Public Announcement
ASX Code: 1AI

December Quarterly Activities Report and Appendix 4C Cash Flow Statement

Highlights:

- **AI-168 Preclinical Success**: AI-168 demonstrated 94% restoration of endothelial cell proliferation in preclinical studies, with a PCT patent filed and *in vivo* studies planned.
- **AlgoraeOS Growth**: AlgoraeOS generated 24 new oncology drug targets and commenced Version 2.0 development using advanced neural network algorithms and the Gadi supercomputer.
- **AI-116 Progress**: AI-116 outperformed first line dementia treatment, known as Donepezil Hydrochloride, in neuroprotection studies, with a PCT application filed and Phase 2 clinical trial planning underway.
- **Leadership Enhanced**: Dr. Sarah Siggins joined the Scientific Advisory Board, bringing over 14 years of pharmaceutical expertise to guide pipeline and partnerships.
- **Operational Streamlining**: Discontinuation of the OTCQB ADS program reduced fixed costs and simplified the Company's capital structure.
- **Strong Financials**: The Company ended the quarter with $2.4 million in cash.

Melbourne, Australia – 29 January 2025: Algorae Pharmaceuticals Ltd (ASX Code: 1AI) ('Algorae' or 'the Company') is pleased to provide its quarterly activities report and Appendix 4C for the period ended 31 December 2024.

Research and Development Activities

During the December quarter, the Company made substantial progress in advancing its research and development ('R&D') pipeline, particularly with its flagship drug candidates and proprietary artificial intelligence ('AI') platform.

Algorae's cardiovascular drug candidate, **AI-168**, demonstrated strong cardioprotective effects in preclinical studies conducted at the Victorian Heart Institute at Monash University (refer ASX announcement: 29 November 2024). These studies compared AI-168 against FDA-approved beta blockers across multiple cardiovascular disease models. In endothelial cell stress assays, AI-168 restored approximately **94% of normal cell proliferation** compared to control cells (healthy cells without stressors or pharmaceutical intervention) (Figure 1).

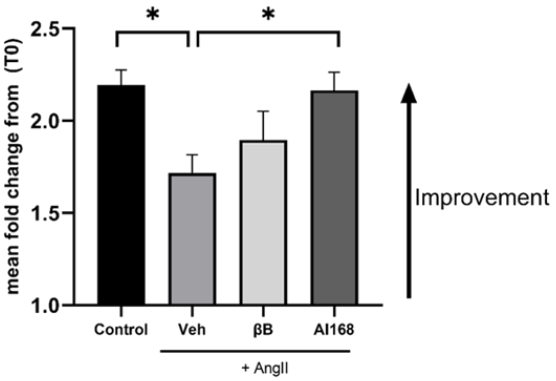

Figure 1. Proliferation of Human Umbilical Vein Endothelial Cells ('HUVECs') treated with Angiotensin II ('AngII') for 48 hours. The y-axis reports the mean fold change in cell proliferation from time zero (T0) after 48 hours relative to the vehicle control. Treatments were **Control** (no AngII), **Veh** (Vehicle with AngII only), **βB** (β blocker with AngII) and **AI-168** (β blocker & CBD, with Ang II). Error bars report Standard Error of the Mean. Significant differences were determined by ANOVA (*-P ≤ 0.05, **-P ≤ 0.01).

In other models, AI-168 demonstrated similarly promising results, including the **normalisation of pulmonary artery smooth muscle cell growth by 80%** (Figure 2) and the **restoration of 68% of cardiomyoblast growth** lost to doxorubicin-induced toxicity (Figure 3).

