Public Announcement
ASX Code: 1AI

Algorae Pharmaceuticals Limited

Half Yearly Report Ended 31 December 2025

Melbourne, Australia, 27 February 2026: Algorae Pharmaceuticals Limited ('Algorae' or the 'Company') (ASX code: 1AI) announces the half yearly report for the six months ended 31 December 2025. The report is enclosed.

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

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

This announcement has been approved by the Board of Directors of Algorae Pharmaceuticals Limited.

End

For more information, please visit www.algoraepharma.com

Corporate and Media Enquiries

Mr David Hainsworth

Executive Chairman

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Forward-looking Statements

This document may contain certain forward-looking statements, relating to Algorae's business, which can be identified by the use of forward-looking terminology such as "promising," "probable", "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be,""on track," or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates, nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialisation of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. Algorae is providing this information and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

Appendix 4D

Half year report for the
six months ended
31 December 2025

Name of Entity	Algorae Pharmaceuticals Limited
ACN	104 028 042
Financial Period Ended	31 DECEMBER 2025
Previous Corresponding Reporting Period	31 DECEMBER 2024

	$ 31 Dec 2025	**$ 31 Dec 2024**	**$ Change**	**Percentage increase /(decrease) over the previous corresponding**
Revenue from ordinary activities	33,815	59,974	(26,159)	(43.62 %)
Profit / (loss) from ordinary activities after tax attributable to members	(863,912)	(652,716)	(211,196)	(32.36 %)
Net profit / (loss) for the period attributable to members	(863,912)	(652,716)	(211,196)	(32.36 %)

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Details of dividend or distribution reinvestment plans: none.

The record date for determining entitlements to the dividends (if any)	**NA**

A brief explanation of any of the figures reported above necessary to enable the figures to be understood:

The respective 32.36% increase in loss from ordinary activities after tax and net loss for the period was due to:

- Research and development, including continued development of AlgoraeOS and pre-clinical programs AI-116 (dementia), AI-118 (cardiovascular disease) and NTCELL (Parkinson's disease); and

- Corporate and commercialisation costs, including general working capital and administration expenses, and early set-up costs to support the Group's initial commercial partnerships and revenue pathways.

Please refer to Consolidated Interim Financial Report.

The half-yearly report is to be read in conjunction with the most recent annual financial report.

NTA Backing

	Current period	**Previous corresponding period** **Cents**
Net tangible assets backing per ordinary security	0.11 cents per share	0.13 cents per share

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Details of Associates and Joint Venture Entities

Name of Entity	**Percentage Held**		**Share of Net Profit**	
	Current period	**Previous period**	**Current period**	**Previous Period**
Aggregate Share of Net Profits			$nil	$nil

Foreign Entities

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

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

Audit / Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: Not Applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not Applicable			

Attachments Forming Part of Appendix 4D

Attachment #	**Details**
1	ASX Announcement
2	Consolidated Interim Financial Report for the 6 months to 31 December 2025

Signed By (Director)	
Print Name	David Hainsworth
Date	27 February 2026

Algorae Pharmaceuticals Limited

Consolidated Interim Financial Report
31 December 2025

Algorae Pharmaceuticals Limited

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Consolidated Financial Statements

Algorae Pharmaceuticals Limited

Directors' Report

31 December 2025

The directors present their report, together with the financial statements, on the consolidated entity consisting of Algorae Pharmaceuticals Limited ("Algorae", "the Company") and its controlled entities for the financial half year ended 31 December 2025.

1. General Information

Directors

The names of the directors in office at any time during, or since the end of the half year are:

- **Mr David Hainsworth**
- **Mr Bradley Latham**
- **Mr Bradley Dilkes**

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

Company secretary

Jennifer Voon was appointed as company secretary on the 1st July 2024.

