

ASX Announcement

September 2022 Quarterly Activity Report and Appendix 4C

- Race develops an improved IV formulation of Zantrene, which expands market and adds important intellectual property
 - Race initiates a FTO & ALKBH5 Drug Discovery Program in collaboration with Monash University in pursuit of the Pillar 3 “Beyond Zantrene” strategy
 - Race on-market buyback continued, with an additional \$1.2 million invested through Q1 FY 2023.
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27 October 2022 - The September quarter (Q1 FY 2023) was highlighted by the Race team’s development of an improved and novel formulation of the company’s lead drug, Zantrene which enables peripheral intravenous (IV) delivery (ASX Announcement: 28 September 2022). The manufacture of the new formulation (codenamed RC220) has been contracted to Societal (San Diego, CA, USA) with an expected delivery date of late Q2 CY 2023. This improved formulation provides additional IP patent protection through to 2043 and expands the drug’s potential market application in cancer.

A second highlight was the initiation of the new m⁶A RNA methylation pathway-targeted drug discovery program, in collaboration with Professor Martin Scanlon, through the Monash Fragment Platform (ASX Announcement: 27 September 2022). This utilises the latest NMR based fragment screening approach to identify novel drug fragments that can inhibit the m⁶A RNA demethylases FTO and ALKBH5.

The Race share buyback program continued through Quarter 1 FY 2023 with \$1.2 million invested in the purchase and cancellation of 611,687 Race shares on-market at prices the Board viewed as opportunistic and in the shareholder’s interest utilising available capital excess to current committed programs.

Race continues to progress its Three Pillar Strategy, capitalising on the opportunity of RNA therapeutics in cancer and cardioprotection provided by Zantrene.

Management commentary

Race CEO Phillip Lynch said: *“Our development update on the improved IV formulation is particularly important to future clinical trial plans, as well as to gains in IP and broader market utility for Zantrene.”*

Race CSO Daniel Tillett said: *“I am very proud of the work the Race preclinical team have undertaken in developing the new IV formulation. I know how much effort, hard work and lateral thinking has gone into solving the peripheral delivery problem, something the original developers of Zantrene were not able to accomplish. The value of this breakthrough will be revealed as we advance Zantrene in the clinic.”*

Race Chairman John Cullity said: *“In addition to the significant advances in formulation and trial planning through the quarter, a program of work was launched to further refine and*

develop the cardioprotection opportunity for Zantrene. We look forward to sharing more information on this in coming months, and also welcome the opportunity to discuss Race's progress with shareholders at our AGM on 24 November in Sydney."

Key events of the quarter

- On 27 September 2022, Race announced that it had contracted the Monash Fragment Platform (MFP) to complete a fragment-based screening program, aimed at discovering novel drugs that inhibit the m⁶A RNA demethylases FTO and ALKBH5. This program may lead to new IP, solely owned by Race for molecules targeting cancer and other metabolic diseases.
- On 28 September 2022 Race announced its researchers, led by Dr Benjamin Buckley, in collaboration with the University of Wollongong, had developed a new formulation of Zantrene that enables peripheral (arm or leg vein) intravenous (IV) delivery to patients. This formula provides clinicians with an easier to use alternative to the current central line formulation, adds new IP and is well suited to solid tumour application.

Other news from the quarter

- Chief Executive Officer (CEO) Phillip Lynch and Chief Scientific Officer (CSO) Daniel Tillett renewed their employee service agreements with Race from 1 September 2022. The extended employment agreements retain the previously announced compensation (ASX Announcement: 12 April 2022) and continue unless terminated by the either of the employees or by Race on 3 months notice.
- Race scientists Professor Michael Kelso and Dr Daniel Tillett, in collaboration with researchers from the University of Newcastle were awarded \$999,998 on 20 September 2022 by the Medical Research Future Fund (MRFF) for a grant entitled *"Cardiovascular disease and cancer: identifying shared disease pathways and pharmacological management."*
- From this quarter onwards, Race will share the Top 20 shareholder register to minimise individual shareholder requests and provide an additional level of transparency that shareholders have requested.
- Race CSO Dr Daniel Tillett purchased 107,868 shares on-market at an average price of \$1.95 up to 5 October 2022. Dr Tillett is Race's largest individual shareholder.
- The Race Annual General Meeting will be held on Thursday 24 November 12 pm, at The Press Room, Radisson Blue Hotel, 27 O'Connell Street, Sydney NSW.
- The Race clinical team attended the Blood 2022 Meeting in Sydney from 14-17 September, the Annual Scientific Meeting of the Haematology Society of Australia and New Zealand, the Australian and New Zealand Society of Blood Transfusion and the Thrombosis and Haemostasis Society of Australia and New Zealand.

