

ASX Announcement

December 2022 Quarterly Activity Report and Appendix 4C

- Mr Damian Clarke-Bruce appointed as CEO, to advance Race's commercial evolution and pharmaceutical industry engagement
- Board capability and independence strengthened with the appointment of experienced financier, Mr Danny Sharp as a Non-Executive Director
- Human ethics application submitted for observational cardioprotection breast cancer trial.

31 January 2023 – The December 2022 quarter (Q2 FY 2022) was highlighted by Race Oncology announcing the appointment of pharmaceutical and commercial leader, Mr Damian Clarke-Bruce as CEO and Managing Director, commencing 1 February 2023 (ASX Announcement: 14 December 2022). Damian brings more than 25 years of experience in drug development and commercialisation, acquired through multiple roles in the global pharmaceutical sector. This appointment directly supports Race's strategic, focused program of commercial outreach with international pharmaceutical partners.

Race retains current CEO/MD Mr Phil Lynch who returns to a Non-Executive Director role. The appointment of Mr Daniel (Danny) Sharp as an Independent Non-Executive Director further strengthened the Race Board through the period (ASX announcement: 5 December 2022). Danny, a former Executive Director of Canaccord Genuity brings a deep understanding of capital markets, together with an extensive network of institutional and high net worth investors.

The Zantrene[®] cardioprotection opportunity for Race was advanced via submission of the human ethics application for the observational breast cancer clinical trial (ASX announcement: 9 December 2022). Cardioprotection is an important commercial opportunity for Race, founded on significant patient need and market opportunity.

Management commentary

Race CEO Phillip Lynch said: *"In stepping back from the CEO role I remain excited by our opportunity set and am pleased to see Damian appointed as leader to address our commercial aspirations. In 2023 that's an increasing priority for Race and I look forward to supporting the team in my future capacity as Non-Executive Director."*

Race CSO Daniel Tillett said: *"The December quarter saw us make important appointments to best position Race for the year ahead. I wish to extend my personal thanks to Phil for his leadership and dedication and I look forward to continuing to work with him as a continuing member of the Race board. I believe we have found an outstanding successor to Phil in Damian as Race's CEO/MD and I welcome working with Damian to take Race to the next stage of its development."*

Race Chairman John Cullity said: *“On behalf of the Board, I wish to thank Phil for outstanding leadership during his tenure. Phil leaves the role with our company well positioned to maximize Zantrene and total investor returns. We’re delighted that he’s staying on the Board and look forward to his continued focus on governance and shareholder value. Damian represents an exceptional new CEO. In 2023, we focus all the more on the commercialization of Zantrene and in Damian we have a professional with the capacity to fully execute on that objective. Welcome Damian. Finally, Danny joined the Board in December is already contributing, particularly with respect to public markets and commercialization insight.”*

Key events of the quarter

- On 18 October 2022, Race presented at the Australian Microcap Conference in Melbourne. Building on this presentation, Race management met with current investors in Melbourne through a shareholder information session, as well as professional investors via roadshow.
- On 11 November 2022, Race announced the appointment of an interim Chief Medical Officer, Dr Ajay Duggal of Adnovate Clinical, replacing Dr David Fuller, effective 11 November 2022. Dr Duggal is well qualified to support the team and his clinical and regulative experience in Europe is invaluable to the extramedullary Acute Myeloid Leukaemia program.
- On 23 November 2022, Race announced it had received written feedback from the FDA via a pre-IND meeting. This formal correspondence provided important guidance around Race’s clinical plans. The clinical hold issues from the 2019 IND application were satisfactorily addressed, providing Race a viable path for the clinical development of Zantrene in the US and commercial optionality.
- On 5 December 2022, Race announced the appointment of Mr Danny Sharp as an Independent Non-Executive Director. Danny brings extensive capital markets experience and adds further independence to the Race Board.
- On 9 December 2022, Race announced submission of a Human Ethics application to commence a breast cancer observational study. The study will be led by Associate Professor Aaron Svedlov, a highly credentialed cardiologist who co-chairs the National Cardio-Oncology working group. The study will identify the rate and level of heart damage caused by standard of care anthracycline chemotherapy.
- On 14 December 2022, Race announced the appointment of Mr Damian Clarke-Bruce as CEO and Managing Director, effective as from 1 February 2023. Damian has over 25 years of international BioPharma industry experience and has worked previously at Pharming NV, Novartis US & AG, Celgene, Zimmer, Biogen IDEC, BJC Health, Pharmacia & Searle Pharmaceuticals. Damian’s appointment builds Race’s commercial capability and plans for international pharmaceutical industry engagement in 2023.
- On 22 December 2022, Race announced it had provided support funding for an MD Anderson Cancer Center study into extramedullary Acute Myeloid Leukaemia (EMD)

