

30 July 2024

ASX Announcement

## June 2024 Quarterly Activity Report

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**Firebrick Pharma Limited** (ASX:FRE) (**Company** or **Firebrick**) is pleased to provide its business activity update for the quarter ending 30 June 2024, along with its Appendix 4C quarterly cashflow report.

### REVIEW OF QUARTERLY OPERATIONS

#### Nasodine launched in United States

The first major development in the quarter was the launch of Nasodine<sup>®</sup> Nasal Spray ("Nasodine") in the US, which was announced by the company on 17 April 2024 and represented the first commercial availability of the product in any country.

The US product was manufactured for Firebrick by a US-based contract manufacturer; warehousing and order fulfilment are provided by a third-party logistics partner; and the Company engaged a digital marketing agency to execute a social media advertising campaign.

In the US, Nasodine is promoted as a nasal cleanser for 'nasal hygiene' without any therapeutic claims. Based on legal advice obtained by the Company, this allows Nasodine to be marketed without FDA approval.

Initially, Nasodine will be marketed online only through the Company's US website (nasodine.com). Initial sales in the US for the quarter were limited due to several factors, including seasonality (currently summer in the US), absence of any therapeutic claims, and the fact that the product is only available online. Sales are expected to increase as the northern hemisphere winter approaches towards the end of 2024.

#### Nasodine launched in Singapore

The second major development in the quarter was the launch of Nasodine in Singapore, which was announced by the Company on 13 June 2024.

In Singapore, Nasodine is classified as a topical antiseptic and does not require approval or licensing by Singapore's Health Sciences Authority (HSA) before sale. However, any advertisements to Singapore consumers need prior approval by the HSA; and Firebrick received this approval on 12 June 2024.

Nasodine is the first PVP-I nasal spray available in the region and therefore represents a "first-in-class" product. It is being promoted in Singapore as "The nasal spray that kills germs" with the main promotional theme being that it can help defend against the daily threat of germs in situations such as commuting, socialising, working and travelling.

Social media advertising commenced in Singapore during the quarter. Going forward, the Company intends to actively promote Nasodine to healthcare professionals (HCPs) in Singapore, commencing with attendance and a promotional exhibit at the Asia Pacific Regional Conference of the World Organisation of Family Doctors (WONCA) in Singapore on 21-24 August 2024. The Executive Chairman and Chief Scientific Officer will be representing Firebrick at the conference.

Because of the robust claims that can be made, the Company remains optimistic about the potential of sales in Singapore.

### **Nasodine patent granted in South Africa**

On 23 May 2024, Firebrick announced that a patent covering the unique formulation of Nasodine was granted in South Africa.

The patent is titled: "Improved Virucidal Formulations" and expires in June 2041. The patent has also been filed in the US, Europe and a number of other key markets.

### **Nasodine Phase 1 paper published**

On 17 June 2024, Firebrick announced that its Phase 1 trial of Nasodine® Nasal Spray ("Nasodine") had been published in the *International Forum of Allergy and Rhinology* (IFAR), a high impact and highly ranked journal. The paper is titled "Phase 1 study of the iodine absorption, safety, and tolerability of a 0.5% povidone-iodine nasal spray (Nasodine)".

### **Placement secured with Firebrick substantial holder**

On 17 May 2024, Firebrick announced that it had received binding commitments for a placement of \$800,000, comprising 16 million shares at \$0.05 per share (Placement). GZ Family Holdings Pty Ltd, an existing substantial holder in Firebrick, committed to take up 14 million shares (\$700,000 of the Placement) and 2 million shares (\$100,000) to be placed with four parties associated with GZ Family Holdings Pty Ltd. There were no fees or advisor commissions payable or associated with the Placement.

GZ Family Holdings Pty Ltd has been an investor with Firebrick since October 2022 and became a substantial holder in March 2024. The Placement increased their holding to approximately 12% of the Company at that time.

In addition, the Placement participants received one free attaching option (Options) for every two new shares issued (i.e., 8 million Options), with an exercise price of \$0.075 (7.5 cents) and an expiry date of 2 years from the date of issue.

As announced, the funds will be used to support launch costs for Nasodine as well as ongoing working capital.

### **Financial Overview**

At 30 June 2024, on a Group basis, Firebrick held cash and cash equivalents of \$825,000, compared with \$721,000 at the end of the March quarter (all reported figures are rounded to the nearest \$1,000). Net cash outflows from operations for the quarter were \$691,000 compared to net cash outflows from operations in the March quarter of \$592,000. The

quarterly increase included \$115,000 associated with establishing the international sale of Nasodine within the U.S. and Singapore.

Research & development costs were \$72,000 for the quarter, down from \$115,000 in the March quarter and \$542,000 in the December quarter.

Product manufacturing and operating costs were \$127,000 for the quarter compared to \$83,000 in the March quarter. The combined costs incurred in the two quarters concluded all manufacturing costs associated with inventory required for both the US and Singapore Nasodine launches. It should be noted that the investment in manufacturing translated to an increase in the value of inventory held by the Company and available for sale in FY25.

Staff costs were \$253,000 for the June quarter compared to \$240,000 in the March quarter, with the difference due to timing of payments. As per item 6 of the attached Appendix 4C cashflow report for the quarter, payments to related parties and their associates of \$218,000, comprised of Executive Chairman and Executive Director/COO remuneration and Non-Executive Director Fees, were the same as the March and December quarters.

The aggregate costs for advertising and marketing and administration and corporate costs for the June quarter were \$239,000, compared with \$141,000 in the March quarter. The main reason for the increase in the June quarter was activities associated with the launch of Nasodine in the U.S. and Singapore.