2. Business Review

(a) Operating results

The consolidated comprehensive loss after tax for the half year ended 31 December 2025 amounted to $739,014 (2024 loss: $636,726). This was attributable to:

- **Research and development**, including continued development of AlgoraeOS and pre-clinical programs AI-116 (dementia), AI-168 (cardiovascular disease) and NTCELL (Parkinson's disease); and
- **Corporate and commercialisation costs**, including general working capital and administration expenses, and early set-up costs to support the Group's initial commercial partnerships and revenue pathways.

(b) Review of operations

Algorae Pharmaceuticals Ltd is an AI-enabled life sciences company with a dual focus on drug-combination discovery and pharmaceutical commercialisation.

The Group's proprietary AI platform, AlgoraeOS, applies artificial intelligence to identify synergistic drug combinations and to support dose selection and preclinical study design.

In parallel, the Group operates AlgoraeRx, a commercialisation business that sources, licenses and supplies generic and specialty medicines across Australia and New Zealand, leveraging manufacturing partners and established distribution channels.

2. Business Review (continued)

(b) Review of operations (continued)

Pharmaceutical Commercialisation – AlgoraeRx Pty Ltd

AlgoraeRx Pty Ltd is the Company's Australia and New Zealand commercialisation division, focused on sourcing, licensing and supplying generic and specialty medicines.

On 23 September 2025, the Company announced that it had entered into an exclusive licensing agreement with **Sakar Healthcare Limited** (NSE: SAKAR; BSE: 538377) to support the launch of five (5) generic oncology medicines in Australia and New Zealand (ANZ).

Sakar Healthcare is headquartered in Ahmedabad, Gujarat (India) and manufactures a range of pharmaceutical dosage forms including sterile injectables and oral solid and liquid formulations.

On 16 October 2025, the Company expanded its commercial leadership team with the appointment of **Mr David Gulland** as Chief Operating Officer (COO). Mr Gulland has more than 20 years' experience across private healthcare funding, pharmacy services and pharmaceutical supply chains, and joins Algorae from HPS Pharmacies, a division of EBOS Group Ltd (ASX: EBO).

At HPS Pharmacies, Mr Gulland served as General Manager of a national franchise servicing hospitals and institutional healthcare centres and led initiatives across digital transformation, supply chain optimisation and operational restructuring.

On 20 October 2025, the Company announced that it had entered into a binding term sheet with **Cadila Pharmaceuticals Limited** for a proposed licence and supply agreement.

Under the proposed agreement, the Company expects to launch two generic medicines in Australia and New Zealand, targeting therapeutic areas including cardiovascular and metabolic disorders.

Subsequent to the reporting period, on 9 February 2026, the Company announced that it had executed the definitive Licence & Supply Agreement (LSA) with Cadila.

On 27 November 2025, the Company announced that it had entered into a distribution agreement with **Dr. Reddy's Laboratories Ltd** (NSE: DRREDDY; NYSE: RDY) to supply capecitabine 500 mg tablets into the Australian market.

Dr. Reddy's is headquartered in Hyderabad, India. The agreement is expected to support the Company's commercial expansion in oncology products and may provide a basis for evaluating additional products over time.

Subsequent to the reporting period, the Company confirmed in its 28 January 2026 Quarterly Activities Report that the first shipment was received in January 2026.

2. Business Review (continued)

(b) Review of operations (continued)

Research & Development (R&D)

AlgoraeOS (AI-enabled drug discovery)

During the reporting period, the Company continued development of **AlgoraeOS** in collaboration with the University of New South Wales (UNSW) Biomedical AI Laboratory and the UNSW AI Institute, with support from CSIRO Data61.

On 10 November 2025, the Company announced the launch of **AlgoraeOS Version 2 (v2)**, a major upgrade designed to improve the prediction of synergistic drug combinations and to better support dose selection and preclinical study design.

AlgoraeOS v2 was trained on more than 5.5 million unique inhibition records (~11 million records including augmentation) sourced from harmonised high-throughput drug-combination screens. The model predicts the full dose–response surface for each drug pair and biological context, enabling dose-specific assessment rather than relying on dose-averaged summaries.

