

ASX ANNOUNCEMENT

ASX: 1AI | 28 October 2025

SEPTEMBER 2025 QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

Reporting Highlights

- Executed a licensing agreement with Sakar Healthcare Ltd for five oncology generics, establishing Algorae's first commercial portfolio across Australia and New Zealand.
- Signed a binding term sheet with Cadila Pharmaceuticals Ltd for the proposed launch of two generic medicines, expanding Algorae's presence into cardiovascular and metabolic markets.
- Appointed Mr David Gulland as Chief Operating Officer, strengthening the executive leadership team to drive the next phase of commercial growth.
- Advanced AlgoraeOS Version 2.0 into final testing, introducing high-performance multi-GPU architecture, multi-modality data integration and enhanced cross-validation accuracy.
- Continued "lab-in-the-loop" validation with the Peter MacCallum Cancer Centre, assessing 21 AI-predicted oncology drug combinations across brain, breast, pancreas and prostate cancer models; results expected Q4 2025.
- Progressed pre-clinical development of therapeutic candidates AI-116 (Dementia) and AI-168 (Cardiovascular), advancing the Company's internal pipeline.

AI-enabled pharmaceutical development company **Algorae Pharmaceuticals Ltd (ASX: 1AI)** ('Algorae' or 'the Company') presents its activities for the quarter ended **30 September 2025 (Q3 2025)**.

Quarter in Review

The September quarter represented a period of significant expansion for Algorae as the Company broadened its operations to include complementary commercial activities.

During the quarter, Algorae advanced its dual-track strategy of AI-driven innovation and pharmaceutical commercialisation, securing two landmark deals that expanded its presence across Australia and New Zealand while advancing its proprietary AI drug discovery platform and therapeutic pipeline.

Commercial Progress

A major highlight of the quarter was the signing of a binding term sheet with **Cadila Pharmaceuticals Ltd**, one of India's leading US FDA, EU and TGA-accredited manufacturers.

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Under the proposed agreement, Algorae will launch two generic medicines in the Australian and New Zealand markets, targeting cardiovascular and metabolic disorders.

The partnership represents a significant step toward establishing a sustainable revenue base through Algorae's wholly owned subsidiary, AlgoraeRx Pty Ltd. Negotiations to finalise the definitive licensing and supply agreement ('LSA') are well advanced, with regulatory submissions to follow.

This milestone followed the execution in September of an exclusive licensing agreement with **Sakar Healthcare Ltd**, enabling the launch of five oncology generics across the region.

Collectively, the Cadila and Sakar partnerships expand Algorae's portfolio to seven initial medicines, reinforcing its strategy to combine AI-powered drug discovery with commercial pharmaceutical distribution.

Artificial Intelligence and R&D Activities

Algorae continued to strengthen its scientific foundations through the ongoing development and validation of AlgoraeOS, the Company's proprietary AI drug discovery platform.

AlgoraeOS Version 2.0 entered its final validation phase and is expected to be completed imminently. The upgraded platform introduces high-performance multi-GPU processing and multi-modality data integration, incorporating gene-expression and pathway-activation datasets together with enhanced cross-validation protocols designed to improve predictive accuracy and generalisability.

These upgrades are expected to accelerate the identification of synergistic drug combinations and expand AlgoraeOS's applicability across multiple therapeutic areas.

Algorae's "lab-in-the-loop" validation program with the **Peter MacCallum Cancer Centre** progressed the evaluation of 21 AI-predicted drug combinations generated by AlgoraeOS Version 1.0 across brain, breast, pancreatic and prostate cancer models. The results, expected in the December quarter, will provide empirical validation of the platform's predictive accuracy, guiding subsequent model refinement.

The Company also advanced its internal therapeutic pipeline.

The dementia candidate **AI-116** continued pre-clinical development following earlier results that demonstrated superior efficacy to Donepezil, the current standard therapy, and the filing of an international PCT patent application to protect associated intellectual property.

Meanwhile, the cardiovascular program **AI-168**, conducted in partnership with the **Victorian Heart Institute at Monash University**, progressed its development based on previously reported cardioprotective effects that exceeded those of existing FDA-approved beta-blockers.

Both programs are progressing in line with Algorae's aim of advancing drug candidates toward clinical evaluation.

Corporate Developments

On 16 October 2025, Algorae announced the appointment of **Mr David Gulland** as Chief Operating Officer, effective March 2026.

Mr Gulland brings over 20 years of operational leadership across the pharmaceutical and healthcare sectors and is currently General Manager of HPS Pharmacies, a \$500 million national franchise servicing hospitals and institutional healthcare centres. HPS Pharmacies is a division of EBOS Group Ltd (ASX: EBO), Australasia's second-largest pharmaceutical wholesaler and distributor.

He will join **Mr Vishal Shah**, appointed Chief Commercial Officer in June 2025. Together, they bring more than 40 years of senior leadership spanning pharmaceuticals, biotechnology and healthcare distribution, significantly enhancing Algorae's capability to drive strategic partnerships, operational scale and market growth.

Financial Overview

As of 30 September 2025, Algorae held cash reserves of \$1.92 million, compared with \$2.32 million on 30 June 2025.

Net operating cash outflow for the quarter was approximately \$394,957, reflecting continuing investment in AlgoraeOS development, pre-clinical R&D and initial commercial setup costs associated with emerging revenue partnerships.

R&D expenditure for the quarter totalled \$78,023 and is expected to qualify for the FY2025/26 Research & Development Tax Incentive ('RDTI'), estimated at 43.5% of eligible expenditure. The FY2024/25 RDTI application was finalised in October and lodged with the Australian Taxation Office, with a rebate expected to be received in Q4 2025.

Payments to directors and related parties amounted to \$80,000, consistent with prior quarters and in line with the Company's governance framework.

Algorae continues to manage its capital base prudently, directing expenditure toward programs with near-term value inflection while maintaining eligibility for R&D rebates and exploring additional non-dilutive funding pathways as commercial revenues commence.

This announcement has been approved by the Board of Directors.

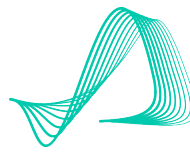
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Corporate and Media Enquiries

Mr David Hainsworth

Executive Chairman

E: inquiries@algoraepharma.com



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

14 104 028 042

Quarter ended ("current quarter")

30 September 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	(78,023)	(78,023)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(162,302)	(162,302)
(f) administration and corporate costs	(174,031)	(174,031)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19,399	19,399
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(394,957)	(394,957)

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	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,319,222	2,319,222
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(394,957)	(394,957)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	(1,671)	(1,671)
4.6	Cash and cash equivalents at end of period	1,922,594	1,922,594

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	72,594	469,222
5.2	Call deposits	1,850,000	1,850,000
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)	1,922,594	2,319,222

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	80,000
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<p><i>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.</i></p> <p>Directors' salary and fee.</p>		

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7. Financing facilities <i>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.</i>	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)	(394,957)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,922,594
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,922,594
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.9
<i>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.</i>	
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:	
<i>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.</i>	

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: 28 October 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.