ASX Announcement

Recce Pharmaceuticals
recce.com.au
ACN 124 849 065

Recce Pharmaceuticals Announces Non-Dilutive Financing via Debt Facility with Avenue Capital Group – Extends Cash Runway Beyond R327G's End of Phase 3

Highlights:

- **Debt facility of up to ~A$30m (US$20m) established with Avenue Capital Group**
- **Initial non-dilutionary funding of ~A$11.5m (US$7.5m) supporting two Registrational Phase 3 clinical trials in Indonesia and Australia, including manufacturing, regulatory submissions, and market launch preparation for R327G**
- **Debt facility builds upon Recce's recently successful equity raise of A$15.8m, strengthening the Company's financial position to pro-forma A$27.5m**

SYDNEY Australia, 17 June 2025: Recce Pharmaceuticals Ltd (**ASX:RCE**, **FSE:R9Q**) (the **Company** or **Recce**), a leading developer of a new class of Synthetic Anti-infectives, is pleased to announce it has secured a debt facility of up to ~A$30m (US$20m) with ~A$11.5m (US$7.5m) committed and a further ~A$19m (US$12.5 million) available subject to draw down conditions from global investment firm Avenue Capital Group (**Avenue**).

The facility will provide non-dilutive growth capital to support Recce's Phase 3 clinical trial activities in Indonesia and Australia for the treatment of Diabetic Foot Infections (DFI), Acute Bacterial Skin and Skin Structure Infections (ABSSSI), as well as broader commercialisation efforts across the ASEAN region.

Mark Lasry, Chairman and CEO of Avenue Capital Group commented "We are pleased to support Recce Pharmaceuticals as it pursues the commercialisation of its novel anti-infective therapies. Recce has a differentiated platform technology, strong leadership, and strategic focus on high-burden regions that aligns with our philosophy of backing innovative companies with the potential for global impact."

James Graham, Chief Executive Officer of Recce Pharmaceuticals said "This facility marks a significant step in strengthening our capital position at a critical juncture. With our lead candidate R327G now in registrational trials and targeting commercial launch in 2026, this strategic partnership with Avenue Capital Group allows us to advance our clinical programs while preserving shareholder value. Avenue's support reinforces the commercial potential of our synthetic anti-infectives and their transformative role in combating antimicrobial resistance."

The facility strengthens Recce's balance sheet and follows a recently successful equity capital raising of A$15.8m exclusively among existing shareholders, bringing the Company's financial position to pro-forma A$27.5m. Importantly, the Company is further permitted to retain its FY25 R&D rebate of ~A$8.5m, which is expected to be received in November 2025. Through these predominantly non-dilutionary means the Company has an effective ~A$36m cash runway, sufficient for the two Phase 3 registrational study to read-out and for Recce to submit market authorisation.

A summary of the material terms of the Facility is set out in Appendix 1 to this announcement.

In conjunction with the facility, the Company will issue Avenue warrants to acquire Shares equating to 8.00% warrant coverage (i.e. initially US$1 million divided by the Exercise Price) and will be exercisable for 5 years from Close (being the date of execution of the facility documents) by cash exercise or net issuance (**Warrants**). Refer to Appendix 2 for further details on the Exercise Price and a summary of the material terms of the Warrants. The final terms of the warrants are subject to ASX Approval.

About Avenue Capital Group

Avenue Capital Group is a global investment firm that was founded in 1995 by its Senior Principals, Marc Lasry and Sonia Gardner. The Avenue Capital Group has deployed more than US $100 billion in investments across a variety of industries, regions and market cycles with an eye toward value creation and capital conservation.

Avenue Capital is primarily focused on specialty lending, opportunistic credit and other special situations investments in the United States, Europe and Asia. Headquartered in New York, with three offices across Europe, four offices throughout Asia, an office in Silicon Valley and an office in Abu Dhabi, the firm manages assets of over US$11 billion.

Media and Investor Relations
Chief Executive Officer
James Graham
Recce Pharmaceuticals Ltd
james.graham@recce.com.au

Australia
Andrew Geddes
Seed Media
andrew@seedmedia.com.au

USA & Europe
Guillaume van Renterghem
LifeSci Advisors
gvanrenterghem@lifesciadvisors.com

