



Portage Biotech Announces Results for Fiscal Quarter Ended June 30, 2022

August 29, 2022

--Robust Pipeline Now Includes Five Clinical-Stage Small Molecule Immuno-Oncology Assets, Including Invariant Natural Killer T Cell (iNKT) Agonists and Adenosine Antagonists--

---Cash Runway for New and Current Programs Potentially Extended into 2024--

WESTPORT, Conn., Aug. 29, 2022 (GLOBE NEWSWIRE) -- Portage Biotech Inc. (NASDAQ: PRTG), a clinical-stage immuno-oncology company developing therapies to improve patient lives and increase survival, today announced financial results for the fiscal quarter ended June 30, 2022.

"We are continuing to make progress following our recent transactions, which included the acquisition of four programs targeting the adenosine pathway and the outstanding minority ownership of our invariant natural killer T cell (iNKT) platform. These milestones have enhanced our pipeline with additional first-in-class and best-in-class assets, creating the potential for our therapies to help treat patients affected by many different cancers," said Dr. Ian Walters, Chief Executive Officer and Chairman of Portage. "Our lead programs, including our ongoing Phase 1/2 study of the iNKT agonist PORT-2 and planned trials for adenosine inhibitors PORT-6 and PORT-7, show great promise both as monotherapy treatments and in combination with other therapies. The expansion of our pipeline has been further bolstered by our research endeavors, including our Cooperative Research and Development Agreement with the National Cancer Institute, which was subsequently amended to include our new adenosine assets, and expansion of our academic partnerships with Stanford and the University of Birmingham. We are confident that we will be able to progress our ongoing trials, initiate additional trials of our adenosine antagonists and continue to build our fundamental understanding of immuno-oncology treatments with our current cash runway, which potentially extends into 2024."

Financial & Business Highlights from Quarter Ended June 30, 2022 and Recent Weeks

- Acquired four best-in-class assets targeting the adenosine pathway as a result of the Tarus Therapeutics transaction, including PORT-6 and PORT-7 which are approved by the FDA to move into clinical studies
- Acquired outstanding minority interest of invariant natural killer T cell (iNKT) agonist platform from iOx Therapeutics, securing full ownership of iNKT agonists PORT-2 and PORT-3
- Committed share purchase agreement for up to \$30 million in value of ordinary shares with Lincoln Park Capital Fund, LLC, potentially extending Portage's total cash runway into 2024
- Enhanced Portage's Board of Directors with appointment of Dr. Robert Glassman and promotion of Dr. Ian Walters to Chairman; Dr. Greg Bailey will continue to serve as lead Director
- Strengthened Leadership team with appointment of Justin Fairchild as Vice President of Development

Pipeline & Clinical Program Highlights from Quarter Ended June 30, 2022 and Recent Weeks

- Presented early data from Phase 1/2 study of PORT-2 in patients with melanoma and non-small cell lung cancer at the 2022 American Society of Clinical Oncology (ASCO) meeting, demonstrating tolerability and early indications of single agent activity
- Announced a Cooperative Research and Development Agreement (CRADA) with the National Cancer Institute (NCI) and Stimunity, S.A.S, an affiliate of Portage, to advance development of STING agonists and anti-RAGE agents; agreement was subsequently amended to include the adenosine antagonists acquired from Tarus Therapeutics
- Promising data presented by Stimunity on STING-activating therapy, PORT-5 (STI-001) at the AACR 2022 annual meeting demonstrating systemic delivery of PORT-5 and activation of the STING pathway preferentially in dendritic cells
- Announced new collaborations with Stanford University and University of Birmingham to advance research on iNKT agonists

Financial Results from Quarter Ended June 30, 2022

The Company generated a net loss and other comprehensive loss of approximately \$1.6 million during the three months ended June 30, 2022 (the "Fiscal 2023 Quarter"), compared to a net loss and other comprehensive loss of approximately \$3.2 million during the three months ended June 30, 2021 (the "Fiscal 2022 Quarter"), a decrease in loss of \$1.6 million year over year.

Operating expenses, which include research and development and general and administrative expenses, were \$4.1 million in the Fiscal 2023 Quarter, compared to \$3.6 million in the Fiscal 2022 Quarter, an increase of \$0.5 million, which is discussed more fully below. Operating expenses included \$1.2 million of non-cash share-based compensation expense in the Fiscal 2023 Quarter, compared to \$2.2 million in the Fiscal 2022 Quarter.

The Company's other items of income and expense were substantially non-cash in nature and were approximately \$0.1 million net loss in the Fiscal 2023 Quarter, compared to approximately \$0.3 million net income in the Fiscal 2022 Quarter, a change in other items of income and expense of approximately \$0.4 million, year over year. The primary reason for the year over year difference in other items of income and expense was the change in the fair value of warrants outstanding in the year over year periods.

Additionally, the Company reflected a net deferred income tax benefit of \$2.6 million in the Fiscal 2023 Quarter, compared to a net deferred income tax benefit of \$0.1 million in the Fiscal 2022 Quarter. The Fiscal 2023 Quarter includes the foreign currency effect on deferred tax liability balance settleable in Great British pounds of \$2.1 million and the recognition of current period losses in the U.K. of \$0.4 million. The Fiscal 2022 Quarter reflected recoverable research and development tax credits generated in the U.K., partially offset by the foreign currency effect on deferred tax liability balance settleable in Great British pounds.

