

# Algorae Pharmaceuticals Limited

ABN: 104 028 042

## Appendix 4E full year ended 30 June 2025

(Previous corresponding period:  
year ended 30 June 2024)

### Results for Announcement to Market

	2025	2024
	\$	\$
Services revenue	-	-
Total other income	141,050	125,200
<b>Total revenue and other income</b>	<b>141,050</b>	<b>125,200</b>
Profit/(loss) before income tax expense	(1,540,136)	(2,095,562)
Income tax expense (credit)	(737,178)	-
<b>Reported net profit/(loss) after tax attributable to members of the parent entity</b>	<b>(802,958)</b>	<b>(2,095,562)</b>

#### *Reported*

- Total revenue and other income increased 13% to \$141,050.
- Net loss from ordinary activities attributable to members of Algorae Pharmaceuticals Limited has decreased by 27% to \$(1,540,136).
- Net loss after tax for the year attributable to members of Algorae Pharmaceuticals Limited has decreased by 62% to \$(802,958).

### Dividends

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

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

### Explanation of results

The reported 27% reduction in net loss from ordinary activities and 62% net loss after tax was principally due to the receipt of a R&D tax refund, together with a decrease in share-based payments, increased interest received on funds and lower administration expenses.

Please refer to the attached financial report.

### Other information required by Listing Rule 4.3A

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Consolidated Financial Report and media release.

## **Additional Information**

### **Net Tangible Asset**

	<b>30 June 2025</b>	<b>30 June 2024</b>
Net tangible per ordinary share	0.13 cents per share	0.18 cents per share

### **Changes in controlled entities**

Controlled entities include a new entity, AlgoraeRx Pty Ltd, as disclosed in the attached Consolidated Financial Report.

There were no loss of control over entities.

### **Foreign entities**

Detail of origin of accounting standards used in compiling the report:

All Group entities comply with International Financial Reporting Standards ("IFRS").

### **Nomination of directors**

The next Annual General Meeting of the Company is scheduled to be held at 11:00am (AEST) on Thursday, 2 October 2025.

The closing date for the receipt of nominations from persons wishing to be considered for election as director is 21 August 2025. Any nominations must be received in writing no later than 5:00pm (AEST) on 21 August 2025 at the Company's registered office.

### **Audit qualification or review**

The financial statements have been audited and unmodified opinion has been issued.

### **Attachment**

The financial statements of Algorae Pharmaceuticals Limited for the year ended 30 June 2025 is attached.

### **As authorised by the Board of Directors**

David Hainsworth  
Director  
28 August 2025



# **Algorae Pharmaceuticals Limited**

Annual Report  
30 June 2025

# Algorae Pharmaceuticals Limited

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# Algorae Pharmaceuticals Limited

## Corporate Directory 30 June 2025

<b>Directors</b>	David Hainsworth Bradley Dilkes Bradley Latham
<b>Company secretary</b>	Jennifer Voon
<b>Principal office and registered office</b>	Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000 Australia
<b>Share register</b>	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Australia
<b>Auditor</b>	PKF Brisbane Audit Level 2, 66 Eagle Street Brisbane, QLD 4000 Australia
<b>Solicitors</b>	Thomson Geer Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000 Australia
<b>Bankers</b>	National Australia Bank Ltd Level 28 395 Bourke Street Melbourne VIC 3000 Australia
<b>Stock exchange listing</b>	Australian Securities Exchange (ASX code: 1AI)
<b>Website</b>	<a href="https://algoraepharma.com/">https://algoraepharma.com/</a>
<b>Corporate Governance Statement</b>	<a href="https://algoraepharma.com/governance">https://algoraepharma.com/governance</a>

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

The directors present their report, together with the financial statements of being Algorae Pharmaceuticals Limited ('AI', 'Algorae', the 'Company') and its controlled entities (the "Group"), for the financial year ended 30 June 2025.

Directors have been in office since the start of the financial year until the date of this report unless otherwise stated.

#### 1. General information

##### Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

<b>David Hainsworth</b>	Director from 31 October 2022, Executive Chairman
Qualifications	B.Sc
Experience	<p>David Hainsworth is a finance professional with over 25 years of experience in capital markets. He currently serves as Executive Chairman of Algorae Pharmaceuticals Ltd and Associate Director at Alignment Capital Pty Ltd, a boutique Australian corporate advisory firm.</p> <p>In these roles, Mr Hainsworth focuses on the origination and execution of capital market transactions, particularly within high-growth sectors. His expertise spans corporate finance and capital raising, with a strong emphasis on early-stage ventures in the biotechnology and life sciences industries.</p> <p>Previously, he was an Investment Advisor at Euroz Hartleys Ltd (ASX: EZL), a respected publicly listed wealth management firm.</p>
Special responsibilities	Mr Hainsworth was appointed to the board on 31 October 2022.
Other directorships in listed entities held in the previous three years	No other directorships in listed entities held in the previous three years.
<b>Bradley Dilkes</b>	Non-executive director from 31 October 2022
Qualifications	B.Com
Experience	<p>Bradley Dilkes has more than 15 years' experience working in the investment and corporate advisory sectors within the context of emerging companies.</p> <p>Previously he was an Associate Director of boutique corporate advisory firm Alignment Capital Pty Ltd for 8 years, providing corporate services to high-growth companies listed, or seeking to list, on the ASX, and an investment advisor at a micro-cap focused investment bank in Melbourne.</p> <p>Bradley has specific experience in project conception and deal origination in the biotechnology sector, founding a range of research and development projects and companies in emergent fields of study.</p>
Special responsibilities	Mr Dilkes was appointed to the board on 31 October 2022.
Other Directorships in listed entities held in the previous three years	No other directorships in listed entities held in the previous three years.

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

#### 1. General information (continued)

<b>Bradley Latham</b>	Non-executive director from 3 July 2023
Qualifications	Master of Management (UNSW)
Experience	Mr Bradley Latham is an accomplished and energetic businessperson with strong commercial acumen and extensive business experience. The majority of Mr Latham's working career has been with Sydney Markets where he has worked his way through the ranks until appointed CEO of the group in 2006. Mr Latham has a proven track record of business leadership and has a strong understanding of good corporate governance and risk management. He possesses an ability to identify and assess strategic growth opportunities.
Special responsibilities	Mr Latham was appointed to the board on 3 July 2023.
Other directorships in listed entities held in the previous three years	No other directorships in listed entities held in the previous three years.

#### Principal activities and significant changes in nature of activities

Algorae Pharmaceuticals Limited is a pharmaceutical development company with three drug candidates and a proprietary artificial intelligence (AI) biopharmaceutical prediction platform under development. Algorae's therapeutic pipeline comprises AI-116 for dementia, AI-168 for cardiovascular disease and NTCELL for Parkinson's disease. There were no significant changes to the nature of the principal activities during the financial year.

#### 2. Operating and financial review

##### Operations

##### Development of AlgoraeOS: Artificial Intelligence Drug Discovery Platform

In September 2024, Algorae successfully launched Version 1.0 of its proprietary artificial intelligence drug discovery platform, **AlgoraeOS**, achieving a Technology Readiness Level (TRL) of 3+. Developed in collaboration with the UNSW AI Institute and CSIRO Data61, the platform integrates four custom AI neural networks designed to predict fixed-dose combination (FDC) drug targets. Initial training of AlgoraeOS demonstrated a strong correlation between predicted and actual synergy metrics (0.91–0.98), providing confidence in its predictive capabilities. Algorae retains full ownership of all project-related intellectual property, including synergistic FDC drug targets.

In November 2024, the Company announced the identification of **21 AI-generated drug targets** selected for advancement to preclinical studies. These targets, identified by AlgoraeOS Version 1.0, were chosen from an initial pool of 46 predictions based on their commercial and intellectual property potential. Later, in May 2025, Algorae established a partnership with the **Victorian Centre for Functional Genomics (VCFG)** at the **Peter MacCallum Cancer Centre** to validate AI-predicted drug synergies in oncology. Through this collaboration, high-throughput experimental validation is underway for 21 *in silico* predictions generated by AlgoraeOS Version 1.0, alongside 3 drug combinations identified via conventional scientific methods.

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

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

## Directors' report

30 June 2025

### 2. Operating and financial review (continued)

#### 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 a “**lab-in-the-loop**” paradigm, which enhances the predictive accuracy of AlgoraeOS. Drug combinations demonstrating synergistic inhibition of cancer cell proliferation may form the basis of novel therapeutic strategies. Key preclinical results from this program are expected within the next six months.

#### AlgoraeOS Version 2.0 Development

Development of **AlgoraeOS Version 2.0** is progressing strongly, incorporating substantial architectural and computational upgrades designed to improve prediction accuracy, scalability, and performance, including:

- **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.

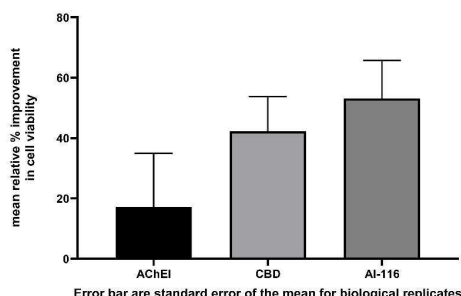
#### AI-116 Drug Candidate for Dementia

In July 2024, Algorae announced further positive pre-clinical results for its dementia drug candidate, **AI-116**, a fixed-dose combination of Donepezil (an FDA-approved acetylcholinesterase inhibitor) and cannabidiol (CBD). AI-116 demonstrated improved efficacy in *in vitro* models compared to Donepezil alone, improving cell viability by 53% in the presence of elevated glutamate, versus 17% for Donepezil. Elevated glutamate is a key factor in dementia progression, contributing to excitotoxicity, oxidative stress, and neuroinflammation (Figure 1).

## Directors' report

30 June 2025

### 2. Operating and financial review (continued)



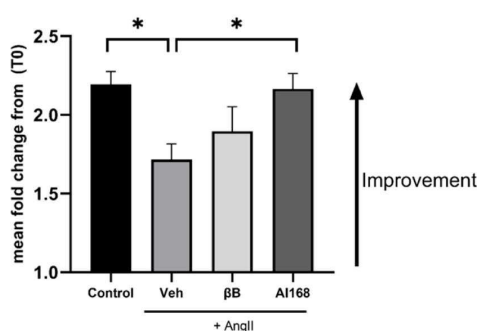
**Figure 1.** Average percentage increase in cell survival relative to glutamate treated control cells. Relative to the glutamate treated toxic control, donepezil (represented as AChEI) alone restored a mean of 17% of total relative cell viability. CBD alone restored a mean of 42% of total relative cell viability and AI-116 at the optimal dosages restored a mean of 53% of total relative cell viability.

Additionally, RNA sequencing was conducted on SH-SY5Y neuroblastoma cells exposed to amyloid  $\beta$  to assess transcriptomic changes following treatment with AI-116, Donepezil, or CBD. AI-116 significantly modulated the expression of key genes associated with neurodegenerative disorders. Compared to CBD or Donepezil alone, 21 genes, including *APOE*, *ATN1*, *C19orf12*, *CFAP410*, *CTSD*, *DLG4*, *NEK1*, *TARDBP*, *HTT*, and *UCHL1*, were uniquely affected by AI-116 treatment. This gene modulation suggests potential therapeutic relevance across multiple neurodegenerative conditions, including Alzheimer's disease, vascular dementia, frontotemporal dementia, dementia with Lewy bodies, Parkinson's disease, amyotrophic lateral sclerosis (ALS), and traumatic brain injury.