In a single unified model, AlgoraeOS v2 simultaneously predicts the four standard synergy metrics (Bliss, Loewe, HSA and ZIP), providing a more complete basis to prioritise combinations, select doses, and design preclinical experiments.

In internal and published benchmark evaluations, AlgoraeOS v2 demonstrated improved predictive performance and calibration relative to representative state-of-the-art approaches, including Google DeepMind's TxGemma-27B-Predict and Tx-LLM. These results support AlgoraeOS v2 as a more reliable tool for decision-making in preclinical prioritisation.

A draft preprint manuscript describing the development and benchmarking of AlgoraeOS v2 has been submitted to BioRxiv under the title "*Uncertainty-Aware Deep Learning for Multi-Metric and Dose-Specific Prediction of Drug Synergy*". The manuscript is now being prepared for peer-reviewed publication.

On 5 December 2025, the Company reported positive preclinical results from an independent validation study of AlgoraeOS v1 drug-combination predictions. The study was conducted by the **Victorian Centre for Functional Genomics (VCFG)** at the **Peter MacCallum Cancer Centre (PMCC)**, under the supervision of Professor Kaylene Simpson and the Company's CSO, Dr James McKenna.

The study results supported the use of AlgoraeOS to prioritise drug combinations with a higher likelihood of demonstrating biological synergy in preclinical testing. The work also informed the Company's ongoing evaluation approach by identifying which analytical models and synergy metrics were most informative for future studies.

2. Business Review (continued)

(b) Review of operations (continued)

On 12 December 2025, the Company announced that it had received the in silico synergy prediction dataset generated by AlgoraeOS v2.

The prediction set comprised CBD in combination with more than 3,000 approved and investigational drugs, evaluated across 170 cell lines. In aggregate, this represents more than 500,000 potential CBD–drug–cell line combinations.

A preliminary review of the predictions was undertaken using pre-specified prioritisation thresholds designed to balance predicted synergy strength, prediction uncertainty, and biological generalisability. Based on this initial screening, the Company identified 90 potential high-quality drug-combination candidates for further assessment.

AI-116 Drug Candidate for Dementia

AI-116 continued pre-clinical development during the reporting period, building on earlier studies that supported the potential of the candidate relative to donepezil, a commonly used symptomatic treatment for Alzheimer's disease. The Company has filed an international PCT patent application to protect IP associated with AI-116.

AI-116 is a patent-pending fixed-dose combination (FDC) comprising cannabidiol and donepezil hydrochloride, designed to evaluate whether the combination may provide additional benefits compared with donepezil alone in Alzheimer's disease and related dementias.

Donepezil hydrochloride (Aricept) is an acetylcholinesterase (AChE) inhibitor and has been widely used as a first-line symptomatic therapy for Alzheimer's disease (FDA approval: 1996).

In consultation with external experts, the Company is assessing the most appropriate development pathway for AI-116, including target indications, study design, and regulatory strategy for progression to the next stage of development.

AI-168 Drug Candidate for Cardiovascular

The cardiovascular program AI-168, conducted in partnership with the **Victorian Heart Institute at Monash University**, progressed during the period, building on previously reported cardioprotective effects observed in preclinical studies when compared with benchmark beta-blocker controls.

AI-168 is a fixed-dose combination candidate comprising a cardio selective beta-blocker and cannabidiol (CBD). The candidate has been evaluated in well-established *in vitro* models of cardiovascular disease to assess potential cardioprotective activity relative to beta-blocker comparators.

2. Business Review (continued)

(b) Review of operations (continued)

Preclinical studies for AI-168 were finalised in 1H 2025. The Company is assessing the most appropriate pathway to progress the candidate, including the scope and design of any additional preclinical work required prior to further development.

NTCELL for Parkinson's Disease

During the second half of FY2025, the Company continued a scientific review of the NTCELL clinical trial protocol and broader development plan. The review is focused on identifying opportunities to strengthen the program's potential therapeutic value, including consideration of trial design and positioning, and associated IP and commercial lifecycle considerations.