AML). The study, led by Dr Maro Ohanian, will seek to establish the levels at which extramedullary disease is present in AML and how these patient needs may differ.

- On 23 December 2022, Race provided an update on its clinical and preclinical programs and a summary of expected news for 2023.

Other news from the quarter

- Chief Scientific Officer Dr Daniel Tillett made on market purchases on the 3-5 October 2022 of 23,914 shares, 3 November 2022 of 4,826 shares, and 14-20 December 2022 of 46,737 shares.
- Race Oncology, through its market buyback mechanism made purchases of 23,194 shares through 4 – 6 October 2022.
- Dr Borje Andersson, Chair of the Clinical Advisory Board will receive 118,557 shares via a performance award linked to a vesting condition (ASX Announcement: 28 October 2020) being met in the quarter, namely the recruitment of the 10th patient to the R/R AML Combination Drug trial (RAC-002) led by Professor Arnon Nagler in Israel.

Summary of cash flow and quarterly activity

Race remains well funded. As of 31 December 2022, Race held cash and equivalents of \$26.37 million, compared with \$29.38 million at 30 September 2022. The net change in cash reserves is principally from continued research expenditure and product manufacture for clinical trials of \$2.2 million.

Listing rule 4.7C.3

Payments during the quarter to Related Parties amounted to \$500k, comprising payments of salaries, bonus and superannuation to Executive Directors of \$443k and Board fees and superannuation to Non-Executive Directors of \$57k.

Shareholders by holding range

Race is pleased to report that shareholders totalled 9,057 as of 31 December 2022, showing continued shareholder interest in Race's progress.

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	3,858	1,716,584	1.08%
above 1,000 up to and including 5,000	2,673	6,569,622	4.13%
above 5,000 up to and including 10,000	861	6,477,929	4.08%
above 10,000 up to and including 100,000	1,421	44,546,496	28.04%
above 100,000	244	99,574,270	62.67%
Totals	9,057	158,884,901	100.00%

Top 20 shareholders at 31 December 2022

Position	Holder Name	Holding	
1	DR DANIEL TILLET ¹	13,659,732	8.60%
2	MR PHILLIP RICHARD PERRY	6,077,694	3.83%
3	MR MARK PHILLIP JUAN	5,478,888	3.45%
4	BIOSYNERGY PARTNERS PTY LTD	5,102,194	3.21%
5	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	4,415,468	2.78%
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,136,201	1.34%
7	CRAGANORIG HOLDINGS LLC	2,000,000	1.26%
8	MR ANTHONY JAMES ROBINSON <THE PEEKO FAMILY NO 86 A/C>	1,626,000	1.02%
9	MR PHILLIP RICHARD PERRY & MRS TETYANA PERRY <DONESKA SUPER FUND A/C>	1,620,000	1.02%
10	MR SANDOR HELBY	1,275,800	0.80%
11	MR KIMBERLEY ROSS GARTRELL & MRS JENNIFER MARGARET GARTRELL <K&J GARTRELL SUPER FUND A/C>	1,249,820	0.79%
12	CITICORP NOMINEES PTY LIMITED	1,104,823	0.70%
13	MR KENNETH BARRY RIDLEY & MRS CATHERINE MARY RIDLEY <RIDLEY RETIREMENT FUND A/C>	1,080,000	0.68%
14	DR WILLIAM JAMES GARNER	1,029,749	0.65%
15	BIOSYNERGY PARTNERS PTY LTD	1,000,000	0.63%
16	MR ALAN GILES SAURAN	943,944	0.59%
17	MR VAN QUY DO	847,659	0.53%
18	MR BRIAN JAMES WALKER	769,000	0.48%
19	ADRA FUTURE CO LIMITED	730,001	0.46%
20	KASAJUMI HOLDINGS PTY LTD	680,817	0.43%
	Total	52,818,790	33.68%
	Total issued capital - selected security class(es)	158,884,901	100.00%

¹Excludes 2,307,925 shares voluntarily escrowed for 12 months (ASX Announcement: 14 November 2022).

