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ASX ANNOUNCEMENT

ASX: 1AI | 31 July 2026

JUNE 2026 QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

Key Highlights

- **Commercial platform expanded to five agreements**: AlgoraeRx entered an exclusive commercial and licensing agreement with Zydus Lifesciences Ltd covering 10 injectable, oral and specialty products, and a Licence & Supply Agreement with Torrent Pharmaceuticals Limited covering two generic prescription molecules, taking AlgoraeRx to five agreements spanning oncology, cardiovascular, metabolic and specialty categories.

- **TGA registration progress**: The TGA accepted the Stage 1 registration dossiers for two products for evaluation. These submissions form part of three products submitted to date and represent the first of multiple planned TGA submissions across the portfolio.

- **AI pipeline scaled**: AlgoraeOS v2 completed the prediction-generation phase of a multi-anchor program, expanding from a single anchor to 18 anchor drugs. Screening over 9 million potential drug–drug–cell line combinations identified more than 478,000 synergy predictions and over 6,000 multi-cell-line combinations for further evaluation.

- **Sovereign AI partnership**: Algorae was named a foundation participant, and the healthcare and life sciences launch partner, in the AgenticScale.ai-led Sovereign AI Infrastructure initiative.

- **Commercial team strengthened**: Mr Waleed Elsayed commenced as Head of Sales on 25 May 2026, bringing more than 20 years' experience across hospital and pharmaceutical markets in Australia and New Zealand.

- **Financial position**: Cash of $3.94 million at 30 June 2026, after net operating outflow directed to inventory and product registration ahead of first commercial supply. The $3.0 million ScotPac facility remains fully undrawn, taking total available funding to $6.94 million.

- **Post-quarter momentum**:
    - secured an NSW Health public hospital supply contract for AlgoraeRx;
    - expanded the Torrent Pharmaceuticals LSA to three products;
    - reported positive results from a second independent validation program with VCFG at Peter Mac;
    - awarded a $49,109 Phenomics Australia Pipeline Accelerator grant to co-fund multi-anchor validation work with VCFG; and
    - appointed Mr Troy Valentine to the Board.

Algorae Pharmaceuticals Limited [ABN: 14 104 028 042]
Level 23, Rialto South Tower,
525 Collins St, Melbourne VIC 3000

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AI-enabled pharmaceutical company **Algorae Pharmaceuticals Ltd (ASX: 1AI)** ("Algorae" or "the Company") is pleased to update shareholders on its activities for the quarter ended 30 June 2026. During the period the Company delivered across both arms of its strategy, executing two new commercial agreements and reaching a key regulatory milestone while materially scaling its AI drug-discovery pipeline.

Quarter in review

Algorae progressed both pillars of its business during the quarter: its commercial pharmaceutical operations and its AI drug-discovery platform. On the commercial front, the TGA accepted the Company's registration dossiers for two products for evaluation. AlgoraeRx also expanded its supply portfolio through two new agreements: an exclusive commercial and licensing agreement with Zydus Lifesciences Ltd, and a Licence & Supply Agreement with Torrent Pharmaceuticals Limited, taking its total to five agreements spanning oncology, cardiovascular, metabolic and specialty categories.

On the research and development front, the Company completed the prediction-generation phase of a multi-anchor AOS2 program, screening more than 9 million potential drug–drug–cell line combinations to identify over 478,000 synergy predictions and more than 6,000 multi-cell-line drug combinations for further evaluation. Algorae was also named a foundation participant, and the healthcare and life sciences launch partner, in the Sovereign AI Infrastructure ("SAII") initiative.

Reflecting a shift into execution, the quarter's operating expenditure rose as the Company invested in inventory ahead of first commercial supply and in regulatory registration, capital directed at its pathway to revenue, discussed further under Financial Overview below.