Going forward, the Company expects that its base operating costs will stay flat or decline. The Company also notes that the manufacturing costs incurred in the March and June quarters are not expected to recur during FY25, as sufficient inventory of Nasodine now exists to support the expected initial sales demand in both US and Singapore.

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

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### **About Firebrick (ASX:FRE)**

Firebrick Pharma is a pharmaceutical innovator focused on developing and commercialising novel formulations and uses of povidone-iodine. The Company has successfully developed a povidone-iodine nasal spray (Nasodine®) and filed international trademarks and multiple patents on the product. The Company has also completed six clinical trials for the nasal spray, which have affirmed the product's safety and generally supported its efficacy as an antimicrobial nasal spray with utility in a range of clinical settings. Firebrick is now commercialising Nasodine in international markets.

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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")**

30 JUNE 2024

| <b>Consolidated statement of cash flows</b>                       | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>                    |                                    |   |
| 1.1 Receipts from customers                                       | 15                                 | 15  |
| 1.2 Payments for  |                                    |   |
| (a) research and development                                      | (72)                               | (1,583)   |
| (b) product manufacturing and operating costs                     | (127)                              | (210)   |
| (c) advertising and marketing                                     | (101)                              | (180)   |
| (d) leased assets (including premises)                            | (16)                               | (78)  |
| (e) staff costs   | (253)                              | (997)   |
| (f) administration and corporate costs                            | (138)                              | (1,142)   |
| 1.3 Dividends received (see note 3)                               | -                                  | -   |
| 1.4 Interest received   | 2                                  | 17  |
| 1.5 Interest and other costs of finance paid                      | -                                  | -   |
| 1.6 Income taxes paid   | -                                  | -   |
| 1.7 Government grants and tax incentives – 2023 R&D Tax Incentive | -                                  | 1,816   |
| 1.8 Other   | -                                  | -   |
| <b>1.9 Net cash from / (used in) operating activities</b>         | <b>(690)</b>                       | <b>(2,342)</b>                                  |
| <b>2. Cash flows from investing activities</b>                    |                                    |   |
| 2.1 Payments to acquire or for:                                   |                                    |   |
| (a) entities  | -                                  | -   |
| (b) businesses  | -                                  | -   |
| (c) property, plant and equipment                                 | -                                  | -   |
| (d) investments   | -                                  | -   |
| (e) intellectual property   | -                                  | -   |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
|                                      | (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)                   | -                          | -                                      |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>-</b>                   | <b>-</b>                               |

|             |   |            |            |
|-------------|---|------------|------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |            |            |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | 800        | 800        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -          | -          |
| 3.3         | Proceeds from exercise of options   | -          | 20         |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | (6)        | (8)        |
| 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 (provide details if material)   | -          | -          |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>794</b> | <b>812</b> |

|           |  |       |         |
|-----------|--|-------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 721   | 2,355   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (690) | (2,342) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | -     | -       |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.4                                  | Net cash from / (used in) financing activities<br>(item 3.10 above) | 794                        | 812                                    |
| 4.5                                  | Effect of movement in exchange rates on<br>cash held                | -                          | -                                      |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of<br/>period</b>               | <b>825</b>                 | <b>825</b>                             |

| 5.         | Reconciliation of cash and cash<br>equivalents<br>at the end of the quarter (as shown in the<br>consolidated statement of cash flows) to the<br>related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|------------|---|----------------------------|-----------------------------|
| 5.1        | Bank balances   | 825                        | 721                         |
| 5.2        | Call deposits   | -                          | -                           |
| 5.3        | Bank overdrafts   | -                          | -                           |
| 5.4        | Other   | -                          | -                           |
| <b>5.5</b> | <b>Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>  | <b>825</b>                 | <b>721</b>                  |

| 6.  | Payments to related parties of the entity and their<br>associates                          | Current quarter<br>\$A'000 |
|---|--|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their<br>associates included in item 1 | 218                        |
| 6.2   | Aggregate amount of payments to related parties and their<br>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> |  |                            |

|   |   |  |
|---|---|--|
| <b>7. Financing facilities</b><br><i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   | <b>Total facility amount at quarter end \$A’000</b> | <b>Amount drawn at quarter end \$A’000</b> |
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (please specify)  | -   | -  |
| 7.4 <b>Total financing facilities</b>   | -   | -  |
| 7.5 <b>Unused financing facilities available at quarter end</b>   |   |  |
| 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   |   |  |

|   |                |
|---|----------------|
| <b>8. Estimated cash available for future operating activities</b>  | <b>\$A'000</b> |
| 8.1 Net cash from / (used in) operating activities (item 1.9)   | (690)          |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)   | 825            |
| 8.3 Unused finance facilities available at quarter end (item 7.5)   | -              |
| 8.4 Total available funding (item 8.2 + item 8.3)   | 825            |
| 8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>   | 1.2            |
| <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?   |                |
| No. The Company expects a decrease in operating cash outflows in the next quarter, due mainly to the absence of any manufacturing investment which occurred in previous quarters and has resulted in the current available inventory being adequate to cover sales demand for the coming quarter. |                |
| 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?  |                |
| The Company successfully raised \$800,000 (before transaction costs) through private placement during the quarter ended 30 June 2024 and remains confident on raising further funds as and when the need arises.  |                |
| 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?   |                |
| Yes. The Company expects to see growth in sales of Nasodine Nasal Spray ("Nasodine") in existing markets where the product is available. In addition, the Company is expecting that an R&D incentive rebate will be received some time in Q2 FY25.  |                |
| <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: 30 July 2024

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.