lab in the loop**" paradigm, enhancing the predictive accuracy of AlgoraeOS. Drug combinations demonstrating synergistic inhibition of cancer cell proliferation may form the basis of novel therapeutic strategies to be further pursued. Key preclinical results from this program are expected within the next six months.

AlgoraeOS Platform Development

Development of **AlgoraeOS Version 2.0** progressed strongly during the quarter and remains on track for delivery in Q3 2025. The new version introduces significant architectural and computational enhancements designed to improve prediction accuracy, scalability and performance:

- **Improved model architecture**: Integration of attention mechanisms, gradient reversal layers, and advanced regularisation techniques to improve feature extraction, mitigate bias and enhance predictive accuracy in drug synergy modelling

- **Object-Oriented Programming ('OOP') framework**: Implementation of a fully modular OOP design to support scalable development, streamline future updates and enable seamless integration of new data types, algorithms and predictive models

- **High-performance multi-GPU processing**: Deployment of parallel and concurrent multi-GPU computation to increase processing power, reduce training times and accelerate large-scale dataset analysis

- **Multi-modality data integration**: Integration of diverse input modalities, including gene expression levels for ~1200 target genes, and pathway activation enrichment scores, to enhance the richness and accuracy of interaction predictions

- **Enhanced external validation and generalisability**: Expansion of cross-validation protocols and benchmarking against third-party datasets to ensure robust and reliable model performance across diverse therapeutic applications

Validation data from the VCFG/Peter Mac studies, combined with cross-validation and synergy metrics, will be incorporated into future releases of AlgoraeOS, continuing to improve the platform's predictive capabilities for synergistic drug combinations.

Therapeutic Pipeline Updates

- **AI-116 (Dementia drug candidate)**: Building on the previously reported preclinical results demonstrating AI-116's improved efficacy in *in vitro* models over Donepezil, the Company is leveraging these findings to inform ongoing clinical trial planning. A Patent Cooperation Treaty ('PCT') application has been filed.

- **AI-168 (Cardiovascular drug candidate)**: Formulation development advanced during the quarter, following statistically significant cardioprotective effects observed in preclinical studies at the **Victorian Heart Institute, Monash University** (refer ASX announcement dated 29 November 2024).

Corporate Developments

As announced on 3 April 2025, **Mr. Vishal Shah** was appointed as Chief Commercial Officer ('COO'). Mr. Shah brings over 20 years of commercial leadership experience across pharmaceuticals, biotechnology and healthcare distribution, including senior leadership roles at **HPS Pharmacies (EBOS Group Ltd, ASX: EBO)** and **Baxter Healthcare (NYSE: BAX)**. His expertise will drive Algorae's commercial partnerships and market expansion.

During the quarter, the Executive Chairman's remuneration package was updated in line with comparable roles and industry standards effective 1 May 2025. In accordance with ASX Listing Rule 3.16.4, the terms include a base salary of A$220,000 pa, plus superannuation, with a 6-month notice period applicable to either party.

Financial Overview

As of 30 June 2025, Algorae reported a **cash balance of $2.32 million**, supported by a Research & Development Tax Incentive ('RDTI') rebate of $318,771 from the Australian Taxation Office. Net operating cash outflow was $264,504 for the quarter, with R&D expenditure totalling $476,265. The Company remains eligible for an annual RDTI rebate (~43.5%) for all R&D expenditure incurred in Australia. The 2024/25 application is underway and will be lodged during Q3 2025.

Payments to directors and related parties amounted to $76,310, consistent with governance obligations.

Algorae remains well-capitalised, focused on achieving near-term clinical and commercial milestones, and supported by robust IP, strategic collaborations and a capital-efficient AI-enabled drug discovery model.

This announcement has been approved by the Board of Directors.

END.

Corporate and Media Enquiries

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About Algorae Pharmaceuticals

Algorae Pharmaceuticals (ASX: 1AI) is an AI-enabled pharmaceutical development company pioneering drug synergy discovery and development for unmet medical needs. The Company's proprietary AI platform, AlgoraeOS, applies machine learning and deep neural networks to identify synergistic drug combinations with transformative therapeutic potential. Algorae collaborates with leading research institutions and pharmaceutical partners to accelerate the translation of AI-predicted therapies into the clinic.

Algorae intends to expand its therapeutic pipeline using a proprietary artificial intelligence (AI) drug discovery and development platform. Known as Algorae Operating System (AlgoraeOS), the AI platform leverages extensive medical and scientific databases from various disciplines within an advanced system at the intersection of AI and pharmaceutical research. By employing machine learning, deep learning, and neural networks, the aim of AlgoraeOS is to uncover synergistic drug combinations that lead to the development of novel and effective treatments for any medical

condition, aligning with Algorae's commitment to address unmet medical needs. Algorae is listed and publicly traded on the Australian Stock Exchange (ASX: 1AI), providing investors an opportunity to participate in the Company's growth.

For more information visit www.algoraepharma.com or follow @algoraepharma on X or LinkedIn.

Forward-looking Statements

This document may contain certain forward-looking statements, relating to Algorae's business, which can be identified by the use of forward-looking terminology such as "promising," "probable", "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be," "on track," or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates, nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales.

In particular, management's expectations regarding the approval and commercialisation of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. Algorae is providing this information and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Algorae Pharmaceuticals Limited

ABN	**Quarter ended ("current quarter")**
14 104 028 042	30 June 2025

Consolidated statement of cash flows		**Current quarter $A**	**Year to date (12 months) $A**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(476,265)	(905,258)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	(50,765)
	(d) leased assets	-	-
	(e) staff costs	(77,168)	(243,000)
	(f) administration and corporate costs	(52,753)	(488,740)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	22,911	155,288
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	318,771	747,225
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(264,504)**	**(785,250)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A	Year to date (12 months) $A
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(3,000)	(3,000)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(3,000)**	**(3,000)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,586,641	3,108,365
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(264,504)	(785,250)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter $A	Year to date (12 months) $A
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,000)	(3,000)
4.5	Effect of movement in exchange rates on cash held	85	(893)
4.6	**Cash and cash equivalents at end of period**	**2,319,222**	**2,319,222**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A	Previous quarter $A
5.1	Bank balances	469,222	486,641
5.2	Call deposits	1,850,000	2,100,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,319,222**	**2,586,641**

6.	Payments to related parties of the entity and their associates	Current quarter $A
6.1	Aggregate amount of payments to related parties and their associates included in item 1	76,310
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments of directors' fee.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A**	**Amount drawn at quarter end $A**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$A**
8.1	Net cash from / (used in) operating activities (item 1.9)	(264,504)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,319,222
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,319,222
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	8.8

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2025.....

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.