Momentum continued beyond quarter end. The Company was awarded an NSW Health public hospital supply contract and is separately assisting State Health authorities to address pharmaceutical products out-of-stock situations. The Company also reported positive results from its second independent preclinical validation program with the Victorian Centre for Functional Genomics ("VCFG") at Peter Mac, received a $49,109 Phenomics Australia Pipeline Accelerator grant to co-fund further validation work, and appointed Mr Troy Valentine as a Non-Executive Director. These events are described further under Key events subsequent to quarter end.

Commercial pharmaceutical business

During the quarter, AlgoraeRx, a wholly owned commercial subsidiary of the Company, advanced on two fronts: progressing its first registration product into formal TGA evaluation and expanding its supply portfolio through two new partner agreements.

TGA registration progress

As announced on 2 April 2026, the TGA accepted the first of AlgoraeRx's product registration dossiers for evaluation, a milestone on its path to commercial supply in Australia. Acceptance confirms the application has satisfied the TGA's preliminary assessment requirements and has entered formal evaluation. AlgoraeRx has since submitted two further dossiers, one of which has also been accepted for evaluation, taking the Company to three dossiers submitted and two accepted. A decision on the third is expected in August 2026.

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A diversified commercial platform

As announced on 28 April 2026, AlgoraeRx entered an exclusive commercial and licensing agreement with Zydus Lifesciences Ltd (NSE: ZYDUSLIFE; BSE: 532321), covering a portfolio of 10 injectable, oral and specialty products. As announced on 6 May 2026, AlgoraeRx entered a Licence & Supply Agreement with Torrent Pharmaceuticals Limited (NSE: TORNTPHARM; BSE: 500420), covering two generic prescription molecules. Subsequent to quarter end, the Torrent agreement was expanded to three products.

These add to the arrangements previously established with Sakar Healthcare, Dr Reddy's Laboratories and Cadila Pharmaceuticals, taking AlgoraeRx to five agreements across five manufacturing partners. Collectively, they establish a multi-partner, multi-therapy commercial platform spanning oncology, cardiovascular, metabolic and specialty medicine categories, and position AlgoraeRx to supply hospitals, pharmacies and institutional channels across Australia and New Zealand.

AlgoraeRx at a glance, as at the date of this report.

MANUFACTURING PARTNERS	PRODUCT PIPELINE	TGA SUBMISSION	PRODUCTS IN MARKET
5	21	3	1
At 31 July 2026	At 31 July 2026	At 31 July 2026	At 31 July 2026

Artificial intelligence and R&D activities

Multi-anchor AOS2 program

As announced on 18 May 2026, the Company completed the prediction-generation phase of a multi-anchor drug combination program, with AlgoraeOS v2 ("AOS2") producing in silico synergy predictions across 18 anchor drugs. The program builds on the Company's first single-anchor program, which used CBD as the sole anchor, and was designed to leverage the scale and efficiency of AOS2 to provide a more diversified pipeline of AI-predicted combination opportunities.

The prediction set evaluated the 18 anchor drugs in combination with thousands of approved and investigational compounds across a panel of human cell lines. From over 9 million potential drug–drug–cell line combinations, filtering narrowed the field: more than 478,000 individual synergy predictions passed the Company's synergy and uncertainty thresholds, and over 6,000 drug combinations demonstrated predicted synergy across multiple cell lines, indicating greater biological robustness.

Each prediction includes four well-established synergy metrics (ZIP, Bliss, HSA and Loewe) alongside confidence-weighted measures of predictive uncertainty. Structured curation of the prediction set is underway to produce a high-priority shortlist, factoring in commercial and intellectual property considerations. Shortlisted candidates are expected to inform the Company's ongoing validation work with the Victorian Centre for Functional Genomics ("VCFG") at the Peter MacCallum Cancer Centre ("Peter Mac").