Collectively, these findings provide further evidence of the neuroprotective effects of AI-116 against key neurotoxins such as amyloid  $\beta$  and elevated glutamate. Following these positive results, Algorae has commenced planning for clinical trials, engaging key opinion leaders in dementia and neurological disorders. The company has also filed an international patent application under the Patent Cooperation Treaty (PCT/AU2024/050791) to protect AI-116 and its novel combination strategy. With the global acetylcholinesterase inhibitor market projected to reach US\$21 billion<sup>1</sup> in 2024, AI-116 positions Algorae to make a meaningful impact in the treatment of dementia and related neurodegenerative diseases.

### AI-168 Drug Candidate for Cardiovascular Disease

In November 2025, Algorae announced positive preclinical results for its cardiovascular drug candidate, **AI-168**, which demonstrated significant cardioprotective effects across three cardiovascular cell models. In these studies, AI-168 outperformed existing first-line FDA-approved beta blockers by restoring normal cell proliferation and mitigating damage caused by key cardiac stressors such as Angiotensin II, platelet-derived growth factor (PDGF), and doxorubicin. Notably, 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 2).



**Figure 2.** Proliferation of Human Umbilical Vein Endothelial Cells ('HUEVCs') 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), BB ( $\beta$  blocker with AngII) and AI 168 ( $\beta$  blocker & CBD, with Ang II). Error bars report Standard Error of the Mean. Significant differences were determined by ANOVA (\*-P  $\leq$  0.05, \*\*-P  $\leq$  0.01).

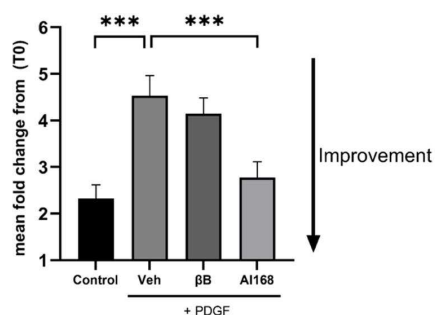
**Reference 1:** Cholinesterase Inhibitors Market Analysis by Application (Alzheimer's Disease, Other Neurological Disorders), by Type of Drug (Donepezil, rivastigmine, galantamine), by Distribution Channel (Hospital Pharmacies, Retail Pharmacies and Drug Stores, Online Pharmacies) and by Region: Global Forecast, 2024 - 2033.

## Directors' report

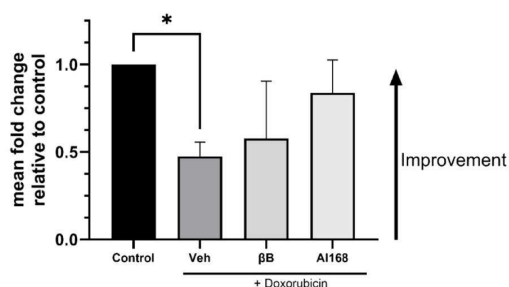
30 June 2025

### 2. Operating and financial review (continued)

In additional models, AI-168 normalised pulmonary artery smooth muscle cell proliferation by **80%** (Figure 3) and restored **68%** of cardiomyoblast growth lost to doxorubicin-induced toxicity (Figure 4), demonstrating consistent cardioprotective activity across multiple pathways.



**Figure 3.** 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 4.** 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).

These findings were generated in collaboration with the **Monash University Victorian Heart Institute Research Laboratories** under the leadership of Principal Investigator Dr. Kristen Bubb (Senior Research Fellow, Victorian Heart Institute) and Postdoctoral Research Fellow Dr. Giannie Barsha. Following these results, Algorae refined the formulation of AI-168 and filed an international Patent Cooperation Treaty (PCT) application to pursue protection in key jurisdictions, including the United States, Europe, Japan, and the UK. The company is now considering *animal* models to advance AI-168 development, where its efficacy will be benchmarked against cardio-selective beta blockers, a market valued at approximately US\$6.2 billion annually<sup>2</sup>.

#### NTCELL for Parkinson's Disease

In 2025, Algorae continued its scientific review of the NTCELL clinical trial protocol and development plan, with a focus on assessing both the therapeutic potential and economic viability of NTCELL in the context of its patent position. This review is being led by the Company's Chief Scientific Officer (CSO), Dr. James McKenna.

#### OTCQB American Depositary Share Program

In November 2024, Algorae terminated its American Depositary Share (AD Share) Deposit Agreement, concluding the trading of Algorae securities on the OTCQB market in the United States. The AD Shares represented only a minor component of the Company's capital structure, and the termination of the program has streamlined corporate operations while reducing fixed costs.

## **Algorae Pharmaceuticals Limited**

### **Directors' report**

**30 June 2025**

#### **2. Operating and financial review (continued)**

##### **Appointment of Pharmaceutical Executive Dr. Sarah Siggins to the Scientific Advisory Board**

In January 2025, Algorae appointed Dr. Sarah Siggins, an accomplished pharmaceutical executive, to its Scientific Advisory Board. Dr. Siggins brings over 14 years of experience in the global pharmaceutical industry, including more than eight years at Johnson & Johnson Innovative Medicine and five years at Bristol-Myers Squibb. She has held senior leadership roles, most notably as Senior Director and Medical Affairs Lead for Asia Pacific Strategy, where she successfully led medical strategies for multiple blockbuster therapies across oncology, neuroscience, and immunology. Her extensive expertise in clinical trial leadership, early-access programs, and regulatory and commercial strategy will be instrumental in advancing Algorae's AI-generated drug pipeline and fostering potential commercial partnerships.

Dr. Siggins holds a PhD in Biosciences from the University of Helsinki and is internationally recognised for her research on hematopoietic stem cells, with more than 15 peer-reviewed publications to her name.

##### **Appointment of Mr. Vishal Shah as Chief Commercial Officer**

In April 2025 Algorae appointed Vishal Shah as its Chief Commercial Officer (CCO), strengthening its leadership team to drive commercial growth and expand into complementary pharmaceutical markets. Mr. Shah brings over 20 years of experience in pharmaceuticals, biotechnology, and healthcare distribution, with a proven track record in scaling businesses, forging strategic partnerships, and driving revenue growth. He joins Algorae from HPS Pharmacies, a division of EBOS Group (ASX: EBO), where he played a key role in procurement strategy, market expansion, and business development. His previous senior leadership roles at Baxter Healthcare (NYSE: BAX) included overseeing commercial strategies, major product launches, and growth initiatives across Asia-Pacific (APAC) and Australia/New Zealand (ANZ).

Mr. Shah holds a Pharmacy Degree, a Master's in Applied Science (Biotechnology), and an MBA from Western Sydney University, equipping him with both scientific expertise and business acumen for his role at Algorae.

##### **Financial position**

The net assets of the Group have decreased from \$3,014,250 at 30 June 2024 to \$2,228,796 as at 30 June 2025. The net asset decrease reflects the funds used to progress the Company's research programs and general operating activities.

Net cash outflow from operating activities decreased from \$1,523,301 in the previous year to \$785,250 in the current year, due to receipt of R&D tax credit. Most of the funds were used to progress the Company's research programs.

These financial statements have been prepared on a going concern basis. The Group incurred a loss after tax attributable to members of the parent entity of \$802,958 (2024: \$2,095,562) and incurred negative cash flows from operations of \$785,250 (2024: \$1,523,301).

As at 30 June 2025 the Group had \$469,222 cash in bank and \$1,850,000 term deposits, compared to \$808,413 cash in bank and \$2,300,000 term deposits at 30 June 2024. The directors prepare a rolling 12-month cash flow forecast and the balance is projected to allow the planned level of operations to continue for at least 12 months from the date of authorisation of this financial report. The directors acknowledge that the expenditure in relation to operating activities is predominately discretionary. Operating cash outflow is being managed by the directors to the extent of funding available. The directors have a history of raising capital as required to support their research projects and operating expenses. Additionally the Company has 330,292,992 listed options (ASX: 1AIO) which expire on 31 March 2026, with an expiry price of \$0.012. While the options are currently out-of-the-money, should these be exercised in full, the Company would raise in the order of \$3,963,515.

The directors have prepared the report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

## **Directors' report**

**30 June 2025**

### **2. Operating and financial review (continued)**

#### **Business strategies and prospects for future years**

Algorae's corporate strategy is to develop transformative therapeutic solutions for significant unmet medical needs in the community. The key tenants to this strategy include:

- Retain a dynamic and innovative corporate culture with a focus on emergent themes in pharmaceutical development;
- Increase the pipeline of existing research & development projects to diversify the Company's value-generating activities;
- Collaborate with industry partners, clinical research organisations and forward-thinking Universities;
- Implement a robust intellectual property (IP) strategy to protect the value of competitive positions in assets generated by the Company;
- Ensure the Company is adequately funded for its current and future research and development activities.

Algorae is focused on executing its corporate strategy and creating shareholder value over the long-term by deploying a disciplined approach to the assessment of new opportunities to diversify the Company's pipeline of existing projects. The objective is to create value through the generation of clinically validated intellectual property (IP).

In common with other biotechnology companies, there is a risk that these prospects for future years will not be achieved, depending on the outcome of clinical studies, trials, experiments and research projects. The Company endeavours to moderate these risks by diversifying research targets and reducing the dependency on the outcome of any single research project.

### **3. Other items**

#### **Significant changes in state of affairs**

Except as outlined in the Operating and Financial Review there have been no significant changes in the state of affairs of the Group during the year.

#### **Events after the reporting date**

On 28 July 2025 the Company issued the following Performance Rights to Vishal Shah:

- 2,000,000 non-market based Tranche A Performance Rights, expiring 31 July 2026;
- 10,000,000 non-market based Tranche B Performance Rights, expiring 31 July 2028;
- 15,000,000 non-market based Tranche C Performance Rights, expiring 31 July 2029;
- 15,000,000 non-market based Tranche D Performance Rights, expiring 31 July 2030.

The issuances of Performance Rights are in accordance with the agreement between the Company and Vishal Shah dated on 27 March 2025 in connection with the offer of a short-term incentive (STI) package and the grant of Performance Rights and equity incentives to Vishal Shah as follows:

#### **Issue of Tranche A Performance Rights**

On or about commencement of employment, the Company will issue 2,000,000 Performance Rights to Vishal Shah for no monetary consideration. These 2,000,000 Performance Rights will vest into 2,000,000 Fully Paid Ordinary Shares following 12-months of continuous employment with the Company.

#### **STI Package**

Algorae agrees to provide an annual STI Package to Vishal Shah of up to 30% of his base remuneration in the relevant financial year at the discretion of the Directors of the Company. However, no STI will be applicable or paid within the initial 2 years of employment.



## **Algorae Pharmaceuticals Limited**

### **Directors' report**

**30 June 2025**

#### **3. Other items (continued)**

##### **Grant of Performance Rights and Equity Incentives**

###### ***Tranche B: 10,000,000 Performance Rights***

If 1AI achieves \$10 million in revenue with an EBIT margin of at least 20% within any 12-month period ending on or before 30 June 2028, and Vishal Shah remains employed by 1AI at that time, then all 10,000,000 Tranche B Performance Rights will vest and 1AI must issue 10,000,000 new Fully Paid Ordinary shares to Vishal Shah for no monetary consideration.