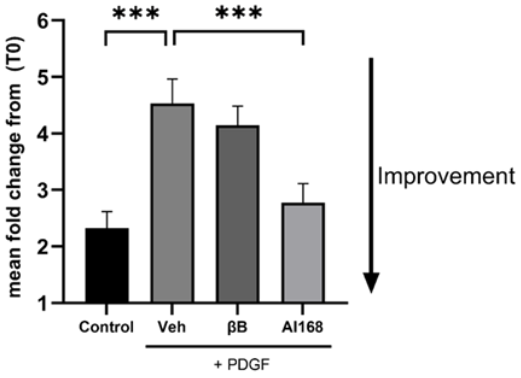

Figure 2. Proliferation of Human Pulmonary Artery Smooth Muscle Cells ('hPASMCs') treated with Platelet derived growth factor ('PDGF') for 48 hours. The y-axis reports the mean fold change in cell proliferation from time zero (T0) after 48 hours. Treatments were, **Control** (no PDGF), **Veh** (Vehicle with PDGF only), **βB** (β blocker with PDGF) and **AI-168** (β blocker & CBD, with PDGF). Error bars report Standard Error of the Mean. Significant differences were determined by ANOVA (*-P ≤ 0.05, **-P ≤ 0.01).

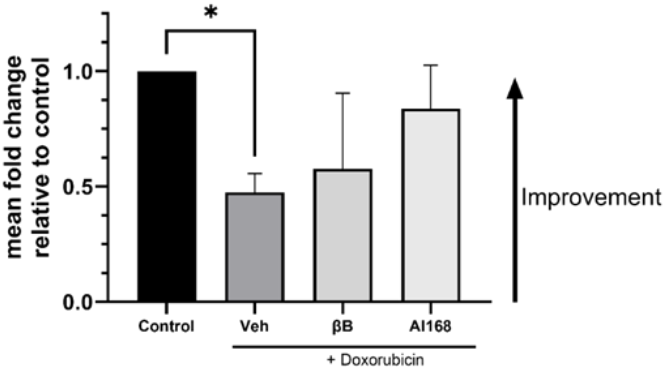

Figure 3. Proliferation of Rat Cardiomyoblast cells (H9C2) treated with doxorubicin (Dox) for 24 hours. The y-axis reports the mean fold change in cell proliferation relative to the control after 24 hours. Treatments were, **Control** (no Dox), **Veh** (Vehicle with Dox only), **βB** (β blocker with Dox) and **AI-168** (β blocker & CBD, with Dox). Error bars report Standard Error of the Mean. Significant differences were determined by ANOVA (*-P ≤ 0.05, **-P ≤ 0.01).

The insights gained from these preclinical studies have led to the optimisation of AI-168's composition and the filing of an International Patent Cooperation Treaty ('PCT') application (refer ASX announcement: 29 November 2024). This filing marks a crucial step in pursuing patent protection for AI-168 in key global markets. Furthermore, these results lay the groundwork for *in vivo* studies planned for the current quarter, driving the clinical development and intellectual property strategy forward.

The Company's AI drug discovery platform, **Algorae Operating System ('AlgoraeOS')**, continues to demonstrate significant advancements in its capabilities. Since its launch in September 2024, AlgoraeOS has generated **24 new drug targets**, focusing predominantly on high-impact oncology indications, including breast cancer, leukemia and glioblastoma (refer ASX announcement: 21 November 2024). These targets will undergo comprehensive evaluations to assess their commercial viability and suitability for preclinical development. The Company is actively engaging with prominent Australian organisations with specialised expertise to facilitate the validation and testing of these drug candidates.

During the December quarter, the Company commenced development of **AlgoraeOS Version 2.0**, which includes enhancements such as expanded data integration and advanced algorithmic refinements. These upgrades are supported by the computational power of the Gadi supercomputer, enabling the platform to process and analyse vast datasets with unparalleled precision. This initiative reflects Algorae's commitment to remaining at the forefront of AI-enabled drug discovery.

The Company has published a detailed **non-deal presentation** on AlgoraeOS on 24 September 2024, providing insights into its functionalities and future potential. The presentation is available on the Company's website and can be accessed here.