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ALGORAE PHARMACEUTICALS

Sovereign AI Infrastructure (SAII) initiative

As announced on 29 June 2026, Algorae was named a foundation participant and the healthcare and life sciences launch partner in the Sovereign AI Infrastructure initiative, led by AgenticScale.ai. SAII aims to develop secure, sovereign AI infrastructure for regulated and mission-critical sectors, built on NVIDIA-accelerated technology. As launch partner, Algorae intends to apply SAII's infrastructure across its AI-enabled drug discovery and development programs. The Company notes that its participation in SAII is non-binding and being finalised; Algorae is not responsible for the initiative's overall delivery or funding and does not expect to incur material capital expenditure in connection with it.

Separately, Algorae has engaged AgenticScale.ai under a staged program of work to develop AI and automation capabilities across both its drug discovery and commercial pharmaceutical operations.

Financial overview

Algorae closed the quarter with cash and cash equivalents of $3.94 million at 30 June 2026, compared with $5.47 million at 31 March 2026. The movement primarily reflected $1,597,385 in net cash used in operating activities, partly offset by $63,410 in net financing inflows from equity issues and option exercises.

During the quarter, the Company deployed capital in support of its commercial strategy and pathway to revenue. Key areas of investment included:

- **$644,784 in product manufacturing and operating costs**, comprising regulatory and registration activities and inventory purchase orders placed in preparation for anticipated commercial supply; and

- **$590,401 in research and development**, supporting the continued development of the AlgoraeOS platform and its validation programs.

Administration and corporate costs were $88,833, staff costs were $264,151, and the Company received $30,379 in interest during the quarter.

At quarter end, the Company's $3.0 million receivables-based working capital facility with ScotPac Business Finance remained fully undrawn, providing total available funding of $6.94 million. The revolving, self-liquidating facility incurs interest only when drawn and is available to support commercial scaling and inventory requirements as supply opportunities are executed across Australia and New Zealand.

Payments to directors and related parties during the quarter totalled $147,668, comprising directors' salaries and fees for services provided in the ordinary course of business on normal commercial terms.

The Company remains eligible for the R&D Tax Incentive and continues to explore non-dilutive funding opportunities to complement operating cash flows. Management remains focused on disciplined capital allocation, with expenditure directed toward inventory, registrations and development programs supporting the Company's transition to revenue.

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Key events subsequent to quarter end

NSW Health public hospital supply contract

As announced on 1 July 2026, and further clarified on 2 July 2026, AlgoraeRx was appointed a supplier under an NSW Health public hospital supply contract following a competitive tender. The counterparty is Health Administration Corporation, with procurement administered by HealthShare NSW. The arrangement has an initial term of three years with two optional one-year extensions (3+1+1 years). The Company is one of several appointed suppliers. Onboarding and rollout are underway, with first supply under purchase orders expected in Q4 2026.

The Company regards the award as a strategically significant milestone in its commercial strategy. As the arrangement does not set out minimum volume or spend requirements, the Company is not able to quantify the financial impact of the award at this time, and does not expect it, of itself, to have a material impact on revenue in the current calendar year. Nonetheless, it is a material step in the development of the Company's pathway to revenue, establishing AlgoraeRx as an approved supplier to NSW public hospitals, one of Australia's largest healthcare procurement networks.

Second Peter Mac validation program – positive results

As announced on 3 July 2026, the Company reported positive preclinical results from its second independent validation program with the VCFG at Peter Mac. In the program, 24 drugs predicted by AOS2 were tested in combination with CBD across four cancer cell models, generating approximately 10,000 data points.

AOS2 demonstrated improved accuracy compared with the preliminary AOS1 model, identifying approximately a 2.5-fold higher proportion of confirmed synergistic combinations relative to predictions. The results provide independent, third-party validation from a leading cancer research institution that enhancements to the AlgoraeOS platform translate into improved predictive power.