Appendix 1: Key Terms of the Facility

Borrower:	Recce Pharmaceuticals Ltd. ("Recce" or "Borrower") and all subsidiaries.
Lender:	Avenue Venture Opportunities Fund II, L.P. and any affiliates and assignees ("Avenue" or "Lender").
Facility Size:	USD $20,000,000
Total Commitment:	USD $12,500,000 The Total Commitment shall be increased to USD $20,000,000 upon the drawdown of the Discretionary Tranche.
Cash Interest Rate:	12.75% per annum
Use of Proceeds	Refinance existing debt and general corporate purposes, unrestricted.
Tranche 1: (now)	USD $7,500,000 fully funded at Loan Closing Date
Tranche 2:	USD $5,000,000 to be available to draw by the Company between April 1, 2026 and September 30, 2026, subject to certain conditions
Discretionary Tranche:	USD $7,500,000 to be available to draw by the Company between January 1, 2027 and December 31, 2027, subject to commercial traction for R327, continued clinical progress and Avenue Investment Committee approval.
Term:	36 months from Close.
Interest Only Period:	Up to 24 months from Close. Initially 15 months from Close. Upon drawdown of Tranche 2, the Interest Only Period shall be increased by an additional 9 months (for a total of 24 months).
Amortization Period:	Loan will amortize in equal payments of principal from the end of the Interest Only Period to the expiration of the Term.
Final Payment:	5.00% of the Total Commitment due at the earlier of prepayment or maturity.
Financial Covenants:	None.

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Chief Executive Officer
James Graham
Recce Pharmaceuticals Ltd
james.graham@recce.com.au

Australia
Andrew Geddes
Seed Media
andrew@seedmedia.com.au

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gvanrenterghem@lifesciadvisors.com

General Terms and Conditions

Collateral:	Borrower will grant Lender a secured lien (fixed and floating) on all assets globally, including intellectual property. This lien will not interfere with Borrower's day-to-day business and will allow for licensing in the ordinary course of business.
Other Indebtedness:	All additional debt shall be subject to Lender's approval and subordinated in terms of both payments and security interest.
Prepayment:	Borrower may prepay loans under this facility by paying all outstanding principal and fees, accrued interest, the Final Payment, and a prepayment penalty equal to: 3.0% of the prepaid principal if prepaid during the first 12 months following Close; 2.0% of the prepaid principal after month 12 but before month 24; and 1.0% of the prepaid principal thereafter.
Right To Invest:	Borrower shall grant Lender the right to invest up to $1,000,000 in equity on the same terms, conditions, and pricing offered to any existing investors. Such terms shall exclude a board seat which Borrower may offer to other equity investors.
Conversion Option:	At Close, up to $1,000,000 of the principal amount outstanding may be converted into shares of Borrower unrestricted, freely tradable common stock at a price per share equal to 20% premium to the exercise price of the warrants (which shall be at Lender's option). Upon the drawdown of Tranche 2, $1,000,000 will be added to the Conversion Option for a total of $2,000,000. In the event Borrower elects to prepay the Loans in full, Lender shall have 10 days to elect to exercise its conversion right prior to such prepayment. All conversion rights shall terminate on loan payoff.
Reporting:	Borrower will provide to Lender monthly financial statements and compliance certificates within 30 days of each month; board of directors' presentations and materials provided to shareholders (it being understood that such board and shareholder materials may be reasonably redacted to exclude proprietary and/or confidential information) along with other financial information reasonably requested by Lender. Annual Audited Financial Statements due 90 days after the end of the fiscal year.
Commitment Fee:	1.00% of the Total Commitment shall be fully earned by Lender at Close.

	50% of the Commitment Fee ("Good Faith Deposit") shall be payable to Lender at acceptance of this proposal and earned by Lender at Close. In the event Lender elects not to move forward with this transaction, the fee will be returned to Borrower.

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Appendix 2: Material Terms of Warrants

Number:	Borrower shall grant Lender one or more warrants to purchase ordinary shares (**Shares**) of the Borrower. The initial tranche of Warrants to be issued is 8.00% of the Total Commitment (i.e. US$1 million) divided by the Exercise Price.
Exercise Price:	The "Exercise Price" shall equal the lower of the (i) 5-day VWAP as calculated on the day prior to acceptance of the Term Sheet dated 8 April 2025 or Loan Close on 16 June 2025 or (ii) the effective price of any bona fide equity raise prior to December 31, 2025.
Entitlement:	Subject to adjustment in accordance with the Warrant (see 'Adjustments' below), the Company will issue one fully paid Share in respect of each Warrant.
Term and Transferability:	The Warrants are transferable, subject to compliance with law, and are exercisable for 5 years from Close (**Expiry Date**).
Exercise:	The Warrants may be exercised at anytime on or before the Expiry Date by cash exercise or net issuance in accordance with the following formula: $$X = \frac{Y(A - B)}{A}$$ Where: X = the number of Shares to be issued to the Warrant holder. Y = the number of Shares that the Warrant holder would otherwise have been entitled to purchase under the traditional exercise mechanism (or such lesser number of Shares as the Warrant holder may designate in the case of a partial exercise). A = the fair market value of one Share determined by reference to the closing price or last sale price of Shares reported on the trading day immediately before the date on which the Warrant holder delivers the notice of exercise. B = the Share Exercise Price then in effect.
Quotation:	The Warrants will not be quoted on ASX. The Company will apply for quotation on ASX of the Warrant Shares issued on exercise of the Warrants.
Change of Control:	Upon the occurrence of a merger, the warrants will, for no consideration (cash

