ASX Announcement

Recce Pharmaceuticals
recce.com.au
ACN 124 849 065

Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- **Strong cash position of $15.83 million**
- **Significant broad-spectrum efficacy across all patients in Phase I/II Clinical Trial of R327 for Treatment of Burn Wound Infections**
- **Human Research Ethics Committee Approves Dosing in Phase I Intravenous Clinical Trial of R327**
- **Phase I Intravenous Clinical Trial begins with first human cohort successfully dosed**
- **Delivered Opening R&D Address at World Anti-Microbial Resistance Congress**

SYDNEY Australia, 31 January 2022: Recce Pharmaceuticals Ltd (**ASX:RCE**, **FSE:R9Q**) (the **Company**), the Company developing New Classes of Synthetic Anti-infectives, today released its 31st December 2021 quarter results and operational highlights.

Financial Update

The Company ended the quarter with a cash balance of $15.83 million. Net cash out-flows were ($2.8 million), with Research and Development ($1.54 million) supporting two active human clinical trials as the largest item of expenditure. Payments to related parties (Executive & Director fees) was ($0.385 million).

Operational Highlights

Update on Phase I/II Clinical Trial for the Treatment of Burn Wound Infections

The Company reported positive interim data from Phase I/II clinical trial for the treatment of burn wound infections. Clinicians reported visible reductions of broad ranging bacterial infections within the first 24 hours of R327 treatment across all patients treated to date. Further, all patients indicated a complete clinical response, requiring no further treatment. As a result, clinicians adopted a significantly shorter dosing protocol (halved) there-after.

Human Ethics Committee Approves Dosing in Phase I Intravenous Clinical Trial of R327

An independent Human Research Ethics Committee (HREC) approved dosing of R327 could start in Phase I intravenous (IV) clinical trial.

Phase I Intravenous Clinical Trial begins with first human cohort successfully dosed

First human cohort was successfully dosed with 50mg on 16th of December 2021 at CMAX clinical trial facility. R327 indicated to be safe and well tolerated as reported per ASX announcements there-after.

Delivered Opening R&D Address at World Anti-Microbial Resistance Congress 2021

The Company delivered the Opening R&D Address at the World Anti-Microbial Resistance (AMR) Congress 8th - 9th November 2021. Recce Chairman, Dr John Prendergast delivered the 20-minute Opening R&D Address, highlighting the unique Mechanism of Action of R327 and its potential to address the rapidly growing global threat of AMR.

Annual General Meeting

The Company held its Annual General Meeting of shareholders on Monday, 22nd November 2021. All resolutions were passed averaging 98.86% in favour.

Looking Ahead

With two human clinical trials of R327 underway, it is an exciting time of real world-patient data focused upon indications of significant unmet medical needs. Pre-clinical programs are similarly active and the Company looks forward to communicating this data as it too becomes available. With a strong financial position, the Company is well placed to continue to deliver upon its overall goals and objectives over the time ahead.

This announcement has been approved for release by Recce Pharmaceuticals Board.

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About Recce Pharmaceuticals Ltd

Recce Pharmaceuticals Ltd (ASX: **RCE**, FSE: **R9Q**) is developing New Classes of Synthetic Anti-Infectives designed to address the urgent global health problems of antibiotic resistant superbugs and emerging viral pathogens.

Recce's anti-infective pipeline includes three patented, broad-spectrum, synthetic polymer anti-infectives: RECCE® 327 as an intravenous and topical therapy that is being developed for the treatment of serious and potentially life-threatening infections due to Gram-positive and Gram-negative bacteria including their superbug forms; RECCE® 435 as an orally administered therapy for bacterial infections; and RECCE® 529 for viral infections. Through their multi-layered mechanisms of action, Recce's anti-infectives have the potential to overcome the hypercellular mutation of bacteria and viruses – the challenge of all existing antibiotics to date.

The FDA has awarded RECCE® 327 Qualified Infectious Disease Product designation under the Generating Antibiotic Initiatives Now (GAIN) Act – labelling it for Fast Track Designation, plus 10 years of market exclusivity post approval. Further to this designation, RECCE® 327 has been included on The Pew Charitable Trusts Global New Antibiotics in Development Pipeline as the world's only synthetic polymer and sepsis drug candidate in development. RECCE® 327 is not yet market approved for use in humans with further clinical testing required to fully evaluate safety and efficacy.

Recce wholly owns its automated manufacturing, which is supporting present clinical trials. Recce's anti-infective pipeline seeks to exploit the unique capabilities of its technologies targeting synergistic, unmet medical needs.

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Appendix 4C

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

Name of entity

Recce Pharmaceuticals Ltd

ABN	**Quarter ended ("current quarter")**
73 124 849 065	December 2021

Consolidated statement of cash flows		**Current quarter**	**Year to date (6 months)**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(1,541,063)	(2,729,197)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(445,386)	(1,068,447)
	(f) administration and corporate costs	(663,324)	(1,028,236)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23,817	53,281
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**	**(2,625,957)**	**(4,772,599)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(4,568)	(9,078)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

+ See chapter 19 of the ASX Listing Rules for defined terms.

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
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)	(166,658)	(265,654)
2.6	**Net cash from / (used in) investing activities**	**(171,226)**	**(274,732)**

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.	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	18,622,873	20,873,022
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,625,957)	(4,772,599)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(171,226)	(274,732)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**15,825,690**	**15,825,690**

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	Previous quarter
5.1	Bank balances	15,825,690	15,825,690
5.2	Call deposits		
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)**	**15,825,690**	**15,825,690**

6.	Payments to related parties of the entity and their associates	Current quarter
6.1	Aggregate amount of payments to related parties and their associates included in item 1	385,286
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil

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.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end**	**Amount drawn at quarter end**
7.1	Loan facilities	Nil	Nil
7.2	Credit standby arrangements	Nil	Nil
7.3	Other (please specify)	Nil	Nil
7.4	**Total financing facilities**	Nil	Nil

7.5	**Unused financing facilities available at quarter end**	Nil

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.

8.	**Estimated cash available for future operating activities**	
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,625,957)
8.2	Cash and cash equivalents at quarter end (item 4.6)	15,825,690
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	15,825,690
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6.03

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.

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:

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:

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:

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.

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 2022 .....

Authorised by: By the Board .....
(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.