Expected news

In H1 CY 2023, shareholders can expect:

▪ **Clinical**

- Updates on the Phase 2 relapsed/refractory (R/R) AML combination trial in Israel
- Updates on the Phase 1/2 EMD AML trial with first patient recruitment expected
- Updates on new Zantrene formulation manufacturing progress.

▪ **Preclinical**

- Updates on both cell and animal studies supporting the cardioprotection program
- Updates on cell and animal studies exploring the optimal combination of Zantrene with the standard of care drugs doxorubicin and cyclophosphamide
- Updates on dose ranging studies of Zantrene and a kinase inhibitor in a rat model of clear cell renal cell carcinoma (kidney cancer)
- Updates on dose ranging and cardioprotection studies in mouse models of multiple myeloma and cardioprotection
- An update on a human derived mouse model of AML study, exploring the optimal combination of decitabine and Zantrene as a low toxicity treatment for AML
- Updates on studies exploring the potential utility of Zantrene as an anti-cancer agent across more than 100 cancer types.

-ENDS-

About Race Oncology (ASX: RAC)

Race Oncology is an ASX listed precision oncology company with a Phase 2/3 cancer drug called Zantrene®.

Zantrene is a potent inhibitor of the Fatso/Fat mass and obesity associated (FTO) protein. Overexpression of FTO has been shown to be the genetic driver of a diverse range of cancers. Race is exploring the use of Zantrene as a new therapy for melanoma and clear cell renal cell carcinoma, which are both frequent FTO over-expressing cancers.

In breakthrough preclinical research, Race has also discovered that Zantrene protects from anthracycline-induced heart damage, while in tandem acting with anthracyclines and proteasome inhibitors to improve their ability to target cancer.



The Company also has compelling clinical data for Zantrene as a chemotherapeutic agent and is in multiple clinical trials in Acute Myeloid Leukaemia (AML).

Race is pursuing outsized commercial returns for shareholders via its 'Three Pillar' strategy for the clinical development of Zantrene. Learn more at www.raceoncology.com

If you have any questions on this announcement or any past Race Oncology announcements, please go to the Interactive Announcements page in our Investor Hub <https://announcements.raceoncology.com>

Race encourages all investors to go paperless by registering their details with the Company's share registry, Automic Registry Services, at www.automicgroup.com.au.

Release authorised by:

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RACE ONCOLOGY LIMITED (RAC)

Appendix 4C**Quarterly cash flow report for entities
subject to Listing Rule 4.7B****Name of entity**

RACE ONCOLOGY LIMITED (RAC)

ABN

61 149 318 749

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(1,624)	(3,423)
(b) product manufacturing and operating costs	(605)	(1,046)
(c) advertising and marketing	(34)	(135)
(d) leased assets	-	-
(e) staff costs	(274)	(447)
(f) administration and corporate costs	(540)	(986)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	124	167
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,953)	(5,870)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (share buy-back)	(44)	(1,283)
3.10 Net cash from / (used in) financing activities	(44)	(1,283)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	29,377	33,541
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,953)	(5,869)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(44)	(1,283)
4.5	Effect of movement in exchange rates on cash held	(8)	(17)
4.6	Cash and cash equivalents at end of period	26,372	26,372

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,372	2,677
5.2	Call deposits	24,000	26,700
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	26,372	29,377

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	500
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payment to related parties as disclosed in item 6.1 as follows:</p> <ul style="list-style-type: none"> - \$56,644 payments for non-executive director fees for the period; - \$443,597 payments to executive directors for the period, including superannuation paid during the quarter. 		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,953)
8.2 Cash and cash equivalents at quarter end (item 4.6)	26,372
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	26,372
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.93
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: The Board of Race Oncology Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.