The review is overseen by the Company's Chief Scientific Officer, Dr James McKenna.

Intellectual Property Strategy

Algorae's global IP strategy is focused on securing patent protection in key markets aligned with the Company's R&D and commercial priorities. The Company works closely with its patent attorneys to identify, assess and protect new intellectual property arising from its programs.

The Company has filed international patent applications under the Patent Cooperation Treaty (PCT), including PCT/AU2024/050791 and PCT/AU2024/051253. These filings support the Company's strategy to protect intellectual property associated with the AI-116 and AI-168 programs and provide an option to seek patent protection across a broad range of jurisdictions.

A PCT filing is an application and does not, of itself, result in a granted patent. As part of the process, an International Search Report (ISR) and a Written Opinion are issued, which provide a non-binding indication of relevant prior art and potential patentability. The Company will consider these outcomes when determining next steps, including potential national phase filings in selected markets.

3. Financial Review

(a) Financial position

Net assets decreased by $338,871 from $2,228,796 at 30 June 2025 to $1,889,925 at 31 December 2025. The movement primarily reflects ongoing investment in AlgoraeOS development, pre-clinical R&D programs, and commercialisation set-up activities, together with corporate and administration costs incurred during the period.

3. Financial Review (continued)

(b) Cash from operations, investing and financing

Net cash outflow from operating activities was $618,207 for the half ended 31 December 2025, compared with $700,561 in the prior corresponding period (31 December 2024). The reduction reflects cost management initiatives during the period. Operating cash outflows primarily related to expenditure on the Company's research programs and early commercialisation activities associated with newly executed commercial partnerships.

4. Liquidity and funding

This interim financial report has been prepared on a going concern basis. The consolidated entity incurred a loss after tax attributable to members of $863,912 (2024: $652,716) and incurred net cash outflows from operating activities of $618,207 (2024: $700,561).

As at 31 December 2025 the consolidated entity held $1,133,174 cash in bank and $750,000 in term deposits, compared to $469,222 cash in bank and $1,850,000 in term deposits at 30 June 2025. Based on management's cash flow forecasts and planned expenditure, these balances are expected to support the Groups planned level of operations for at least 12 months from the date of authorisation of this interim financial report.

Subsequent to the reporting period, the Company secured a A$3.0 million receivables-based working capital facility with ScotPac Business Finance for an initial term of 24 months. The facility is secured against AlgoraeRx's trade receivables and supported by a parent guarantee from Algorae Pharmaceuticals Ltd and is intended to complement existing cash resources and support working capital management.

The directors note that the timing and scale of certain operating expenditure, including R&D and commercialisation activities, is subject to management discretion and is actively managed in line with available funding. The directors recognise that additional funding may be required over time to support ongoing operations and planned activities. Management expects to receive additional funding of approximately A$3.9 million as a result of exercise of options prior to the end of the 2026 financial year.

Management prepares rolling cash flow forecasts to support the going concern assessment; however, actual outcomes may differ due to external and internal factors that impact future cash flows. The Directors have a track record of accessing funding to support the Company's operations and research programs.

5. Other Items

(a) Significant events

During the reporting period, the Company reported the following significant events:

On 23 September 2025, the Company announced that it had entered into an exclusive licensing agreement with **Sakar Healthcare Limited** (NSE: SAKAR; BSE: 538377) to support the launch of five (5) generic oncology medicines in Australia and New Zealand (ANZ).

On 16 October 2025, the Company announced the appointment of **Mr David Gulland** as Chief Operating Officer (COO), strengthening the Company's commercial leadership capability. Mr Gulland will join Algorae from HPS Pharmacies, a division of EBOS Group Ltd (ASX: EBO) in March 2026.

On 20 October 2025, the Company announced that it had entered into a binding term sheet with **Cadila Pharmaceuticals Limited** for a proposed licence and supply agreement.