In parallel, the Company maintained its strong focus on the development of **AI-116**, a fixed-dose combination drug candidate targeting dementia. Building on strong preclinical data that demonstrated **superior neuroprotective effects** compared to Donepezil, Algorae filed an **International PCT application** for AI-116 (refer ASX announcement: 31 July 2024). Efforts are now concentrated on advancing **clinical trial planning** and engaging with leading Australian research organisations specialising in dementia treatment and clinical trials.

Corporate Developments

The Company strengthened its leadership and advisory capabilities with the appointment of **Dr. Sarah Siggins** to the Scientific Advisory Board. Dr. Siggins, a highly accomplished pharmaceutical executive with more than 14 years of experience at **Johnson & Johnson** and **Bristol-Myers Squibb**, will provide strategic guidance on advancing the Company's therapeutic pipeline and exploring commercial partnerships. Her expertise in regulatory processes and commercialisation strategies across the Asia-Pacific region will be instrumental in supporting Algorae's growth trajectory (refer ASX announcement: 28 November 2024).

During the quarter, Algorae finalised the discontinuation of its legacy **OTCQB American Depositary Share (ADS) program**, a strategic move aimed at enhancing operational efficiency (refer ASX announcement: 18 November 2024). This decision simplifies the Company's capital structure and reduces fixed costs, enabling a more streamlined approach to its corporate operations. The cessation of the program aligns with Algorae's broader strategy of maximising shareholder value and ensuring a focused allocation of resources toward its core growth objectives.

Financial Overview

Algorae maintained a **strong financial position** with **$2.4 million in cash** as of 31 December 2024, providing sufficient funding for its planned activities over the coming quarters. Operating cash outflows for the quarter totalled $360,689, primarily driven by R&D expenditures. Algorae is eligible for an annual **Research and Development Tax Incentive ('RDTI')** rebate of approximately 43.5% of all R&D expenditures incurred in Australia. The Company submitted an RDTI application in January 2025 and will keep shareholders updated as further information becomes available. Payments to directors and related parties amounted to $58,333, consistent with governance disclosures under Appendix 4C.

Outlook

As the Company enters 2025, it remains committed to advancing its **innovative therapeutic pipeline** and delivering value to its shareholders. Key priorities for the coming quarter include the **initiation of *in vivo* studies for AI-168**, the continued **evaluation of AlgoraeOS-enabled drug targets** and the **progression of clinical trial planning for AI-116**. The Company is also actively exploring opportunities to further enhance its capabilities, ensuring it remains at the forefront of AI-driven drug discovery. Supported by a strong financial position and a focused strategic direction, Algorae is well-equipped to achieve its scientific and operational objectives, driving long-term growth and innovation.

Ends

This announcement has been approved for release to ASX by the Algorae Board of Directors.

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About Algorae Pharmaceuticals Limited

Algorae is a pharmaceutical development Company focussed on addressing unmet medical needs through the discovery and development of novel treatments. The Company has assembled a proficient R&D team and established collaborations with reputable academic institutions to advance its promising drug candidates, which include AI-116 for the treatment of neurodegenerative disorders and/or dementia, AI-168 for cardiovascular disease and NTCELL for Parkinson's disease.

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.

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	31 December 2024

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	(171,149)	(281,290)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(7,755)	(43,010)
	(d) leased assets	-	-
	(e) staff costs	(58,333)	(98,333)
	(f) administration and corporate costs	(132,941)	(343,502)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9,489	65,574
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**	**(360,689)**	**(700,561)**

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	2,768,037	3,108,365
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(360,689)	(700,561)
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	(303)	(759)
4.6	**Cash and cash equivalents at end of period**	**2,407,045**	**2,407,045**

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	307,045	668,037
5.2	Call deposits	2,100,000	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)**	**2,407,045**	**2,768,037**

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	58,333
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)	(360,689)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,407,045
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,407,045
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6.7

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 January 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.