###### ***Tranche C: 15,000,000 Performance Rights***

If 1AI achieves \$15 million in revenue with an EBIT margin of at least 20% within any 12-month period ending on or before 30 June 2029, and Vishal Shah remains employed by 1AI at that time, then all 15,000,000 Tranche C Performance Rights will vest and 1AI must issue 15,000,000 new Fully Paid Ordinary shares to Vishal Shah for no monetary consideration.

###### ***Tranche D: 15,000,000 Performance Rights***

If 1AI achieves \$25 million in revenue with an EBIT margin of at least 20% within any 12-month period ending on or before 30 June 2030, and Vishal Shah remains employed by 1AI at that time, then all 15,000,000 Tranche D Performance Rights will vest and 1AI must issue 15,000,000 new Fully Paid Ordinary shares to Vishal Shah for no monetary consideration.

###### ***Tranche E Performance Rights***

If 1AI achieves a market capitalisation of \$75 million or more at any time on or before 30 June 2028, and Vishal Shah remains employed by 1AI at that time, then 1AI must issue such number of new Fully Paid Ordinary shares using the following formula:  $\text{Shares Issued} = \$250,000 / 5 \text{ day VWAP of 1AI}$ .

###### ***Tranche F Performance Rights***

If 1AI achieves a market capitalisation of \$150 million or more at any time on or before 30 June 2030, and Vishal Shah remains employed by 1AI at that time, then 1AI must issue such number of new Fully Paid Ordinary shares using the following formula:  $\text{Shares Issued} = \$375,000 / 5 \text{ day VWAP of 1AI}$ .

###### ***Tranche G Performance Rights***

If 1AI achieves a market capitalisation of \$250 million or more at any time on or before 30 June 2030, and Vishal Shah remains employed by 1AI at that time, then 1AI must issue such number of new Fully Paid Ordinary shares using the following formula:  $\text{Shares Issued} = \$500,000 / 5 \text{ day VWAP of 1AI}$ .

If Vishal Shah ceases to be employed by 1AI prior to satisfaction of the above performance conditions, then all unvested Performance Rights will lapse and be cancelled on the date of cessation of employment.

If 1AI experiences a change of control (defined as a third party acquiring a relevant interest in not less than 50.1% of the Company's issued capital) before the expiry dates, then all unvested Performance Rights will immediately vest (and new shares must be issued to Vishal Shah for no monetary consideration) upon the occurrence of a change of control in 1AI.

No other matters or circumstances have arisen since the end of the financial year, which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

##### **Environmental issues**

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia and New Zealand.

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

#### 3. Other items (continued)

##### Company secretary

Jennifer Voon was appointed as company secretary on the 1<sup>st</sup> July 2024.

##### Dividends

There was no dividend paid, recommended or declared during the current financial year.

##### Meetings of directors

During the financial year, 3 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	<b>Directors' Meetings</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>
David Hainsworth	3	3
Bradley Dilkes	3	3
Bradley Latham	3	3

##### Indemnification and insurance of officers and auditors

During the year, Algorae paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors. The liabilities insured are against 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 the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of 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 to cause detriment to the Company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not during or since the end of the financial year indemnified or agreed to indemnify the auditor of the Company. Furthermore, the Company has not paid any premiums in respect of insurance for the auditor.

As disclosed in the Appendix 4G and Corporate Governance Statement released to the ASX on 30 August 2024, the Company does not consider its current size to warrant a separately constituted Audit and Risk Committee. The Board believes it is the appropriate body to review and monitor all risks, audit and compliance matters, and to oversee the Company's risk management framework. Accordingly, the responsibilities typically delegated to an Audit and Risk Committee, including oversight of financial and corporate reporting, and the management of operational risks, are undertaken by the full Board.

The Board Charter sets out the processes adopted by the Company to independently verify and safeguard the integrity of its corporate reporting. These processes include the appointment and removal of the external auditor and the rotation of the audit engagement partner.

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

#### 3. Other items (continued)

##### Options

At the date of this report, the unissued and issued ordinary shares of Algorae Pharmaceuticals Limited under option are as follows:

Grant date	Date of Expiry	Exercise Price	No. under Option
<b>Listed Options</b>			
24 February 2023 - Lead Manager Options	31-Mar-26	\$0.012	126,482,493
09 March 2023 - Placement Options	31-Mar-26	\$0.012	50,000,000
21 April 2023 - Right Issue Options	31-Mar-26	\$0.012	44,017,310
04 May 2023 - Right Issue Shortfall Options	31-Mar-26	\$0.012	43,373,305
28 June 2023 - Options converted to shares		\$0.012	(781)
10 July 2023 - Placement Options	31-Mar-26	\$0.012	37,500,000
10 July 2023 - Lead Manager Options	31-Mar-26	\$0.012	5,625,000
22 August 2023 - Options converted to shares		\$0.012	(500,000)
06 September 2023 - Options converted to shares		\$0.012	(93,750)
22 April 2024 - Options converted to shares		\$0.012	(1,250)
07 March 2025 - Under ADS Sale Agreement	31-Mar-26	\$0.012	23,890,665
			<b>330,292,992</b>

There was no ordinary shares of Algorae Pharmaceuticals Limited issued on the exercise of options during the year ended 30 June 2025 (2024: 595,781) and up to the date of this report.

##### Non-audit services

The Company's auditor, PKF Brisbane Audit, did not perform any non-audit services for the Group during the year.

##### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2025 has been received and can be found on page 20 of the financial report.

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

### Remuneration report (audited)

#### Remuneration policy

The remuneration policy of Algorae Pharmaceuticals Limited is designed to align the objectives of its directors and other key management personnel (collectively, KMP), with those of shareholders and the Company. The Board believes that this policy effectively attracts, retains, and motivates the KMP to achieve the Company's long-term goals, particularly during its current research phase.

Given the Company's current size and resources, a separate Remuneration and Nomination Committee has not been maintained. Instead, the Board itself undertakes the responsibilities typically delegated to such a committee, including the annual review of KMP remuneration packages, ensuring alignment with the Company's performance and industry standards. The Board may seek professional advice from independent external consultants when necessary.

KMP remuneration includes the following elements:

- **Fixed Remuneration:** KMP receive a base salary, determined based on factors such as qualifications, length of service, experience, and market rates. Additionally, statutory contributions to superannuation are provided.
- **Incentive Remuneration:** KMP may be granted shares and/or options based on the achievement of predetermined objectives that contribute to the Company's strategies and progress in its research and development activities. These incentives are intended to align the KMP's interests with those of the shareholders.
- **Risk Management:** KMP are prohibited from using derivatives or other financial instruments to limit the risk associated with shares and options granted as part of their remuneration.

KMP receive company contributions to superannuation funds in Australia by the law, which is currently 12%, and do not receive any other retirement benefits.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. KMP are paid an agreed number of weeks salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment, and responsibilities. The Board determine payments to the non-executive directors and executive directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, the current maximum is \$450,000 which was approved at the 2007 AGM and have no predetermined performance-based remuneration.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align their interests with shareholders' interests.

Options granted under these arrangements do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

#### Performance conditions linked to remuneration

The key performance indicators (KPIs) are set annually, in consultation with KMP to ensure support. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs contribute to the strategies approved by the board. Performance in relation to the KPIs is assessed annually, with options being awarded depending on the extent to which the measures are achieved.

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

The earnings of the Group for the five years to 30 June 2025 are summarised below:

	2025	2024	2023	2022	2021
Revenue and other income (\$)	141,050	125,200	42,016	3,405	268,184
Loss after income tax (\$)	(802,958)	(2,095,562)	(2,107,658)	(1,957,300)	(1,460,591)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

Share price at financial year end (\$)	0.005	0.010	0.015	0.008	0.012
Total dividend declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(0.05)	(0.13)	(0.16)	(0.22)	(0.26)

#### Employment details of members of key management personnel

The following table provides the employment details of persons who were, during the financial year, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

		Performance based remuneration		
		Bonus %	Shares %	Options %
<b>KMP</b>				
Vishal Shah	Chief Commercial Officer (joined on 30 June 2025)	88	-	-
Belinda Di Bartolo	Chief Operation Officer (ceased her role on 19 January 2024)	-	-	-
Daya Uka	Chief Financial Officer (ceased his role on 5 September 2023)	-	-	-

#### Performance-based remuneration

Is linked to clearly specified performance targets. These targets are aligned to the entity's short and long-term performance objectives and are appropriate to its circumstances, goals, and risk appetite. The allotment of any performance-based performance is at the discretion of the board for any KMP.

#### Service agreements

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. The remuneration and other terms of employment for the chief executive and senior executives are set out in formal employment agreements as summarised below.

All employment agreements are for an unlimited duration. The agreements for executives may be terminated by giving 20 working days' notice (except in cases of termination for cause where termination is immediate). Redundancy entitlements are 2-4 weeks for the first year of service and one week's payment for each six-month's subsequent service. Employment agreements do not include the specific performance criteria which are linked to bonuses or incentives, so amounts paid in accordance with the above remuneration policy are effectively at the discretion of the board.

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

#### Remuneration details for the year ended 30 June 2025

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group.

	Short term			Post-employment	Long term benefits	Share based payments	Total benefits and payments
	Cash salary fees	Bonus	Total short-term benefits	Pension and superannuation		Options and rights	
2025	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>							
David Hainsworth <sup>1</sup>	116,667	-	116,667	2,108	-	8,104	126,879
Bradley Dilkes <sup>2</sup>	79,165	-	79,165	-	-	8,104	87,269
Bradley Latham	50,000	-	50,000	-	-	19,522	69,522
<b>KMP</b>							
Vishal Shah	769	50,000	50,769	6,088	-	-	56,857
Daya Uka <sup>4</sup>	-	-	-	-	-	-	-
Madhukar Bhalla <sup>5,6</sup>	-	-	-	-	-	-	-
Belinda Di Bartolo <sup>7</sup>	-	-	-	-	-	-	-
	<b>246,601</b>	<b>50,000</b>	<b>296,601</b>	<b>8,196</b>	<b>-</b>	<b>35,730</b>	<b>340,527</b>
<b>2024</b>							
<b>Directors</b>							
David Hainsworth <sup>1</sup>	60,000	-	60,000	-	-	300,000	360,000
Bradley Dilkes <sup>2</sup>	50,000	-	50,000	-	-	300,000	350,000
Bradley Latham	50,000	-	50,000	-	-	154,532	204,532
Carolyn Sue <sup>3</sup>	11,600	-	11,600	1,100	-	-	12,700
<b>KMP</b>							
Daya Uka <sup>4</sup>	64,227	-	64,227	1,683	-	-	65,910
Madhukar Bhalla <sup>5,6</sup>	32,834	-	32,834	-	-	-	32,834
Belinda Di Bartolo <sup>7</sup>	112,918	-	112,918	10,122	-	-	123,040
	<b>381,579</b>	<b>-</b>	<b>381,579</b>	<b>12,905</b>	<b>-</b>	<b>754,532</b>	<b>1,149,016</b>

<sup>1</sup> Payment is made to David Hainsworth or Union Square Capital Pty Ltd

<sup>2</sup> Payment is made to Cichli Pty Ltd

<sup>3</sup> Resigned on 1 July 2023

<sup>4</sup> Resigned on 5 September 2023

<sup>5</sup> Payment is made to Stamp Foundation

<sup>6</sup> Resigned on 17 January 2024

<sup>7</sup> Resigned on 19 January 2024

#### Securities received that are not performance related

Options are issued to the directors and executives as part of their remuneration. Each share option converts to one ordinary share of 1AI on exercise. The options that are not issued based on performance criteria, are issued to the directors and executives of Algorae and its subsidiaries to align the interest of executives, directors, and shareholders.

