

26 April 2022

ASX Announcement

March 2022 Quarterly Activity Report

Q3 FY22 HIGHLIGHTS

- Firebrick commences trading on the Australian Securities Exchange
- Two major Nasodine clinical trials planned for 2022
- Firebrick filing appeal against TGA initial decision for Nasodine
- Key US patent granted for Nasodine use in COVID-19

Firebrick Pharma Limited (ASX:FRE) (Company or Firebrick) is pleased to provide the business update for the quarter ending 31 March 2022, along with its Appendix 4C quarterly cashflow report.

REVIEW OF OPERATIONS

IPO

The Company filed its Prospectus with ASIC on 26 November 2021, offering 35 million shares at \$0.20 per share, for a maximum raising of \$7 million. The Company received subscriptions for the maximum raising and commenced trading on the Australian Securities Exchange on 28 January 2022, under the ASX code “FRE”. Key projects for the Company that were highlighted in the Prospectus were two major clinicals trials.

Confirmatory Phase 3 Common Cold Trial

Plans for a second Phase 3 common cold trial were outlined in the Prospectus. This trial is designed to confirm the clinical efficacy of Nasodine® Nasal Spray (“Nasodine”) as a treatment for the common cold in adults. The trial results are intended to be used in support of the regulatory approval of Nasodine in Europe and US, as well as Australia if required. Currently, the trial is planned to commence in May 2022.

Phase 2 COVID-19 Study

The Prospectus also highlighted plans for a multi-dose Phase 2 trial of Nasodine in the management of COVID-19. On 26 April 2022, the Company announced that the trial had started with the first patient having been recruited in South Africa. Depending on ongoing recruitment, the trial could be completed by August this year.

Appeal against TGA's initial decision

The Company's Prospectus stated (Section 2.4.3, p.21) that Firebrick was waiting for a formal letter from TGA confirming its initial decision and the reasons not to approve Nasodine in Australia based on the existing data. On 1 March 2022, the Company announced that it had received the letter and had decided to proceed with an appeal against TGA's initial decision not to approve Nasodine for sale in Australia, based on the existing clinical data. If successful, the appeal could lead to approval of Nasodine sometime in 2022. If unsuccessful, the Company will re-submit to TGA at the end of the year upon completion of the second Phase 3 trial.

Product development

Since listing, the Company has continued development work on a range of new products. These products include follow-on Nasodine products aimed at the common cold market, which would be launched after Nasodine Nasal Spray. The Company is also developing a range of products under a second brand, called Xilodine®, the first of which is expected to be launched in late 2023.

Patents

On 17 February 2022, the Company announced that the patent application covering the use of Nasodine in COVID-19 had been granted in the US. The US patent, dated 15 February 2022, is titled: "Prevention of infection by highly pathogenic viruses using topical application of povidone-iodine on mucous membranes." The patent has also been filed in Europe, Japan and other countries, as described in the Prospectus (section 5) and has been granted as an Innovation Patent in Australia.

Financial Overview

In the March quarter, net cash outflow from operating activities of \$1.1m was higher than the December quarter mainly due to an increase in research and development costs of \$559k and the exclusion of \$422k received in the December quarter from government grants and tax incentives.

As at 31 March 2022, the Company had \$8.8 million in cash reserves.

The Company provides the following disclosure required by ASX Listing Rule 4.7C.2 regarding a comparison of its actual expenditure since admission date against the “use of funds” statement in Section 8.3 of its Prospectus dated 26 November 2021 and lodged with ASX on 25 January 2022.

The table below provides the use of funds from the date of ASX admission on 28 January 2022 – 31 March 2022. The Appendix 4C covers the period 1 January 2022 – 31 March 2022

Use of Funds under Prospectus	Budgeted Expenditure \$'000	Actual Expenditure \$'000
Research & Development	7,473	639
Sales & Marketing	2,039	26
Manufacturing & Distribution	48	
General & Administration	3,274	466
Total operating expenses	12,834	1,131

Note: The above table represents budgeted expenditure for the period 1 Jan 2022 – 31 Dec 2023. Depending on Firebrick's progress and success in its programs, the Company may or may not require new capital in the future to complete the development and commercialisation of its intellectual property portfolio.

As per item 6 of the attached Appendix 4C cashflow report for the quarter, payments to related parties and their associates of \$103k comprised of Executive Chairman and Executive Director/COO remuneration and Non-Executive Director Fees.

This announcement has been authorised for release by the Board of Firebrick Pharma Limited.

- ENDS -

About Firebrick (FRE.ASX)

Firebrick is a pharmaceutical company founded in 2012 to develop and commercialise a nasal spray treatment for the common cold based around the potential of povidone-iodine as a broad-spectrum antiviral agent. The company's name comes from the colour of povidone-iodine (hex colour #b22222, called 'Firebrick'). The company owns numerous granted and pending patents, including a core patent that covers the use of intranasal povidone-iodine for the treatment and prevention of the common cold. This patent has already been granted in Australia, US, Europe and several other countries.

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Appendix 4C

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

Name of entity

FIREBRICK PHARMA LIMITED

ABN

64 157 765 896

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1	4
1.2 Payments for		
(a) research and development	(689)	(982)
(b) product manufacturing and operating costs	-	(283)
(c) advertising and marketing	(77)	(150)
(d) leased assets (including premises)	(16)	(38)
(e) staff costs	(134)	(579)
(f) administration and corporate costs	(223)	(610)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	422
1.8 Other – listing fees and IPO costs	(4)	(254)
1.9 Net cash from / (used in) operating activities	(1,145)	(2,474)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(27)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	(9)	(27)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,170	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	3,700
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(364)	(474)
3.5	Proceeds from borrowings	-	109
3.6	Repayment of borrowings	(91)	(109)
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	5,715	10,226

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,316	1,152
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,145)	(2,474)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(27)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,715	10,226
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,877	8,877

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	8,877	3,486
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – IPO funds held on trust	-	830
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,877	4,316

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	103
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(1,145)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,877
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,877
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.8
	<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: 26 April 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.