On 10 November 2025, the Company announced the launch of **AlgoraeOS v2**, a major upgrade to the Company's AI platform for drug-combination discovery, designed to improve prediction performance and support dose selection and preclinical experimental design.

On 17 November 2025, the Company announced a non-renounceable pro-rata entitlement offer of one (1) new option for every five (5) shares held by eligible shareholders (Loyalty Options Offer) at an issue price of $0.001 per option.

Key terms of the Loyalty Options are as follows:

- Exercise price: $0.014
- Expiry: 1 December 2029
- Underlying security: one fully paid ordinary share for each option exercised
- Transferability/quotation: the options are not transferable and will not be quoted on ASX (and therefore will not have an established trading market)

The Company received applications for 199,013,513 Loyalty Options under the offer, raising gross proceeds of $199,014.

On 27 November 2025, the Company announced that it had entered into a distribution agreement with **Dr. Reddy's Laboratories Ltd** (NSE: DRREDDY; NYSE: RDY) to supply the chemotherapy medicine capecitabine 500 mg tablets into the Australian market.

Subsequent to the reporting period, on 28 January 2026, the Company confirmed in its Quarterly Activities Report that the first shipment of capecitabine was received in January 2026.

5. Other Items (continued)

(a) Significant events (continued)

On 5 December 2025, the Company reported positive preclinical results from an independent validation study of **AlgoraeOS v1** drug-combination predictions. The study was conducted by the **Victorian Centre for Functional Genomics (VCFG)** at the **Peter MacCallum Cancer Centre (PMCC)**, under the supervision of Professor Kaylene Simpson and the Company's CSO, Dr James McKenna.

On 10 December 2025, the Company announced that it had received a cash refund of $384,466.78 from the Australian Taxation Office under the Australian Government's R&D Tax Incentive program in respect of eligible R&D activities undertaken during the 2025 financial year.

On 12 December 2025, the Company announced that it had received the comprehensive *in silico* synergy prediction dataset generated by **AlgoraeOS v2**.

The prediction set comprised CBD in combination with more than 3,000 approved and investigational drugs, evaluated across 170 cell lines. In aggregate, this represents more than 500,000 potential CBD–drug–cell line combinations.

(b) Subsequent events

On 21 January 2026, the Company announced that it had secured a $3.0 million receivable-based working capital facility with **ScotPac Business Finance** for an initial term of 24 months. The facility is revolving and self-liquidating, enabling the Company to draw down and repay fund flexibly as required, with interest applying only to amounts drawn. The interest rate is BBSY + 6.70%. The facility is secured against AlgoraeRx's trade receivables and supported by a parent guarantee from Algorae Pharmaceuticals Ltd.

On 9 February 2026, the Company announced that it had executed the definitive Licence & Supply Agreement (LSA) with **Cadila Pharmaceuticals Limited**.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

(c) Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307c of the Corporations Act 2001 for the half year ended 31 December 2025 has been received and can be found on page 10 of the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors, and is signed for and on behalf of the directors;

Dated at Melbourne on the 27th day of February 2026

Director:
David Hainsworth (Executive Chairman)

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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 half-year ended 31 December 2025, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

PKF

PKF BRISBANE AUDIT

LIAM MURPHY
PARTNER

27 FEBRUARY 2026
BRISBANE

Algorae Pharmaceuticals Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year to 31 December 2025

	Note	31 Dec 2025 $	31 Dec 2024 $
Revenue			
Interest		33,815	59,974
Total revenue and other income		33,815	59,974
Expenses			
Research and development		(482,621)	(300,016)
Share-based payments	6	(217,555)	(13,794)
Governance		(367,379)	(279,120)
Administrative		(88,204)	(102,828)
Total expenses		(1,155,759)	(695,758)
Operating loss		(1,121,944)	(635,784)
Foreign exchange loss		(126,435)	(16,932)
Loss before income tax		(1,248,379)	(652,716)
Income tax expense/(benefit)		(384,467)	-
Loss after income tax		(863,912)	(652,716)
Other comprehensive income			
Exchange difference on translation of foreign operations		124,898	15,990
Total other comprehensive income/(loss)		124,898	15,990
Total comprehensive loss for the period		(739,014)	(636,726)

Earnings per share:			
From continuing operations:			
Basic loss per share (cents)	2	(0.05)	(0.04)
Diluted loss per share (cents)	2	(0.05)	(0.04)

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2025 Annual Report.