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

#### Options and rights granted, vested, and lapsed during the year

Details of KMP options and rights granted as remuneration, vested, and lapsed during 2025:

	Number of options/ rights	Exercise price per option/ rights	Value per option/ rights at grant date	Grant date	Vesting date	Expiry date	Vested during period	Forfeited / lapsed during period
		\$	\$				%	%
<b>Directors</b>								
David Hainsworth	10,000,000	-	\$0.0036	25-Oct-24	-	26-Oct-27	-	-
David Hainsworth	10,000,000	-	\$0.0060	25-Oct-24	-	26-Oct-27	-	-
Bradley Dilkes	10,000,000	-	\$0.0036	25-Oct-24	-	26-Oct-27	-	-
Bradley Dilkes	10,000,000	-	\$0.0060	25-Oct-24	-	26-Oct-27	-	-
Bradley Latham	-	-	-	-	-	-	-	-
<b>KMP</b>								
Daya Uka	500,000	0.1320	0.1320	01-Sep-22	01-Sep-23	01-Sep-24	-	100
Belinda Di Bartolo	500,000	0.1320	0.1320	01-Sep-22	01-Sep-23	01-Sep-24	-	100
Carolyn Sue	62,500	0.0120	-	21-Apr-23	21-Apr-23	31-Mar-24	-	100

Options and rights do not have any voting rights, dividend, or other distribution entitlements.

The fair value of each option and rights at grant date was calculated by using either a Monte Carlo Simulation or the Black-Scholes model that takes into account the expected volatility, risk free interest rate, expected life of the option, exercise price, and the share price at grant date. For each option granted historical volatility has been calculated based on the length of the options life.

During the year ended 30 June 2025, no ordinary shares of 1AI were issued to KMP on the exercise of options or rights grants. No amounts are unpaid on any of these shares. There are no cash-settlement alternatives. All options and rights were issued by 1AI and entitle the holder to ordinary shares in 1AI for each option exercised.

On 28 July 2025 the Company issued 42,000,000 employee Performance Rights to Shah.

There have not been any alterations to the terms or conditions of any share-based payment arrangements since grant date.

#### Key management personnel options and rights holdings

	Balance at beginning of year	Granted as remuneration	Exercised	Expired/ Forfeited	Balance at the end of year	Vested during the year	Vested and exercisable	Total non-exercisable
<b>2025</b>								
David Hainsworth	312,500	20,000,000	-	-	20,312,500	-	312,500	20,000,000
Bradley Dilkes	-	20,000,000	-	-	20,000,000	-	-	20,000,000
Bradley Latham	10,000,000	-	-	-	10,000,000	-	-	10,000,000
Carolyn Sue	62,500	-	-	(62,500)	-	-	-	-
<b>KMP</b>								
Daya Uka	500,000	-	-	(500,000)	-	-	-	-
Belinda Di Bartolo	500,000	-	-	(500,000)	-	-	-	-
	11,375,000	40,000,000	-	(1,062,500)	50,312,500	-	312,500	50,000,000

## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

	Balance at beginning of year	Granted as remuneration	Exercised	Expired/ Forfeited	Balance at the end of year	Vested during the year	Vested and exercisable	Total non-exercisable
<b>2024</b>								
David Hainsworth	312,500	40,000,000	(20,000,000)	(20,000,000)	312,500	20,000,000	312,500	-
Bradley Dilkes	-	40,000,000	(20,000,000)	(20,000,000)	-	20,000,000	-	-
Bradley Latham	-	20,000,000	(10,000,000)	-	10,000,000	10,000,000	-	10,000,000
Carolyn Sue	662,500	-	-	(600,000)	62,500	-	62,500	-
<b>KMP</b>								
Daya Uka	500,000	-	-	-	500,000	-	-	500,000
Madhukar Bhalla	-	-	-	-	-	-	-	-
Belinda Di Bartolo	500,000	-	-	-	500,000	-	-	500,000
	<b>1,975,000</b>	<b>100,000,000</b>	<b>(50,000,000)</b>	<b>(40,600,000)</b>	<b>11,375,000</b>	<b>50,000,000</b>	<b>375,000</b>	<b>11,000,000</b>

### Shareholding

The number of ordinary shares in Algorae Pharmaceuticals Limited held by each key management person of the Group during the financial year is as follows:

	Balance at beginning of year	On exercise of options/rights	Other changes during the year	Balance at the end of the year
<b>2025</b>				
David Hainsworth <sup>1</sup>	25,625,000	-	-	25,625,000
Bradley Dilkes <sup>2</sup>	52,150,000	-	-	52,150,000
Bradley Latham	20,000,000	-	-	20,000,000
Carolyn Sue	1,125,000	-	(1,125,000)	-
	<b>98,900,000</b>	<b>-</b>	<b>(1,125,000)</b>	<b>97,775,000</b>
<b>2024</b>				
David Hainsworth <sup>1</sup>	5,625,000	20,000,000	-	25,625,000
Bradley Dilkes <sup>2</sup>	32,150,000	20,000,000	-	52,150,000
Bradley Latham	-	10,000,000	10,000,000	20,000,000
Carolyn Sue	1,125,000	-	-	1,125,000
	<b>38,900,000</b>	<b>50,000,000</b>	<b>10,000,000</b>	<b>98,900,000</b>

<sup>1</sup> The shares are held by David Hainsworth and related entity: Union Square Capital Pty Ltd

<sup>2</sup> The shares are held by Bradley Dilkes and related entities: Cipater Pty Ltd and Cichli Pty Ltd

This concludes the remuneration report which has been audited.



## Algorae Pharmaceuticals Limited

### Directors' report

30 June 2025

#### Corporate governance statement

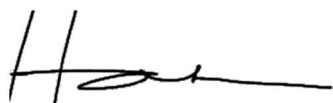
The board is committed to achieving and demonstrating the highest standards of corporate governance. The board continues to refine and improve the governance framework and practices in place to ensure they serve the interests of shareholders. The Company complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations.

As disclosed in the Appendix 4G and Corporate Governance Statement released to the ASX on 30 August 2024, the Company does not consider its current size to warrant a separately constituted Audit and Risk Committee. The Board believes it is the appropriate body to review and monitor all risks, audit and compliance matters, and to oversee the Company's risk management framework. Accordingly, the responsibilities typically delegated to an Audit and Risk Committee, including oversight of financial and corporate reporting, and the management of operational risks, are undertaken by the full Board.

The Board Charter sets out the processes adopted by the Company to independently verify and safeguard the integrity of its corporate reporting. These processes include the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Algorae's corporate governance statement and board and board committee charters and key corporate governance policies are available in the Governance policies section of the website at <https://algoraepharma.com/>.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Director David Hainsworth

Dated: 28 August 2025



**PKF Brisbane Audit**  
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**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF ALGORAE PHARMACEUTICALS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;  
and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Algorae Pharmaceuticals Limited and the entities it controlled during the year.

A stylized, handwritten signature in black ink that reads 'PKF'.

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to be 'Liam Murphy'.

LIAM MURPHY  
PARTNER

BRISBANE  
28 AUGUST 2025

**Algorae Pharmaceuticals Limited**

**Consolidated statement of profit or loss and other comprehensive income**

**For the year ended 30 June 2025**

	<b>Note</b>	<b>2025 \$</b>	<b>2024 \$</b>
<b>Revenue from continuing operations</b>			
Interest	2	141,050	125,200
<b>Expenses</b>			
Research and development	3	(854,642)	(738,980)
Share-based payments		(35,730)	(764,532)
Governance	3	(626,793)	(495,789)
Administrative		(176,346)	(201,422)
Loss on disposal of equipment		-	(2,109)
Borrowing expense		(3,000)	-
<b>Total expenses</b>		<b>(1,696,511)</b>	<b>(2,202,832)</b>
<b>Operating loss</b>		<b>(1,555,461)</b>	<b>(2,077,632)</b>
Foreign exchange loss		15,325	(17,930)
<b>Loss before income tax</b>		<b>(1,540,136)</b>	<b>(2,095,562)</b>
Income tax expense	4	(737,178)	-
<b>Loss after income tax from continuing operations attributable to members of the parent entity</b>		<b>(802,958)</b>	<b>(2,095,562)</b>
<b>Other comprehensive income, net of income tax</b>			
Exchange difference on translation of foreign operations		(18,226)	8,677
<b>Total other comprehensive (loss)/income</b>		<b>(18,226)</b>	<b>8,677</b>
<b>Total comprehensive loss attributable to members of the parent entity</b>		<b>(821,184)</b>	<b>(2,086,885)</b>
<b>Earnings per share</b>			
Basic loss per share (cents)	5	(0.05)	(0.13)
Diluted loss per share (cents)	5	(0.05)	(0.13)

The accompanying notes form an integral part of these financial statements.

Algorae Pharmaceuticals Limited

**Consolidated statement of financial position**

As at 30 June 2025

	Note	2025 \$	2024 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	6	469,222	808,413
Term deposit	7	1,850,000	2,300,000
Trade and other receivables	8	40,566	42,777
Other assets		38,766	41,508
<b>Total current assets</b>		<b>2,398,554</b>	<b>3,192,698</b>
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>2,398,554</b>	<b>3,192,698</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	158,063	172,871
Employee benefit obligations	10	11,695	5,577
<b>Total current liabilities</b>		<b>169,758</b>	<b>178,448</b>
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>169,758</b>	<b>178,448</b>
<b>NET ASSETS</b>		<b>2,228,796</b>	<b>3,014,250</b>
<b>EQUITY</b>			
Issued capital	11	81,540,801	81,540,801
Reserves	11	573,326	557,072
Accumulated losses		(79,885,331)	(79,083,623)
<b>Total equity attributable to equity holders of the Company</b>		<b>2,228,796</b>	<b>3,014,250</b>
<b>TOTAL EQUITY</b>		<b>2,228,796</b>	<b>3,014,250</b>

The accompanying notes form an integral part of these financial statements.