	or otherwise) from warrant holder, be automatically exchanged for the maximum number of shares in the Borrower for which the warrant would otherwise have been exercisable had the warrant holder elected to exercise the warrant under its cash exercise provision and paid the cash exercise price.
Adjustments:	**<u>Pro Rata Issue</u>.** If there is a pro rata issue (except a bonus issue) to the holders of Shares, the exercise price of a Warrant must be reduced according to the formula set out in the ASX Listing Rules. **<u>Bonus Issue</u>.** If there is a bonus issue to the holders of Shares, the number of Shares over which the Warrant is exercisable must be increased by the number of Shares which the holder of the Warrant would have received if the Warrant had been exercised before the record date for the bonus issue. **<u>Reorganisation of Warrants</u>.** The Warrants will be treated in the following manner under a reorganisation: (a) In a consolidation of capital. The number of Warrants must be consolidated in the same ratio as the Shares and the exercise price must be amended in inverse proportion to that ratio. (b) In a sub-division of capital. The number of Warrants must be sub-divided in the same ratio as the Shares and the exercise price must be amended in inverse proportion to that ratio. (c) In a return of capital. The number of Warrants must remain the same, and the exercise price of each Warrant must be reduced by the same amount as the amount returned in relation to each Share. (d) In a reduction of capital by a cancellation of paid-up capital that is lost or not represented by available assets where no securities are cancelled. The number of Warrants and the exercise price of each Warrant shall remain unaltered. (e) In a pro rata cancellation of capital. The number of Warrants must be reduced in the same ratio as the Shares and the exercise price of each Warrant must be amended in inverse proportion to that ratio. (f) In any other case. The number of Warrants or the exercise price, or both, must be reorganized so that the holder of the Warrant will not receive a benefit that holders of Shares do not receive and so that the holder of the Warrant will not be disadvantaged in a way that holders of Shares are not. (g) ASX Listing Rule Compliance. Notwithstanding the above, the rights of a Warrant holder will be changed to the extent necessary

	to comply with the ASX Listing Rules applying to a reorganization of capital at the time of the reorganization. **<u>Dividends</u>**. If at any time or from time to time the holders of Shares (or any shares or other securities at the time receivable upon the exercise of the Warrant) shall have received or become entitled to receive: (a) Shares, or any shares or other securities whether or not such securities are at any time directly or indirectly convertible into or exchangeable for Shares, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution; (b) any cash paid or payable including as a cash dividend; or (c) Shares or other or additional shares or other securities or property (including cash) by way of spin off, split-up, reclassification, combination of shares or similar corporate rearrangement, (other than Shares issued as covered by the terms set out above); Then, and in each such case, the holder of Warrants shall, upon the exercise of the Warrants, be entitled to receive, in addition to the number of Shares receivable thereupon, and without payment of any additional consideration therefor, the amount of shares and other securities and property (including cash in the cases referred to in clauses (b) and (c) above) which such holder would hold on the date of such exercise had it been the holder of record of such Shares as of the date on which holders of Shares received or became entitled to receive such shares and/or all other additional shares and other securities and property.
Voting Rights:	The Warrant does not confer a right to vote or to consent as a shareholder in respect of meetings of shareholders for the election of directors of Company or any other matters or any rights whatsoever as a shareholder of Company, unless and until the holder exercises this Warrant and is issued Shares.
ASX Approval:	**As noted in the announcement, the final terms of the warrants are subject to ASX Approval.**

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

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Recce Pharmaceuticals Ltd
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About Recce Pharmaceuticals Ltd

Recce Pharmaceuticals Ltd (ASX: RCE, FSE: R9Q) is developing a New Class of Synthetic Anti-Infectives designed to address the urgent global health problems of antibiotic-resistant superbugs.

Recce's anti-infective pipeline includes three patented, broad-spectrum, synthetic polymer anti-infectives: RECCE® 327 (R327) 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 (R435) as an orally administered therapy for bacterial infections; and RECCE® 529 (R529) for viral infections. Through their multi-layered mechanisms of action, Recce's anti-infectives have the potential to overcome the processes utilised by bacteria and viruses to overcome resistance – a current challenge facing existing antibiotics.

The World Health Organization (WHO) added R327, R435, and R529 to its list of antibacterial products in clinical development for priority pathogens, recognising Recce's efforts to combat antimicrobial resistance. The FDA granted R327 Qualified Infectious Disease Product designation under the Generating Antibiotic Initiatives Now (GAIN) Act, providing Fast Track Designation and 10 years of market exclusivity post approval. R327 is also included on The Pew Charitable Trusts' Global New Antibiotics in Development Pipeline as the sole synthetic polymer and sepsis drug candidate in development.

Recce wholly owns its automated manufacturing, supporting current clinical trials. Recce's anti-infective pipeline aims to address synergistic, unmet medical needs by leveraging its unique technologies.

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