Algorae Pharmaceuticals Limited

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	31 Dec 2025 $	30 Jun 2025 $
ASSETS			
CURRENT ASSETS			
Cash		1,133,174	469,222
Term deposit		750,000	1,850,000
Trade and other receivables	3	28,119	40,566
Other assets	4	89,883	38,766
TOTAL CURRENT ASSETS		2,001,176	2,398,554
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		2,001,176	2,398,554
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		80,906	158,063
Employee benefit obligations		30,345	11,695
TOTAL CURRENT LIABILITIES		111,251	169,758
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		111,251	169,758
NET ASSETS		1,889,925	2,228,796
EQUITY			
Share capital	5	81,732,389	81,540,801
Reserves	6	906,779	573,326
Accumulated losses		(80,749,243)	(79,885,331)
TOTAL EQUITY		1,889,925	2,228,796

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2025 Annual Report.

Algorae Pharmaceuticals Limited

Consolidated Statement of Changes in Equity

For the half year to 31 December 2025

31 December 2025

	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share-based Payment Reserve $	Total $
Balance at 1 July 2025	81,540,801	(79,885,331)	(15,394)	588,720	2,228,796
Loss attributable to members of the entity	-	(863,912)	-	-	(863,912)
Total other comprehensive income	-	-	124,898	-	124,898
Total comprehensive loss for the period	**-**	**(863,912)**	**124,898**	**-**	**(739,014)**
Transactions with owners in their capacity as owners					
Transaction costs	(20,818)	-	-	-	(20,818)
Share-based payments	9,000	-	-	208,555	217,555
Options exercised	4,392	-	-	-	4,392
Options paid	199,014	-	-	-	199,014
Balance at 31 December 2025	**81,732,389**	**(80,749,243)**	**109,504**	**797,275**	**1,889,925**

31 December 2024

	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share-based Payment Reserve $	Total $
Balance at 1 July 2024	81,540,801	(79,083,623)	2,832	554,240	3,014,250
Loss attributable to members of the entity	-	(652,716)	-	-	(652,716)
Total other comprehensive income	-	-	15,990	-	15,990
Total comprehensive loss for the period	**-**	**(652,716)**	**15,990**	**-**	**(636,726)**
Transactions with owners in their capacity as owners					
Share-based payments	-	-	-	13,794	13,794
Expired options	-	1,250	-	(1,250)	-
Balance at 31 December 2024	**81,540,801**	**(79,735,089)**	**18,822**	**566,784**	**2,391,318**

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2025 Annual Report.

Algorae Pharmaceuticals Limited

Consolidated Statement of Cash Flows

For the half year to 31 December 2025

	31 December 2025 $	31 December 2024 $
Cash from operating activities:		
Receipt of R&D tax credit	384,467	-
Payments to suppliers and employees	(1,039,024)	(766,135)
Interest received	36,350	65,574
Net cash used in operating activities	(618,207)	(700,561)
Cash from investing activities:		
Receipt of term deposit	1,100,000	200,000
Net cash provided by investing activities	1,100,000	200,000
Cash flows from financing activities:		
Net proceeds from issuing options	199,014	-
Proceeds from exercise of options	4,392	-
Transaction costs paid	(20,818)	-
Net cash provided by financing activities	182,588	-
Net increase/ (decrease) in cash	664,381	(500,561)
Cash at beginning of period	469,222	808,413
Exchange rate changes on cash	(429)	(807)
Cash at the end of the period	1,133,174	307,045

The above Statement should be read in conjunction with the accompanying notes and the 30 June 2025 Annual Report.