Phenomics Australia Pipeline Accelerator grant

The Company was awarded a grant of $49,109 under the Phenomics Australia Pipeline Accelerator scheme to co-fund experimental validation of the multi-anchor program in partnership with the VCFG at Peter Mac. The competitive scheme attracted 28 applications, of which 13 were funded. The award reduces the Company's cost of that program.

Board renewal

During and subsequent to the quarter, the Company continued a program of Board renewal designed to align the Board's capability with its strategic priorities as it scales its commercial and drug-discovery operations.

As announced on 15 July 2026, the Company appointed Mr Troy Valentine as a Non-Executive Director. Mr Valentine is Chairman of Nasdaq-listed Incannex Healthcare Inc. (Nasdaq: IXHL), which he led from an ASX-listed business through re-domiciliation to a US corporate structure and Nasdaq listing. During his tenure the company completed capital raisings in excess of A$220 million and received FDA Fast Track designation for its lead candidate. He brings to the Board experience in cross-border listed governance, clinical-stage oversight and institutional capital markets access across Australian and United States markets. His appointment will be subject to shareholder election at the Company's next Annual General Meeting. Mr Brad Dilkes resigned as a Director.

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This announcement has been approved by the Board of Directors.

ENDS.

Corporate and Media Enquiries

Mr David Hainsworth

Executive Chairman

E: inquiries@algoraepharma.com

About Algorae Pharmaceuticals

Algorae Pharmaceuticals Ltd (ASX: 1AI) is an AI-enabled pharmaceutical company with a dual focus on drug-combination discovery and pharmaceutical commercialisation. The Company's proprietary AI platform, AlgoraeOS, applies artificial intelligence to identify synergistic drug combinations and inform preclinical experimental design.

In parallel, Algorae operates a commercialisation business, AlgoraeRx, which sources, licenses and supplies generic and specialty medicines in Australia and New Zealand through manufacturing partners and established distribution channels. Algorae collaborates with research institutions and industry partners to translate AI-predicted therapies and expand patient access to high-quality medicines.

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.

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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 2026

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	(590,401)	(956,677)
	(b)	product manufacturing and operating costs	(644,784)	(644,784)
	(c)	advertising and marketing	(39,595)	(50,909)
	(d)	leased assets	-	-
	(e)	staff costs	(264,151)	(745,572)
	(f)	administration and corporate costs	(88,833)	(670,394)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		30,379	79,937
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	384,467
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(1,597,385)**	**(2,603,932)**

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)	50,012	1,432,922
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	70,512	2,948,571
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(32,964)	(129,506)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(27,000)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(24,150)	-
3.10	**Net cash from / (used in) financing activities**	**63,410**	**4,224,987**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,471,888	2,319,222
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,597,385)	(2,603,932)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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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)	63,410	4,224,987
4.5	Effect of movement in exchange rates on cash held	(590)	(2,954)
4.6	**Cash and cash equivalents at end of period**	**3,937,323**	**3,937,323**

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	3,187,323	4,721,888
5.2	Call deposits	750,000	750,000
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)**	**3,937,323**	**5,471,888**

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	147,668
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.

Directors' salary and fee.

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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	3,000,000	
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	3,000,000

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.

The Company' subsidiary, AlgoraeRx Pty Ltd ("AlgoraeRx"), has $3.0 million receivable-based working capital facility with ScotPac Business Finance for an initial term of 24 months. The commencement date is 20 January 2026. This facility is revolving and self-liquidating, enabling the Company to draw down and repay fund flexibly as required, with interest applying only to amounts drawn. The interest rate is BBSY + 6.70%. The facility is secured against AlgoraeRx's trade receivable and supported by a parent guarantee.

8.	**Estimated cash available for future operating activities**	**$A**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,597,385)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,937,323
8.3	Unused finance facilities available at quarter end (item 7.5)	3,000,000
8.4	Total available funding (item 8.2 + item 8.3)	6,937,323
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.3

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: 31 July 2026

Authorised by: By the Board of Algorae Pharmaceuticals Limited
(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.

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