**Algorae Pharmaceuticals Limited**

**Consolidated statement of changes in equity**

**For the year ended 30 June 2025**

<b>2025</b>	<b>Ordinary shares</b>	<b>Accumulated losses</b>	<b>Foreign currency translation reserve</b>	<b>Share- based payment reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2024</b>	<b>81,540,801</b>	<b>(79,083,623)</b>	<b>2,832</b>	<b>554,240</b>	<b>3,014,250</b>
Loss after income tax attributable to members of the parent entity	-	(802,958)	-	-	(802,958)
Total other comprehensive loss	-	-	(18,226)	-	(18,226)
<i>Transaction with equity holders in their capacity as owners</i>					
Share-based payment	-	-	-	35,730	35,730
Expired options	-	1,250	-	(1,250)	-
<b>Balance at 30 June 2025</b>	<b>81,540,801</b>	<b>(79,885,331)</b>	<b>(15,394)</b>	<b>588,720</b>	<b>2,228,796</b>

<b>2024</b>	<b>Ordinary shares</b>	<b>Accumulated losses</b>	<b>Foreign currency translation reserve</b>	<b>Share- based payment reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2023</b>	<b>80,239,229</b>	<b>(80,728,064)</b>	<b>3,614,015</b>	<b>636,923</b>	<b>3,762,103</b>
Loss after income tax attributable to members of the parent entity	-	(2,095,562)	-	-	(2,095,562)
Total other comprehensive income	-	-	8,677	-	8,677
Transfer within equity of amounts related to foreign operation disposed of in 2018	-	3,619,860	(3,619,860)	-	-
<i>Transaction with equity holders in their capacity as owners</i>					
Shares issued during the year	562,500	-	-	-	562,500
Transaction costs	(27,184)	-	-	-	(27,184)
Share-based payment	756,500	-	-	37,460	793,960
Option exercised	9,451	-	-	-	9,451
Option paid	305	-	-	-	305
Expired options	-	120,143	-	(120,143)	-
<b>Balance at 30 June 2024</b>	<b>81,540,801</b>	<b>(79,083,623)</b>	<b>2,832</b>	<b>554,240</b>	<b>3,014,250</b>

**Algorae Pharmaceuticals Limited**

**Consolidated statement of cash flows**

**For the year ended 30 June 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipt of R&D tax credit		737,178	-
Payments to suppliers and employees		(1,687,763)	(1,629,878)
Interest received		165,335	106,577
<b>Net cash used in operating activities</b>	<b>17</b>	<b>(785,250)</b>	<b>(1,523,301)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Receipt of term deposit		950,000	3,022,560
Investment in term deposit		(500,000)	(3,300,000)
<b>Net cash (used in)/provided by investing activities</b>		<b>450,000</b>	<b>(277,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuing shares and options		-	562,805
Proceeds from exercise of options		-	9,451
Transaction costs paid		(3,000)	(49,260)
<b>Net cash provided by financing activities</b>		<b>(3,000)</b>	<b>522,996</b>
Effect of exchange rates on cash holdings in foreign currency		(941)	(2,356)
Net increase/(decrease) in cash held		(339,191)	(1,280,101)
Cash at beginning of year		808,413	2,088,514
<b>Cash at end of financial year</b>		<b>469,222</b>	<b>808,413</b>

The accompanying notes form an integral part of these financial statements.

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 1. Material accounting policy information

##### (a) Basis of preparation

This general purpose financial report for the year ended 30 June 2025 has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for profit oriented entities. Compliance with Australian Accounting Standards ensures that the financial report conforms to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report covers the Algorae Pharmaceuticals Limited and its controlled entities. Algorae Pharmaceuticals Limited (also referred hereafter as IAI, the "Company", or the "Group") is a listed for-profit public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been presented in Australian dollars, which is the Company's presentation currency. The report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

##### (b) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Group.

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The separate financial statements and notes of the parent entity, Algorae Pharmaceuticals Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity disclosures are included in note 16.

##### *Share-based payment*

The Company measures the cost of equity-settled transactions with employees and/or directors 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 either the Black-Scholes model or an adjusted form of the Black-Scholes Model which includes a Monte Carlo simulation that takes into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments, including the determination of the vesting date, 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.

##### (c) Interest in subsidiaries/controlled entities

As at year end the assets and liabilities of all controlled entities have been included in the consolidated financial statements as well as their results for the year. The directors have deemed that control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. All controlled entities have a 30 June financial year end.

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 1. Material accounting policy information (continued)

##### (c) Interest in subsidiaries/controlled entities (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries/controlled entities:

	Country of Incorporation	Percentage Owned (%) 2025	Percentage Owned (%) 2024
<b>Parent entity and ultimate parent of the Group:</b>			
Algorae Pharmaceuticals Limited	Australia		
<b>Subsidiaries:</b>			
Living Cell Products Pty Ltd	Australia	100	100
Living Cell Technologies New Zealand Ltd	New Zealand	100	100
AlgoraeRx Pty Ltd	Australia	100	-

Percentage of voting power is in proportion to ownership

##### (d) Foreign currency transactions and balances

###### Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency unless otherwise stated.

###### Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income. Foreign currency transactions are recorded at the spot rate on the date of the transaction.

###### Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for each month during the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed of.



## **Notes to the consolidated financial statements**

**For the year ended 30 June 2025**

### **1. Material accounting policy information (continued)**

#### **(e) Comparative amounts**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening consolidated statement of financial position at the earliest date of the comparative period has been presented.

#### **(f) Goods and services tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the tax authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(g) Adoption of new and revised accounting standards**

The Group has adopted all the new, revised or amending 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. There was no material impact on the Group's financial statements upon the adoption of these Standards and Interpretations.

#### **(h) New Accounting Standards and Interpretation 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 consolidated entity for the annual reporting period ended 30 June 2025. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set below.

##### *AASB 18 Presentation and Disclosure in Financial Statements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 "Presentation of Financial Statements", with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statements of profit or loss and other comprehensive income: operating, investing financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: "Operating profit" and "Profit before financing and income taxes". There are also new disclosure requirements for "management-defined performance measures", such as earnings before interest, taxes, depreciation and amortisation ("EBITDA") or "adjusted profit". The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

#### **(i) Going concern**

These financial statements have been prepared on a going concern basis. The Group incurred a loss after income tax attributable to members of the parent entity of \$802,958 (2024: \$2,095,562) and incurred negative cash flows from operations of \$785,250 (2024: \$1,523,301).

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 1. Material accounting policy information (continued)

As at 30 June 2025 the Group had \$469,222 cash in the bank and \$1,850,000 term deposits, compared to \$808,413 cash in bank and \$2,300,000 term deposit at 30 June 2024. The directors prepare a rolling 12-month cash flow forecast and the balance is projected to allow the planned level of operations to continue for at least 12 months from the date of authorisation of this financial report. The directors acknowledge that the expenditure in relation to operating activities is predominately discretionary. Operating cash outflow is being managed by the directors to the extent of funding available. The directors have a history of raising capital as required to support their research projects and operating expenses. Additionally the Company has 330,292,992 listed options (ASX: 1AIO) which expire on 31 March 2026, with an expiry price of \$0.012. While the options are currently out-of-the-money, should these be exercised in full, the Company would raise in the order of \$3,963,515.

The directors have prepared the report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

#### 2. Revenue and other income

	2025	2024
	\$	\$
Other income		
Interest income	141,050	125,200
	<b>141,050</b>	<b>125,200</b>

#### 3. Expenses

Expenses include the following:

	2025	2024
	\$	\$
Employee benefits	212,975	346,006
Third party services	565,878	166,904
Other research and development expenses	75,789	226,070
<b>Research and development expenses</b>	<b>854,642</b>	<b>738,980</b>
Director fee	247,940	170,000
Consultancy	142,699	94,544
Other governance expenses	236,154	231,245
<b>Governance expenses</b>	<b>626,793</b>	<b>495,789</b>

#### 4. Income tax expense

##### Reconciliation of income tax to accounting loss:

	2025	2024
	\$	\$
Loss before income tax	(1,540,136)	(2,095,562)
Effective tax rate	30%	25%
	(462,041)	(523,891)
Add tax effect of:		
- Non-deductible expenditure	60,301	237,784
- Non-deductible expenditure (R&D)	251,942	-
- Difference in overseas tax rates	2,039	(7,909)
- Deferred tax assets not brought into account	147,759	294,016
- R&D tax refund	(737,178)	-
<b>Income tax expense/(credit)</b>	<b>(737,178)</b>	<b>-</b>

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 4. Income tax expense (continued)

<b>Tax losses</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Unused tax losses for which no deferred tax asset has been recognised	45,521,407	46,371,008
Potential tax benefit at 30% AU (2024: 25%)	10,059,929	8,639,361
Potential tax benefit at 28% NZ	3,356,727	3,307,798

#### 5. Loss per share

Reconciliation of earnings to profit or loss from continuing operations:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Loss used in calculation of basic and diluted EPS	(802,958)	(2,095,562)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	1,687,394,731	1,663,114,200
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,687,394,731	1,663,114,200
Basic loss per share (cents)	(0.05)	(0.13)
Diluted loss per share (cents)	(0.05)	(0.13)

Options and rights have been excluded in the weighted average number of shares used to calculate diluted earnings per share as they were anti-dilutive.

#### 6. Cash

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	469,222	808,413
	<b>469,222</b>	<b>808,413</b>

#### 7. Term deposit

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
1-6 months term deposit	1,850,000	2,300,000
	<b>1,850,000</b>	<b>2,300,000</b>

#### 8. Trade and other receivables

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Accrued interest	3,793	28,972
Other receivables	36,773	13,805
<b>Total current trade and other receivables</b>	<b>40,566</b>	<b>42,777</b>

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 8. Trade and other receivables (continued)

##### Aged analysis

At 30 June 2025, there were no past due trade receivables, bad debts or doubtful debts (2024: Nil).

##### Allowance for impairment

Trade receivables are non-interest bearing and are generally on 30 to 60-day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. There is no impairment loss for the current year (2024: \$Nil) for the Company.

#### 9. Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

	2025 \$	2024 \$
<b>Unsecured liabilities</b>		
Trade payables	68,988	116,711
Accrued expenses	89,075	56,160
<b>Total trade payables and other payables</b>	<b>158,063</b>	<b>172,871</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

#### 10. Employee benefit obligations

	2025 \$	2024 \$
Opening balance	5,577	51,974
Leave accrued	11,538	19,737
Leave taken	(5,420)	(6,346)
Leave payout	-	(59,788)
<b>Balance at end of the year</b>	<b>11,695</b>	<b>5,577</b>

##### Recognition and measurement

Provisions are recognised when the Group has a legal or constructive obligation, because of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 11. Issued capital and reserves

	No. of shares	Issue price	\$
<b>Balance at 30 June 2023</b>	<b>1,560,145,769</b>		<b>80,239,229</b>
Placement shares issued on 10 July 2023	75,000,000	0.0075	562,500
Creditor payment shares issued on 08 November 2023	500,000	0.0130	6,500
Shares issued on conversion of performance rights on 09 November 2023	20,000,000	0.0150	300,000
Shares issued on conversion of performance rights on 09 November 2023	5,000,000	0.0140	70,000
Shares issued on conversion of performance rights on 28 December 2023	20,000,000	0.0150	300,000
Shares issued on conversion of performance rights on 28 December 2023	5,000,000	0.0140	70,000
Share-based remuneration shares issued on 24 April 2024	1,000,000	0.0100	10,000
Exercise of options on 22 August 2023	500,000	0.0120	6,000
Exercise of options on 6 September 2023	93,750	0.0120	1,125
Exercise of options on 6 March 2024	112,245	0.0150	1,684
Exercise of options on 22 April 2024	1,250	0.0120	15
Exercise of options on 22 April 2024	11,540	0.0150	173
Exercise of options on 15 May 2024	30,177	0.0150	454
Proceeds from options	-	-	305
Share issue transaction costs net of tax	-	-	(27,184)
<b>Balance at 30 June 2024 and 2025</b>	<b>1,687,394,731</b>		<b>81,540,801</b>

	2024 \$	2023 \$
<b>Reserves</b>		
Options	538,458	539,708
Performance rights	50,262	14,532
<b>Share-based payment reserve</b>	<b>558,720</b>	<b>554,240</b>
Foreign currency translation reserve	(15,394)	2,832
<b>Total reserves</b>	<b>573,326</b>	<b>557,072</b>

On 18 November 2024, the Company announced the cessation of the Company's American Depositary Share (ADS) Deposit Agreement, marking the end of trading of the Company's securities on the OTCQB in the United States. The Company issued 23,890,665 options under the ADS sale agreement with nil consideration on 7 March 2025.