1. Material accounting policy information

(a) Basis of preparation

This interim financial report for the half-year ended 31 December 2025 has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards AASB 134 Interim Financial Reporting.

The financial report covers the consolidated entity of Algorae Pharmaceuticals Limited and its controlled entities ("the Group", "consolidated entity"). The financial report has been presented in Australian dollars, the consolidated entity's presentation currency. The report consists of the financial statements, notes to the financial statements and the directors' declaration.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report made by Algorae Pharmaceuticals Limited for the year ended 30 June 2025 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2025, except for any new, revised or amended accounting standard and interpretation adopted in note 1(d).

(b) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts in the financial statements. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Share-based payment transactions

The consolidated entity 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. Refer to Note 7 for further information.

(c) Going concern

This interim financial report has been prepared on a going concern basis. The consolidated entity incurred a loss after tax attributable to members of $863,912 (2024: $652,716) and incurred net cash outflows from operating activities of $618,207 (2024: $700,561).

1. Material accounting policy information (continued)

(c) Going concern (continued)

As at 31 December 2025 the consolidated entity held $1,133,174 cash in bank and $750,000 in term deposits, compared to $469,222 cash in bank and $1,850,000 in term deposits at 30 June 2025. Based on management's cash flow forecasts and planned expenditure, these balances are expected to support the Groups planned level of operations for at least 12 months from the date of authorisation of this interim financial report.

Subsequent to the reporting period, the Company secured a A$3.0 million receivables-based working capital facility with ScotPac Business Finance for an initial term of 24 months. The facility is secured against AlgoraeRx's trade receivables and supported by a parent guarantee from Algorae Pharmaceuticals Ltd and is intended to complement existing cash resources and support working capital management.

The directors note that the timing and scale of certain operating expenditure, including R&D and commercialisation activities, is subject to management discretion and is actively managed in line with available funding. The directors recognise that additional funding may be required over time to support ongoing operations and planned activities. Management expects to receive additional funding of approximately A$3.9 million as a result of exercise of options prior to the end of the 2026 financial year.

Management prepares rolling cash flow forecasts to support the going concern assessment; however, actual outcomes may differ due to external and internal factors that impact future cash flows. The Directors have a track record of accessing funding to support the Company's operations and research programs.

(d) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity 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. There was no material impact on the interim financial report from the adoption of these new accounting standards.

2. Losses per share

The following reflects the income and share information used in the calculation of basic and diluted losses per share:

	31 Dec 2025	31 Dec 2024
Losses used to calculate basic EPS	$(863,912)	$(652,716)
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	1,687,763,062	1,687,394,731
(Loss) per share (cents)	(0.05)	(0.04)
Diluted (loss) per share (cents)	(0.05)	(0.04)

3. Trade and other receivables

	31 Dec 2025 $	30 Jun 2025 $
Accrued interest	1,258	3,793
Other receivables	26,861	36,773
Total	28,119	40,566

4. Other assets

	31 Dec 2025 $	30 Jun 2025 $
Prepayments	89,883	38,766
Total	89,883	38,766

5. Share capital

	31 Dec 2025 Shares	30 Jun 2025 Shares	31 Dec 2025 $	30 Jun 2025 $
Ordinary shares – fully paid	1,688,760,721	1,687,394,731	81,723,389	81,540,801

Movement in ordinary share capital

Details	**Date**	**Shares**	**Issued price**	**$**
Balance	1 July 2025	1,687,394,731		81,540,801
Employee incentive shares	7 November 2025	1,000,000	$0.0090	9,000
Exercise of options	27 November 2025	364,327	$0.0120	4,372
Exercise of options	19 December 2025	1,663	$0.0120	20
Payment of options*	22 December 2025			199,014
Less: expenses related to capital raising				(20,818)
Balance	31 December 2025	1,688,760,721		81,732,389

* During the period, the Company issued 199,013,513 options at $0.001 per option via a pro-rata entitlement offer.