Research & development (“R&D”) costs increased by approximately \$0.3 million, or approximately 21%, from approximately \$1.6 million in the Fiscal 2022 Quarter, to approximately \$1.9 million in the Fiscal 2023 Quarter. The increase was primarily attributable to costs associated with the iNKT clinical studies in the Fiscal 2023 Quarter of \$0.6 million. There were no such costs incurred in the Fiscal 2022 Quarter. Additionally, the Company incurred payroll-related expenses of \$0.4 million in Fiscal 2023 Quarter, compared to \$0.2 million in the Fiscal 2022 Quarter. The increase was attributable to increases in staff, as well as the formalization of a compensation program designed at attracting and retaining management. Additionally, the Company funded a contract to participate in a National Cancer Institute study (CRADA program) in the Fiscal 2023 Quarter. These increases were partially offset by a reduction in non-cash share-based compensation expense with respect to options to purchase ordinary shares granted to employees, which was attributable to (a) the vesting over time of a portion of prior year grants; and (b) the decrease in the fair value of grants made in fiscal 2022.

General and administrative (“G&A”) expenses increased by approximately \$0.2 million, or approximately 8%, from approximately \$2.0 million in the Fiscal 2022 Quarter, to approximately \$2.2 million in the Fiscal 2023 Quarter. The principal reason for the increase was the \$0.6 million increase in professional fees, of which approximately \$0.4 million was attributable to legal fees associated with the Tarus transaction. Additionally, payroll-related expenses increased by \$0.1 million due to the formalization of a compensation program adopted in the Fiscal 2023 Quarter. These increases were partially offset by a decrease in non-cash share-based compensation expense of \$0.4 million attributable to the vesting of certain options granted in prior years and lower fair value associated with more recent grants, the decrease of \$0.1 million associated with D&O insurance attributable to lower premiums under the current policy. As of June 30, 2022, the Company had cash and cash equivalents of approximately \$21.2 million and total current liabilities of approximately \$2.0 million (inclusive of approximately \$0.03 million warrant liability settleable on a non-cash basis). The Company used \$2.2 million of cash for operating activities during the Fiscal 2023 Quarter.

About Portage Biotech Inc.

Portage is a clinical-stage immuno-oncology company advancing first-in-class therapies to improve long-term treatment response and quality of life in patients with evasive cancers. Portage’s access to next-generation technologies coupled with a deep understanding of biological mechanisms enables the identification of the most promising clinical therapies and product development strategies that accelerate these medicines through the translational pipeline. Portage’s portfolio consists of six diverse platforms, with lead programs including invariant natural killer T cell (iNKT) agonists and a suite of therapeutics targeting the adenosine pathway. Portage expects to report multiple clinical readouts through the end of 2023. For more information, please visit www.portagebiotech.com, follow us on Twitter at @PortageBiotech or find us on LinkedIn at Portage Biotech Inc.

Forward-Looking Statements

This news release contains statements about Portage’s information that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although Portage believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. The forward-looking statements contained in this news release are made as of the date hereof, and Portage undertakes no obligation to update publicly or revise any forward-looking statements or information, except as required by law.

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---tables to follow---

Portage Biotech Inc.

Condensed Consolidated Interim Statements of Financial Position

(U.S. Dollars in thousands)

(Unaudited – see Notice to Reader dated August 29, 2022)

As of,	June 30, 2022	March 31, 2022
		(Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 21,176	\$ 23,352
Prepaid expenses and other receivables	<u>1,932</u>	<u>1,480</u>
	23,108	24,832
Long-term assets		
Investment in associate	1,613	1,673
Investments in private companies	7,409	7,409
Goodwill	43,324	43,324
In-process research and development	117,388	117,388
Other assets	<u>36</u>	<u>36</u>

Total assets	\$ 192,878	\$ 194,662
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,938	\$ 750
Warrant liability	32	33
	<u>1,970</u>	<u>783</u>
Non-current liabilities		
Deferred tax liability	25,893	28,445
	<u>25,893</u>	<u>28,445</u>
Total liabilities	27,863	29,228
Shareholders' Equity		
Capital stock	158,354	158,324
Stock option reserve	18,104	16,928
Accumulated other comprehensive income	958	958
Accumulated deficit	(56,734)	(55,005)
Total equity attributable to owners of the Company	120,682	121,205
Non-controlling interest	44,333	44,229
Total equity	165,015	165,434
Total liabilities and equity	\$ 192,878	\$ 194,662
Commitments and Contingent Liabilities		

Portage Biotech Inc.
Condensed Consolidated Interim Statements of Operations and Other Comprehensive Income (Loss)
(U.S. Dollars in thousands, except per share amounts)
(Unaudited – see Notice to Reader dated August 29, 2022)

	Three Months Ended June 30,	
	2022	2021
Expenses		
Research and development	1,876	1,546
General and administrative expenses	2,211	2,047
Loss from operations	(4,087)	(3,593)
Share of loss in associate accounted for using equity method	(60)	(44)
Change in fair value of warrant liability	1	369
Foreign exchange transaction loss	(52)	–
Interest income	21	–
Interest (expense)	–	(34)
Loss before provision for income taxes	(4,177)	(3,302)
Income tax benefit	2,552	79
Net loss and other comprehensive loss	\$ (1,625)	\$ (3,223)
Net (loss) income attributable to:		
Owners of the Company	\$ (1,729)	\$ (3,066)
Non-controlling interest	104	(157)
	<u>\$ (1,625)</u>	<u>\$ (3,223)</u>
Comprehensive (loss) income attributable to:		
Owners of the Company	\$ (1,729)	\$ (3,066)
Non-controlling interest	104	(157)
	<u>\$ (1,625)</u>	<u>\$ (3,223)</u>
Loss per share		
Basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.25)</u>
Weighted average shares outstanding		
Basic and diluted	13,351	12,213



Source: Portage Biotech, Inc.