As at 30 June 2025, the Company had 330,292,992 options on issue, detailed as follows:

Listed Options	Date of Expiry	Exercise Price	No. under Option
24 February 2023 - Lead Manager Options	31-Mar-26	\$0.012	126,482,493
09 March 2023 - Placement Options	31-Mar-26	\$0.012	50,000,000
21 April 2023 - Rights Issue Options	31-Mar-26	\$0.012	44,017,310
04 May 2023 - Rights Issue Shortfall Options	31-Mar-26	\$0.012	43,373,305
28 June 2023 - Options converted to shares		\$0.012	(781)
10 July 2023 - Placement Options	31-Mar-26	\$0.012	37,500,000
			<u>301,372,327</u>

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 11. Issued capital and reserves (continued)

Listed Options	Date of Expiry	Exercise Price	No. under Option
			301,372,327
10 July 2023 - Lead Manager Options	31-Mar-26	\$0.012	5,625,000
22 August 2023 - Options converted to shares		\$0.012	(500,000)
06 September 2023 - Options converted to shares		\$0.012	(93,750)
22 April 2024 - Options converted to shares		\$0.012	(1,250)
07 March 2025 - under ADS sale agreement	31-Mar-26	\$0.012	23,890,665
			<b>330,292,992</b>

#### Ordinary Shares

Ordinary shares are classified as equity. The shareholder options attached to the ordinary shares issued as part of the rights issue, convertible notes and share placement have not been separately valued but recognised together with the proceeds for issuing the shares. 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.

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The Company does not have par value in respect of its shares.

#### Capital management

Capital of the Group is managed to safeguard the ability to continue as a going concern so that it can provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure. The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

The Group's capital comprises shares.

There are no externally imposed capital requirements.

The Group manages the Group's capital structure by assessing the Group's financial risks and adjusting the capital structure in response to changes in these risks and the market. These responses include the issue of additional shares and/or convertible securities.

#### Share Based Payments

##### Recognition and measurement

Equity-settled transactions are awards of shares, performance rights, or options over shares, that are provided in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either a Monte Carlo Simulation or the 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 service providers to receive payment. No account is taken of any other vesting conditions.

## Notes to the consolidated financial statements

For the year ended 30 June 2025

### 11. Issued capital and reserves (continued)

The cost of equity-settled transactions is 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.

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.

During the year, the Company granted 40,000,000 performance rights to directors. Set out below is a summary of rights granted:

	Tranche A	Tranche B
Holder(s)	Dilkes/Hainsworth	Dilkes/Hainsworth
Valuation methodology	Monte Carlo	Black Scholes
Grant date	25-Oct-24	25-Oct-24
Vesting date	Upon satisfaction of market condition	Upon satisfaction of performance condition
Expiry date	26-Oct-27	26-Oct-27
Share price at grant date (\$)	0.006	0.006
Exercise price (\$)	Nil	Nil
Risk-free rate (%)	3.833	3.833
Volatility (%)	90	90
Fair value per performance right granted (\$)	0.0036	0.0060
No. of performance rights granted per holder	10,000,000	10,000,000
Total no. of performance rights granted	20,000,000	20,000,000
Fair value (\$)	71,406	120,000
No. of performance rights that vested and converted to ordinary shares during the period	-	-
Expensed during the year ended 30 June 2025 (\$)	16,208	-

In 2024, the Company granted 100,000,000 performance rights to directors. Set out below is a summary of rights granted:

	Tranche A		Tranche B		Tranche C		Tranche D	
Holder(s)	Dilkes / Hainsworth <sub>1</sub>	Latham	Dilkes / Hainsworth <sub>1</sub>	Latham	Dilkes / Hainsworth <sub>2</sub>	Latham	Dilkes / Hainsworth <sub>2</sub>	Latham
Valuation methodology	Black Scholes		Black Scholes		Monte Carlo		Black Scholes	
Grant date	1-Sep-23	2-Nov-23	1-Sep-23	2-Nov-23	1-Sep-23	2-Nov-23	1-Sep-23	2-Nov-23
Vesting date	Upon satisfaction of performance condition		Upon satisfaction of performance condition		Upon satisfaction of market condition		Upon satisfaction of performance condition	
Expiry date	1-Sep-26	1-Sep-26	1-Sep-26	1-Sep-26	1-Sep-26	1-Sep-26	1-Sep-26	1-Sep-26
Share price at grant date (\$)	0.015	0.014	0.015	0.014	0.015	0.014	0.015	0.014

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 11. Issued capital and reserves (continued)

	Tranche A		Tranche B		Tranche C		Tranche D	
Exercise price (\$)	nil	nil	nil	nil	nil	nil	nil	nil
Risk-free rate (%)	3.657	3.31	3.657	3.31	3.657	3.31	3.657	3.31
Volatility (%)	100	100	100	100	100	100	100	100
Fair value per performance right granted (\$)	0.015	0.014	0.015	0.014	0.0133	0.0124	0.015	0.014
Holder(s)	Dilkes / Hainsworth <sup>1</sup>	Latham	Dilkes / Hainsworth <sup>1</sup>	Latham	Dilkes / Hainsworth <sup>2</sup>	Latham	Dilkes / Hainsworth <sup>2</sup>	Latham
No. of performance rights granted per holder	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	5,000,000	10,000,000	5,000,000
Total no. of performance rights granted	20,000,000	5,000,000	20,000,000	5,000,000	20,000,000	5,000,000	20,000,000	5,000,000
Fair value (\$)	300,000	70,000	300,000	70,000	266,000	62,000	300,000	70,000
No. of performance rights that vested and converted to ordinary shares during the period	20,000,000	5,000,000	20,000,000	5,000,000	-	-	-	-
Expensed during the year ended 30 June 2024 (\$)	300,000	70,000	300,000	70,000	-	14,532	-	-
Expensed during the year ended 30 June 2025 (\$)	-	-	-	-	-	19,522	-	-

<sup>1</sup> Performance rights held by Dilkes and Hainsworth that vested during the year and converted to shares.  
<sup>2</sup> Performance rights held by Dilkes and Hainsworth that did not vest during the year were forfeit.

On 22 February 2024, Algorae announced a breach of listing rule 10:11 and subsequent remediation plan agreed with ASX concerning the issuance of performance rights to directors Mr David Hainsworth and Mr Bradley Dilkes being issued after the statutory window following shareholder approval under the ASX rules. The extraordinary general meeting on 26 March 2024 approved the retention of shares issued to the directors as part of their remuneration. Outstanding performance rights have been forfeited by the directors David Hainsworth and Bradley Dilkes.

Share options are issued to employees and KMP as part of remuneration in exchange for the rendering of services provided by the relevant employees and KMP. The fair value of these share options is measured at the grant date and recognised over the period during which the options vest to the KMP and employees.

The fair value of each option at grant date was calculated by using the Black-Scholes model that takes into account the expected volatility, risk free interest rate, expected life of the option, exercise price, and the share price at grant date. For each option granted historical volatility has been calculated based on the length of the options life.



## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 11. Issued capital and reserves (continued)

During the year ended 30 June 2025, no further share options were issued to employees or KMP of the Company and no ordinary shares were issued on the exercise of previously options granted.

Options do not have any voting rights, dividend, or other distribution entitlements.

The weighted average exercise price of options granted during the year was \$0.012 (2024: \$0.012). The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.75 years (2024: 1.75 years).

In 2024, the Group granted 5,625,000 options issued as share-based payments. 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 \$
10 July 2023	31-Mar-26	0.0095	0.0120	70%	-	3.52	22,927

#### Foreign currency translation reserve

The foreign currency translation reserve comprises all translation exchange differences arising on the retranslation of opening net assets together with differences between the statement of profit or loss and other comprehensive income translated at average and closing rates. It also includes adjustments in relation to investments in foreign operations.

#### Option reserve

The option reserve reflects the accumulated expenses associated with the granting of outstanding options to directors and staff.

#### 12. Currency translation rates

	NZD 2025	NZD 2024
Year-end rates used for the consolidated statement of financial position, to translate the following currencies into Australian dollars (AUD), are:	0.93	0.92
Weighted average rates for the year used for the consolidated statements of profit or loss and other comprehensive income and cash flows, to translate the following currencies into Australian dollars (AUD), are:	0.91	0.93

NZD = NZ dollar

#### 13. Commitments for expenditure

On 26 September 2023 Algorae entered into variation to NGETGP Program Agreement to participate in Next Generation AI Graduate Program (NGETGP) for the "AI-enabled Medical Technologies: From Diagnostics to Therapeutics" program. Algorae's participant cash contribution for the program is \$180,000, of which the payments to universities for student scholarships and allowances will be made on execution of Student Agreements and then after receipt by CSIRO of the 6 monthly Milestone Reports from each University. Through 30 June 2025, the Company had recognized the related expenditure of \$140,000.

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 13. Commitments for expenditure (continued)

On 20 October 2023 Algorae entered into a Master Research Agreement with The University of New South Wales. The primary objective of this project is to develop an AI predictive modelling platform to harness complex data derived from extensive molecular screening profiles, molecular structures, drug targets, omics profiles, among others to identify novel combination drug candidates and repositioning opportunities through AI-enabled predictive modelling. The total fee for the research service is \$726,565 (excluding GST). Through 30 June 2025, the Company had recognized the related expenditure of \$208,274.

Algorae entered into Research Service Agreement of which Monash University will perform pre-clinical investigation of beta blockers in combination with Algorae compounds for disorders related to vascular cell dysfunction, commencing on 01 December 2023. Total fee for the research service is \$253,000 (excluding GST). Through 30 June 2025, the Company had recognized the related expenditure of \$170,200.

Algorae entered into Statement of Work No. 1 with Peter MacCallum Cancer Institute (Peter Mac). Under the agreement, Peter Mac will provide a final project report to the Company using the in-house VCFG PRIME (confluence portal). A workflow for analysis and outcomes dashboard will be generated in consultation. The estimated total fee for the service is \$63,754 (excluding GST). Through 30 June 2025, the Company had recognized the related expenditure of \$23,452.

#### 14. Key management personnel disclosures

Key management personnel remuneration included within employee expenses for the year is shown below

	2025 \$	2024 \$
Short term employee benefits	245,832	381,579
Post-employment benefits	2,108	12,905
Share-based payments	35,730	754,532
<b>Total</b>	<b>283,670</b>	<b>1,149,016</b>

##### Short-term employee benefits

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

##### Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's, superannuation contributions made during the year.

##### Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

#### 15. Related parties

##### Parent entity:

The parent entity and ultimate parent entity of the Group is Algorae Pharmaceuticals Limited.

##### Loans

All loan balances between companies in the Group have been fully provided for and eliminated on consolidation. All inter-company loan transactions to and from subsidiaries and with the parent entity are fully provided for.

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 15. Related parties (continued)

##### Key management personnel

Disclosures relating to key management personnel have been set out in note 14 and the Directors' Report.

##### Entities subject to significant influence by the Group

An entity over which the Group has the power to participate in the financial and operating policy decisions but does not have control over those policies. Significant influence may be gained by share ownership, statute or agreement.

##### Subsidiaries

The consolidated financial statements include the financial statements of Algorae Pharmaceuticals Limited and its subsidiaries. For details of subsidiaries, refer to the note 1c.

##### Other Transactions with related parties

Algorae Pharmaceuticals Limited notes there are no agreements in place between Alignment Capital Pty Ltd ("Alignment") and any other shareholder(s) of the Company that would enable Alignment to appoint Directors to the Company's Board. Consequently, notwithstanding the shared key management personnel between the two parties, Algorae is not considered to be subsidiary or associate of Alignment under AASB 10 or AASB 128, and therefore Alignment is not considered to be a related party of Algorae.