- The Race team presented at the Australian Microcap Investment conference in Melbourne on 18 October and held a briefing session, well attended by Melbourne-based shareholders on 20 October. The company is grateful to all those shareholders and investors who made time to hear a progress update.

Summary of cash flow and quarterly activity

As of 30 September 2022, Race held cash and equivalents of \$29.38 million, compared with \$33.54 million on 30 June 2022. The net change in cash reserves of \$4.16 million was used to fund continued research expenditure and product for trials at \$2.24 million, and a further \$1.24 million for the share buyback.

Listing rule 4.7C.3

Payments during the quarter to Related Parties amounted to \$214k, comprising payments of salaries and superannuation to executive directors of \$170k and board fees to non-executive directors of \$43k.

Shareholders by holding range

Race is pleased to report that shareholders totalled 9,168 as of September 30, 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	3,914	1,733,451	1.09%
above 1,000 up to and including 5,000	2,715	6,649,620	4.18%
above 5,000 up to and including 10,000	866	6,482,449	4.08%
above 10,000 up to and including 100,000	1,429	44,348,902	27.91%
above 100,000	244	99,693,673	62.74%
Totals	9,168	158,908,095	100.00%

Top 20 Holders

Race is please to share the current Top 20 shareholders as of 30 September 2022. Shareholders can expect regular updates in future quarterly reports.

Position	Holder Name	Holding	IC
1	DR DANIEL TILLET	13,584,255	8.55%
2	MR PHILLIP RICHARD PERRY	6,077,694	3.82%
3	MR MARK PHILLIP JUAN	5,408,888	3.40%
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>	2,174,203	1.37%
7	CRAGANORIG HOLDINGS LLC	2,000,000	1.26%
8	DR WILLIAM JAMES GARNER	1,835,225	1.15%
9	MR PHILLIP RICHARD PERRY & MRS TETYANA PERRY <DONESKA SUPER FUND A/C>	1,630,000	1.03%
10	MR ANTHONY JAMES ROBINSON <THE PEEKO FAMILY NO 86 A/C>	1,626,000	1.02%
11	MR KIMBERLEY ROSS GARTRELL & MRS JENNIFER MARGARET GARTRELL <K&J GARTRELL SUPER FUND A/C>	1,249,820	0.79%
12	MR SANDOR HELBY	1,210,000	0.76%
13	CITICORP NOMINEES PTY LIMITED	1,125,831	0.71%
14	MR KENNETH BARRY RIDLEY & MRS CATHERINE MARY RIDLEY <RIDLEY RETIREMENT FUND A/C>	1,090,000	0.69%
15	BIOSYNERGY PARTNERS PTY LTD	1,000,000	0.63%
16	MR ALAN GILES SAURAN	943,944	0.59%
17	MR VAN QUY DO	890,259	0.56%
18	MR BRIAN JAMES WALKER	765,000	0.48%
19	ADRA FUTURE CO LIMITED	718,542	0.45%
20	SURPION PTY LTD <M W SUHR & CO A/C>	670,000	0.42%
	Total	53,517,323	33.68%
	Total issued capital	158,908,095	100%

Expected news

In Quarter 2 FY 2023, shareholders can expect updates on the following activities:

- **Clinical** – first patient treatment in the Australian based extramedullary AML clinical trial is expected to occur in Q4 CY 2022. Trial planning for European sites is well underway and progress and timelines will be shared when realised.
- **Preclinical** – additional animal data in cardioprotection and other cancer indications will be shared as data arrives supporting optimal clinical planning.
- **Other** – US IND submission plans and progress will be shared

-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 breast 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

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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(1,799)	(1,799)
(b) product manufacturing and operating costs	(441)	(441)
(c) advertising and marketing	(101)	(101)
(d) leased assets	-	-
(e) staff costs	(173)	(173)
(f) administration and corporate costs	(445)	(445)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	43
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	(2,916)	(2,916)
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 (3 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)	(1,239)	(1,239)
3.10 Net cash from / (used in) financing activities	(1,239)	(1,239)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	33,541	33,541
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,916)	(2,916)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	(1,239)	(1,239)
4.5	Effect of movement in exchange rates on cash held	(9)	(9)
4.6	Cash and cash equivalents at end of period	29,377	29,377

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	2,677	6,041
5.2	Call deposits	26,700	27,500
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)	29,377	33,541

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	214
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"> - \$43,260 payments for non-executive director fees for the period; - \$170,333 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)	(2,916)
8.2 Cash and cash equivalents at quarter end (item 4.6)	29,377
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	29,377
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	10.07
<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: 27 October 2022

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.