6. Reserves

	31 Dec 2025 $	30 Jun 2025 $
Share-based payment reserve (a)	797,275	588,720
Foreign currency translation reserve	109,504	(15,394)
Total reserves	906,779	573,326

6. Reserves (continued)

a) Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, directors, and consultants as part of their remuneration.

Movements	**31 Dec 2025**
	$
Balance at 1 July 2025	**588,720**
Share-based payment expense – Options (i)	161,673
Share-based payment expense – Performance Rights (ii)	46,882
Balance at 31 December 2025	**797,275**

i. Options (Remuneration-based)

The following options were granted to the Lead Manager on 27 October 2025 as part of an ongoing advisory mandate.

Recipient	No. of Options	Fair Value per Option	Expensed in period
Lead Manager	30,000,000	$0.0054	**$161,673**

Valuation input:
- Grant date: 27 October 2025
- Exercise price: $0.0140
- Volatility: 80%
- Risk-free interest rate: 3.347%

ii. Performance Rights

Performance rights have been granted to various parties and are expensed over their respective vesting periods.

Recipient	New Expense in Period	Amortisation (Prior Grants)	Total Expense
Vishal Shah (CCO)	$1,762	-	$1,762
Directors	$11,578	$22,300	$33,878
Lead Manager	$11,242	-	$11,242
Total	**$24,582**	**$22,300**	**$46,882**

Valuation input:
Vishal Shah (CCO)
- Grant date: 28 July 2025
- Number: 42,000,000
- Fair value: $252,000
- Exercise price: nil
- Volatility: 80%
- Risk-free interest rate: 3.399%

6. Reserves (continued)

Directors
- Grant date: 2 October 2025
- Number: 60,000,000
- Fair value: $373,793
- Exercise price: nil
- Volatility: 80%
- Risk-free interest rate: 3.472%

Lead Manager
- Grant date: 27 October 2025
- Number: 100,000,000
- Fair value: $685,676
- Exercise price: nil
- Volatility: 80%
- Risk-free interest rate: 3.347%

7. Segment reporting

The consolidated entity operates both in Australia and New Zealand being the research and development and distribution. The distribution segment is not yet operational.

8. Subsequent events

On 21 January 2026, the Company announced that it had secured a $3.0 million receivable-based working capital facility with **ScotPac Business Finance** for an initial term of 24 months. The facility is revolving and self-liquidating, enabling the Company to draw down and repay fund flexibly as required, with interest applying only to amounts drawn. The interest rate is BBSY + 6.70%. The facility is secured against AlgoraeRx's trade receivables and supported by a parent guarantee from Algorae Pharmaceuticals Ltd.

On 9 February 2026, the Company announced that it had executed the definitive Licence & Supply Agreement (LSA) with **Cadila Pharmaceuticals Limited**.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

9. Commitment and contingencies

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 31 December 2025, the Company had recognised the related expenditure of $208,274.

No contingencies existed as at 31 December 2025 (31 December 2024: none).

10. Company details

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

Algorae Pharmaceuticals Limited

Directors' Declaration

The directors of Algorae Pharmaceuticals Limited declare that:

(a) The financial statements and notes, as set out on pages 11 to 20 are in accordance with the Corporations Act 2001 including that they:

(i) give a true and fair view of the financial position as at 31 December 2025 and the performance for the half year ended on that date of the consolidated entity; and

(ii) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory reporting requirements.

(b) 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, and is signed for and on behalf of the directors.

Dated at Melbourne on the 27th day of February 2026

……………………………………………………………
David Hainsworth
Director

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALGORAE PHARMACEUTICALS LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Algorae Pharmaceuticals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information, other selected explanatory notes, and the directors' declaration of the Group, comprising the Company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Algorae Pharmaceuticals Limited is not in accordance with the *Corporations Act 2001* including:-

(a) giving a true and fair view of the Group's financial position as at 31 December 2025, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. 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 and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the Company a written Auditor's Independence Declaration.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT

LIAM MURPHY
PARTNER

27 FEBRUARY 2026
BRISBANE