#### 16. Parent entity disclosures

	2025	2024
	\$	\$
<b>Statement of financial position</b>		
Current assets	2,382,294	3,166,873
Total assets	2,382,295	3,166,873
Current liabilities	(80,044)	(150,836)
Total liabilities	(80,044)	(150,836)
<b>Net assets</b>	<b>2,302,251</b>	<b>3,016,037</b>
Accumulated losses	(79,827,270)	(79,079,004)
Issued capital	81,540,801	81,540,801
Reserves	588,720	554,240
<b>Total Equity</b>	<b>2,302,251</b>	<b>3,016,037</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss after income tax	(749,516)	(2,182,273)
<b>Total comprehensive loss</b>	<b>(749,516)</b>	<b>(2,182,273)</b>

The parent company has no guarantees, contingent liabilities or capital commitments as at 30 June 2025 or 30 June 2024.

#### 17. Cash flow information

	2025	2024
	\$	\$
Cash at the end of the financial year as shown in the is reconciled to items in the consolidated statement of financial position as follows:		
Cash	469,222	808,413

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 17. Cash flow information (continued)

Reconciliation of result for the year to cash flows used in operating activities.

Loss for the year	<b>(802,958)</b>	<b>(2,095,562)</b>
Cash flows excluded from loss attributable to operating activities		
<b>Non-cash flows in loss for the year</b>		
- depreciation	-	-
- net loss on disposal of asset	-	2,109
- net foreign currency (gains)/losses	17,285	13,896
- share, options and performance rights	35,730	771,032
<b>Changes in assets and liabilities:</b>		
- decrease/(increase) in trade and other receivables	10,834	53,140
- (increase)/decrease in other assets	2,742	(41,508)
- (decrease)/increase in trade and other payables	(23,431)	(180,011)
- (decrease)/increase in employee benefits	6,118	(46,397)
<b>Cash flows used in operations</b>	<b>(785,250)</b>	<b>(1,523,301)</b>

#### 18. Segment reporting

General information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates one business segment being the research and development into Algorae Pharmaceuticals Ltd, predominantly in Australia.

#### 19. Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. These activities expose the Group to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group manages the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign currency risk and by being aware of market forecasts for interest rates and foreign exchange rates. The Group's policy is to invest in a spread of maturities to manage interest rate risk and to invest in currencies in approximate proportions of forecast expenditure to manage foreign exchange risk.

The Group holds the following financial instruments

	<b>2025</b>	<b>2024</b>
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>
Cash	469,222	808,413
Term deposit	1,850,000	2,300,000
Trade and other receivables	40,566	42,777
<b>Total financial assets</b>	<b>2,359,788</b>	<b>3,151,190</b>
<b>Financial Liabilities</b>		
Trade and other payables	158,063	172,871
<b>Total financial liabilities</b>	<b>158,063</b>	<b>172,871</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2025

### 19. Financial risk management (continued)

#### Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that sufficient working capital is available to enable the consolidated entity to maintain adequate reserves to allow the consolidated entity to achieve identified strategic objectives.

The tables below analyse the consolidated entity's financial assets and liabilities. The amounts disclosed in the table are the contractual cash flows.

	Within 1 Year		1 to 5 Years		Over 5 Years	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
<b>Financial assets - cash flows realisable</b>						
Trade and other receivables	40,566	42,777	-	-	-	-
Trade and other payables	(158,063)	(172,871)	-	-	-	-
Total anticipated outflows	<b>(117,497)</b>	<b>(130,094)</b>	-	-	-	-

#### Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's short-term deposits held. The Company manages this risk by investing in term deposits ranging from call to 6 months. This investment policy is adopted to manage risks and enhance returns.

#### Interest rate risk sensitivity analysis

At 30 June 2025, the effect on profit/(loss) and equity as a result of changes in the interest rate, based on interest income at the average rate for the year, with all other variables remaining constant would be as follows:

	2025	2024
	\$	\$
+ 1% (100 basis points)	30,525	22,875
- 0.5% (50 basis points)	(15,262)	(11,438)

The consolidated entity's activities expose it to the risk of changes in foreign currency exchange rates and interest rates. These risks are managed at a company and consolidated level through sensitivity analysis. There has been no change to the consolidated entity's exposure to market risks or the way it manages and measures the risk from the previous period.

#### Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets, is the carrying amount, net of any allowances for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Receivable balances are monitored on an on-going basis with the result that the consolidated entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

## Notes to the consolidated financial statements

For the year ended 30 June 2025

### 19. Financial risk management (continued)

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The consolidated entity's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities when revenues or expenses are denominated in a different currency from the consolidated entity's presentation currency and the net investment in foreign subsidiaries. The following table shows the foreign currency risk on the financial assets and liabilities of the consolidated entity's operations denominated in currencies other than the presentation currency of operations.

<b>2025</b>	<b>NZD Total</b>
Consolidated	
Cash	5,025
Trade and other receivables	432
Trade and other payables	(36,252)
<b>2024</b>	<b>NZD Total</b>
Consolidated	
Cash	9,937
Trade and other receivables	793
Trade and other payables	(30,013)
	<b>USD Total</b>
Consolidated	
Trade and other payables	(8,400)

#### Foreign currency risk sensitivity analysis

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the end of the reporting period.

The consolidated entity is mainly exposed to New Zealand dollars (NZD). The table demonstrates the sensitivity of profit or loss before tax to a reasonably possible change in the AUD/NZD exchange rate.

A fluctuation of the New Zealand dollar would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	<b>Increase by 5%</b>	<b>Decrease by 5%</b>
<b>2025</b>	1,539	(3,080)
<b>2024</b>	965	(1,927)

#### Price risk

Consolidated Entity is not exposed to any material commodity price risk.

## Algorae Pharmaceuticals Limited

### Notes to the consolidated financial statements

For the year ended 30 June 2025

#### 20. Remuneration of auditors

	2025	2024
	\$	\$
Audit and review of financial statements	69,250	65,000
Other assurance services	-	-
<b>Total services provided</b>	<b>69,250</b>	<b>65,000</b>

#### 21. Contingent assets and liabilities

Following a formal review of the New Zealand R&D incentive environment, the subsidiary Company decided not to apply for further credit under the R&D loss tax credit scheme and has appointed external advisors to advise it in relation to R&D incentive schemes ongoingly. The total claimed to date is \$1,779,499. Going forward the Company will seek funding from other avenues.

The R&D loss tax credits received over the past 6 years will be repayable by the Company to Inland Revenue Department if certain events occur. These events include a greater than 90% change in the shareholding of the Company measured over a period commencing from the first day of the income year in which a credit arose, the Company ceases to be a resident in New Zealand, the Company has a liquidator appointed, and a sale of the relevant intellectual property by the Company. The maximum amount to be repaid to Inland Revenue will be the balance of the tax credits provided by Inland revenue to the Company, reduced by subsequent income tax payments made by the Company. The tax losses which gave rise to the repaid tax credit will be reinstated. The likelihood of these loss recovery events occurring is currently considered remote and are all currently within Algorae's control; therefore, these balances are not deemed a liability nor a contingent liability. Disclosure has been included here in the interests of transparency.

There were no other material contingent asset or liabilities at the reporting date.

#### 22. Events occurring after the reporting date

On 28 July 2025 the Company issued the following Performance Rights to Vishal Shah:

- 2,000,000 non-market based Tranche A Performance Rights, expiring 31 July 2026;
- 10,000,000 non-market based Tranche B Performance Rights, expiring 31 July 2028;
- 15,000,000 non-market based Tranche C Performance Rights, expiring 31 July 2029;
- 15,000,000 non-market based Tranche D Performance Rights, expiring 31 July 2030.

The issuances of Performance Rights are in accordance with the agreement between the Company and Vishal Shah dated on 27 March 2025 in connection with the offer of a short-term incentive (STI) package and the grant of Performance Rights and equity incentives to Vishal Shah as follows:

##### Issue of Tranche A Performance Rights

On or about commencement of employment, the Company will issue 2,000,000 Performance Rights to Vishal Shah for no monetary consideration. These 2,000,000 Performance Rights will vest into 2,000,000 Fully Paid Ordinary Shares following 12-months of continuous employment with the Company.

##### STI Package

Algorae agrees to provide an annual STI Package to Vishal Shah of up to 30% of his base remuneration in the relevant financial year at the discretion of the Directors of the Company. However, no STI will be applicable or paid within the initial 2 years of employment.

##### Grant of Performance Rights and Equity Incentives

##### Tranche B: 10,000,000 Performance Rights

If 1AI achieves \$10 million in revenue with an EBIT margin of at least 20% within any 12-month period ending on or before 30 June 2028, and Vishal Shah remains employed by 1AI at that time, then all 10,000,000 Tranche B Performance Rights will vest and 1AI must issue 10,000,000 new Fully Paid Ordinary shares to Vishal Shah for no monetary consideration.

## Notes to the consolidated financial statements

For the year ended 30 June 2025

### 22. Events occurring after the reporting date (continued)

#### **Tranche C: 15,000,000 Performance Rights**

If 1AI achieves \$15 million in revenue with an EBIT margin of at least 20% within any 12-month period ending on or before 30 June 2029, and Vishal Shah remains employed by 1AI at that time, then all 15,000,000 Tranche C Performance Rights will vest and 1AI must issue 15,000,000 new Fully Paid Ordinary shares to Vishal Shah for no monetary consideration.

#### **Tranche D: 15,000,000 Performance Rights**

If 1AI achieves \$25 million in revenue with an EBIT margin of at least 20% within any 12-month period ending on or before 30 June 2030, and Vishal Shah remains employed by 1AI at that time, then all 15,000,000 Tranche D Performance Rights will vest and 1AI must issue 15,000,000 new Fully Paid Ordinary shares to Vishal Shah for no monetary consideration.

#### **Tranche E Performance Rights**

If 1AI achieves a market capitalisation of \$75 million or more at any time on or before 30 June 2028, and Vishal Shah remains employed by 1AI at that time, then 1AI must issue such number of new Fully Paid Ordinary shares using the following formula:  $\text{Shares Issued} = \$250,000 / 5 \text{ day VWAP of 1AI}$ .

#### **Tranche F Performance Rights**

If 1AI achieves a market capitalisation of \$150 million or more at any time on or before 30 June 2030, and Vishal Shah remains employed by 1AI at that time, then 1AI must issue such number of new Fully Paid Ordinary shares using the following formula:  $\text{Shares Issued} = \$375,000 / 5 \text{ day VWAP of 1AI}$ .

#### **Tranche G Performance Rights**

If 1AI achieves a market capitalisation of \$250 million or more at any time on or before 30 June 2030, and Vishal Shah remains employed by 1AI at that time, then 1AI must issue such number of new Fully Paid Ordinary shares using the following formula:  $\text{Shares Issued} = \$500,000 / 5 \text{ day VWAP of 1AI}$ .

If Vishal Shah ceases to be employed by 1AI prior to satisfaction of the above performance conditions, then all unvested Performance Rights will lapse and be cancelled on the date of cessation of employment.

If 1AI experiences a change of control (defined as a third party acquiring a relevant interest in not less than 50.1% of the Company's issued capital) before the expiry dates, then all unvested Performance Rights will immediately vest (and new shares must be issued to Vishal Shah for no monetary consideration) upon the occurrence of a change of control in 1AI.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 23. Company Detail

The registered office of the Company is:

Algorae Pharmaceuticals Limited  
Level 23, Rialto South Tower  
525 Collins Street  
Melbourne Vic 3000  
Australia



## Algorae Pharmaceuticals Limited

### Consolidated entity disclosure statement

As at 30 June 2025						
Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Place of business/ country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Algorae Pharmaceuticals Limited	Body corporate	-	-	Australia	Australian	n/a
Living Cell Products Pty Ltd	Body corporate	-	100	Australia	Australian	n/a
Algoraerx Pty Ltd	Body corporate	-	100	Australia	Australian	n/a
Living Cell Technologies New Zealand Limited	Body corporate	-	100	New Zealand	Foreign	New Zealand

#### Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

#### Determination of tax residency

Section 295 (3A) (vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination 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.

In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency: The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency: The Group has applied current legislation and judicial precedent in the determination of foreign tax residency.

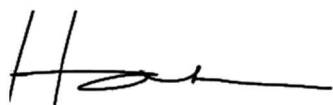
## Algorae Pharmaceuticals Limited

### Director's declaration

The directors of Algorae Pharmaceuticals Limited declare that:

1. the financial statements and notes for the year ended 30 June 2025 are in accordance with the *Corporations Act 2001* and:
  - comply with the *Corporations Regulations 2001* and the Accounting Standards, which, as stated in accounting policy notes as set on pages 25 to 42 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - give a true and fair view of the financial position and performance of the Group;
2. the Chief Financial Officer and Chief Executive Officer have given the declarations required by Section 295A of the *Corporations Act 2001*.
3. the consolidated entity disclosure statement on page 43 is true and correct;
4. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Director: David Hainsworth

Dated: 28 August 2025

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ALGORAE PHARMACEUTICALS LIMITED

#### Report on the Financial Report

##### Opinion

We have audited the accompanying financial report of Algorae Pharmaceuticals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of Algorae Pharmaceuticals Limited 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 2025 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### 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.

## 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 of the current period. These 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

### 1. Valuation of and accounting for share-based payments

#### Why significant

During the year ended 30 June 2025, the Company issued performance rights to its directors, which were accounted for as share-based payments under AASB 2: *Share-based Payment*.

*Many of the rights are being amortised, resulting in an expense being recognised in the P&L as summarised below:*

Tranche	No. Issued	Fair Value \$	Expensed during FY24 \$
<b>New Performance Rights</b>			
A <sup>1</sup>	20,000,000	71,406	16,208
B <sup>1</sup>	20,000,000	120,000	NIL <sup>2</sup>
<b>Total</b>	<b>40,000,000</b>	<b>191,406</b>	<b>16,208</b>
<b>Previously Issued Performance Rights</b>			
C <sup>1</sup>	25,000,000	328,508	19,522
D <sup>1</sup>	25,000,000	370,000	NIL <sup>3</sup>
	<b>50,000,000</b>	<b>698,508</b>	<b>19,522</b>

<sup>1</sup>Performance rights held by Dilkes and Hainsworth.

<sup>2</sup> Directors have confirmed that the probability of Tranche B vesting conditions being achieved is considered to be nil, and hence, no expense has been recognised during the period.

<sup>3</sup> Directors have confirmed that the directors is that the probability of Tranche D vesting conditions being achieved is considered to be nil, and hence, no expense has been recognised during the period.

Total share-based payment expense for the year, including expense recognised in relation to the amortisation of the fair value of securities issued as share-based payments, totalled \$35,730.

The valuation of share-based payments is considered a key audit matter due to the following reasons:

#### How our audit addressed the key audit matter

Our audit procedures included but were not limited to:

- Obtained an understanding of the key terms and conditions of the options and performance rights issued during the year by inspecting relevant supporting documentation.
- Considering the objectivity, competence, experience and scope of the engagement of the independent expert appointed by management to value the performance rights;
- Assessing the reasonableness of key inputs into the valuation model used by the independent expert;
- Recalculating the estimated fair value of the options using the Monte Carlo option valuation methodology and assumptions assessed as reasonable;
- Testing the accuracy of the amortisation of share-based payments over the vesting period and the recording of an expense in the statement of profit or loss and an increment to the share-based payment reserve.
- Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policy adopted to ensure they are in accordance with the requirements of Australian Accounting Standards.

#### Why significant

- Complexity of valuation models: The use of option pricing models requires the input of various assumptions, and the selection and estimation of these assumptions can have a significant impact on the reported expense.
- Subjectivity of assumptions: The assumptions used in the valuation models, such as expected share price volatility and expected term of the options, involve significant judgment.
- Impact on financial statements: The fair value of share-based payments directly affects the financial statements through the recognition of an expense and the recording of equity, which can influence users' understanding of the financial health and performance of the Group.

Refer to Notes 1(b) and 11 to the financial statements for a description of the accounting policy, significant estimates and judgements applied, and other details in relation to the performance rights.

#### How our audit addressed the key audit matter

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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, 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.

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and
- c) for such internal control as the directors determine is necessary to enable the preparation of:



- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of 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 has 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 this 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: [http://www.auasb.gov.au/ Home.aspx](http://www.auasb.gov.au/Home.aspx). This description forms part of our auditor's report.]

#### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025. 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.

#### Opinion

In our opinion, the Remuneration Report of Algorae Pharmaceuticals Limited for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature in black ink, appearing to read 'PKF'.

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'Liam Murphy'.

LIAM MURPHY  
PARTNER

BRISBANE  
28 August 2025

## Algorae Pharmaceuticals Limited

### Additional information for listed public companies

#### ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 26 August 2025.

#### Securities Exchange

The Company is listed on the Australian Securities Exchange.

#### Substantial shareholders

Name of shareholder	Share held	% of issued shares
MS CHUNYAN NIU	93,251,315	5.53

#### Voting rights

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.

#### Options and Performance Rights

There are no voting rights attached to any class of options and performance rights that are on issue.

#### Securities Subject to Escrow

There are no securities subject to ASX-imposed escrow.

#### Distribution of Shareholders – Fully Paid Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	182	43,018	0.00%
above 1,000 up to and including 5,000	330	1,020,344	0.06%
above 5,000 up to and including 10,000	284	2,306,236	0.14%
above 10,000 up to and including 100,000	1,164	51,669,992	3.06%
above 100,000	815	1,632,355,141	96.74%
<b>Totals</b>	<b>2,775</b>	<b>1,687,394,731</b>	<b>100.00%</b>

There were 1,656 holders of less than a marketable parcel of ordinary shares.

#### Twenty Largest Holders – Fully Paid Ordinary Shares

Holder Name	Holding	% IC
MS CHUNYAN NIU	93,251,315	5.53%
CITICORP NOMINEES PTY LIMITED	77,312,617	4.58%
EZR SYSTEMS PTY LTD	59,857,331	3.55%
AAL INVESTMENT HOLDINGS PTY LTD	52,730,832	3.13%
MR BRIAN PETER BYASS	49,685,808	2.94%
BROWNNARROWS PTY LTD <EJM A/C>	42,000,000	2.49%
ALIGNMENT CAPITAL PTY LTD	41,000,000	2.43%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	39,339,249	2.33%
MR BIN LIU	36,600,000	2.17%
ASP CAPITAL MANAGEMENT PTY LTD <ABG FAMILY A/C>	33,000,000	1.96%

## Algorae Pharmaceuticals Limited

### Additional information for listed public companies

Holder Name	Holding	% IC
MR ANTHONY THEODORE PALASSIS	28,000,000	1.66%
CIPATER PTY LTD	27,150,000	1.61%
OTSUKA PHARMACEUTICAL FACTORY INC	25,000,000	1.48%
ROCKAWAY PTY LTD <ROCKAWAY S/F A/C>	24,000,000	1.42%
MR BRADLEY ROLAND LATHAM	20,000,000	1.19%
MR BRADLEY DILKES	20,000,000	1.19%
MR DAVID HAINSWORTH	20,000,000	1.19%
MALCORP (AUST) PTY LTD <MALYNIAC SUPER FUND A/C>	19,518,750	1.16%
MS SASHA PARISSIS	16,850,000	1.00%
WAIUA BAY FARM LIMITED	16,548,466	0.98%
MS ELENA BORISOVNA TITOVA	16,170,599	0.96%
ELLAZ PTY LTD <THE RIPPER FAMILY A/C>	15,462,937	0.92%

#### Distribution of Shareholders – Listed Options (1AIO)

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	15	5,855	0.00%
above 1,000 up to and including 5,000	41	99,216	0.03%
above 5,000 up to and including 10,000	24	170,378	0.05%
above 10,000 up to and including 100,000	64	2,337,402	0.71%
above 100,000	109	327,680,141	99.21%
<b>Totals</b>	<b>253</b>	<b>330,292,992</b>	<b>100.00%</b>

#### Twenty Largest Holders – Listed Options (1AIO)

Holder Name	Holding	% IC
EASTCOAST NOMINEES PTY LTD <ASSET ACCUMULATION A/C>	42,517,538	12.87%
AAL INVESTMENT HOLDINGS PTY LTD	37,128,853	11.24%
TRANAJ NOMINEES PTY LTD <FT FAMILY A/C>	28,700,000	8.69%
ROCKAWAY PTY LTD <ROCKAWAY S/F A/C>	28,513,437	8.63%
EXP1 ASSET MANAGEMENT PTY LTD <EXP1 A/C>	26,800,000	8.11%
ASP CAPITAL MANAGEMENT PTY LTD <ABG FAMILY A/C>	15,000,000	4.54%
EZR SYSTEMS PTY LTD	15,000,000	4.54%



## Algorae Pharmaceuticals Limited

### Additional information for listed public companies

Holder Name	Holding	% IC
ELLAZ PTY LTD <THE RIPPER FAMILY A/C>	12,563,272	3.80%
VALPLAN PTY LTD <TROY R VALENTINE FAM S/F A/C>	9,800,000	2.97%
MS CHUNYAN NIU	6,741,715	2.04%
BROWNNARROWS PTY LTD <EJM A/C>	6,552,532	1.98%
MR BIN LIU	5,444,441	1.65%
ELLAZ PTY LTD <THE RIPPER FAMILY A/C>	5,200,000	1.57%
MR PAUL CLAFFEY	5,000,000	1.51%
MR FREDERICK RICHARD HAINSWORTH & MRS PAMELA HAINSWORTH	5,000,000	1.51%
MOO INVESTMENTS AUSTRALIA PTY LTD	3,125,000	0.95%
MR BRADLEY HOARDER	3,125,000	0.95%
MR ANDREW SCOTT JOHNSON	3,000,000	0.91%
MALCORP (AUST) PTY LTD <MALYNIAC SUPER FUND A/C>	2,959,375	0.90%
MR LOUIS EDWARD TUTTLE	2,745,817	0.83%
CITICORP NOMINEES PTY LIMITED	2,593,005	0.79%
MR MATTHEW IAN BRADLEY	2,375,000	0.72%
SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/F A/C>	2,083,333	0.63%

### Unquoted Securities on Issue

Class	Number of Holders	Quantity on Issue	Holding >20%	
			Holder Name	Holding
Director Performance Rights Expiring 1 Sep 2026	1	10,000,000	MR BRADLEY ROLAND LATHAM	10,000,000
Director Performance Rights Expiring 27 Oct 2027	2	40,000,000	MR BRADLEY DILKES	20,000,000
			MR DAVID HAINSWORTH	20,000,000
Employee Performance Rights	1	42,000,000	MR VISHAL YOGESHKUMAR SHAH	42,000,000

### On-Market Buy-Back

Currently there is no on-market buy-back of the Company's securities.