

23 January 2024

ASX Announcement

## December 2023 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 31 December 2023, along with its Appendix 4C quarterly cashflow report.

### REVIEW OF QUARTERLY OPERATIONS

#### Phase 3 Common Cold Study

During the quarter, the Company completed its further review and expert analysis of the Phase 3 clinical trial results and announced the findings on 15 November 2023. The expert analysis concluded that the results were inconsistent with a human model of wellness recovery and with the results of the previous trial, which showed a positive therapeutic effect of Nasodine. The report indicated that there were major inaccuracies in the 2023 trial data, raising significant concerns about using that data to draw any conclusions about the efficacy of Nasodine. The expert report ended all investigations into the 2023 trial and Firebrick is now completing remaining trial closure activities, including preparation of a clinical study report.

As noted in the announcement of 15 November, Firebrick remains committed to the development of Nasodine for the common cold but will now consider alternative study designs that could avoid the problems experienced in the 2023 Trial. In the meantime, the Company's focus will be on building international sales of Nasodine in those markets where regulatory approval as a treatment for the common cold is not a prerequisite.

#### Nasodine as a Nasal Antiseptic/Disinfectant

In our announcement of 3 October, we stated that we would actively pursue opportunities beyond the common cold. One early opportunity is the potential for Nasodine as a nasal antiseptic/disinfectant.

Based on published literature, PVP-I has been shown *in vitro* to be highly active against MRSA and other nasal bacteria. Firebrick's Phase 2 COVID-19 study demonstrated 100% clearance of SARS-CoV-2 from the nasal passages, indicating Nasodine could play an important role as a nasal disinfectant in a future pandemic. At the Australian Military Medicine Association (AMMA) conference in Perth on 12-15 October, Professor Peter Friedland presented a paper titled "Nasal Disinfection as a Front-line Defence in Future Pandemics" (Firebrick website 'news' item, 15 November 2023), which concluded that Nasodine can play a critical role in protecting healthcare workers and potentially reducing transmission in the general population.

On 15 November 2023, we also announced that we were exploring opportunities outside Australia, to generate early revenues by marketing Nasodine as a nasal antiseptic or

disinfectant, without the requirement for additional studies or new regulatory approvals. The Company has now progressed its plans to introduce Nasodine in at least one international market during 2024. The Company will provide more information on these plans when details are finalised.

### Annual General Meeting

The Company held its Annual General Meeting at 3.00pm (AEDT) on Friday, 17 November 2023 as a virtual meeting, with all resolutions being passed on a poll.

### Closure of AAT Appeal

On 27 December 2023, the Company announced the withdrawal of its appeal with the Administrative Appeals Tribunal (AAT) against the TGA's decision not to approve Nasodine® Nasal Spray (Nasodine). The Company considered the significant distraction and legal costs associated with proceeding to a formal Hearing (previously scheduled for May 2024) in its decision to withdraw the Appeal, especially given the Company's recently announced strategy to focus its operational attention and funds on international markets for Nasodine.

### Financial Overview

At 31 December 2023, Firebrick held cash and cash equivalents of \$1.305 million, compared with \$845,000 at the end of the September quarter. Net cash inflows from operations for the quarter were \$448,000 following receipt of \$1.816 million in R&D tax incentives. As announced on 3 October, the Company has taken action to reduce its cash expenditure to preserve funds to support its plans and excluding the R&D tax incentive, net cash outflows for the quarter were down \$140,000 or 9.28% when compared to the September quarter.

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

Use of Funds under Prospectus	Budgeted Expenditure \$'000 Over 2 years (Jan '22-Dec'23)	Actual Expenditure to 31 Dec 2023 \$'000
Research & Development	7,473	7,205
Sales & Marketing	2,039	496
Manufacturing & Distribution	48	-
General & Administration	3,274	4,973
<b>Total operating expenses</b>	<b>12,834</b>	<b>12,674</b>

Note: The above table is based on budgeted expenditure for the period 1 Jan 2022 – 31 Dec 2023. The actual expenditure is reported as per the ASX Listing Rules and is from admission of the Company on 28 January 2022. 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 \$218k comprised of Executive Chairman and Executive Director/COO remuneration and Non-Executive Director Fees, which was up on the September quarter value of \$205k due to the timing of various payments.

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

- ENDS -

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

Firebrick is a pharmaceutical company with the mission to develop and commercialise a povidone-iodine nasal spray. The Company has successfully developed a povidone-iodine nasal spray, called Nasodine® Nasal Spray and filed international trademarks and multiple patents on the product, including a formulation patent and two use patents, some of which have already been granted in the US, Europe and Australia. The Company has also completed six clinical trials for Nasodine, including a Phase 1 study, three Phase 2 studies and two Phase 3 studies, 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.

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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 DECEMBER 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(657)	(1,396)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(27)	(49)
(d) leased assets (including premises)	(19)	(46)
(e) staff costs	(271)	(504)
(f) administration and corporate costs	(400)	(893)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	12
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	1,816
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>448</b>	<b>(1,060)</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 \$A'000	Year to date (6 months) \$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)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	12	12
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2)
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>12</b>	<b>10</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	845	2,355
4.2	Net cash from / (used in) operating activities (item 1.9 above)	448	(1,060)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12	10
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,305</b>	<b>1,305</b>

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	1,305	845
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,305</b>	<b>845</b>

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	218
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>		

<b>7.</b>	<b>Financing facilities</b> <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>	<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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	448
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,305
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,305
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<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?	
	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?	
	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?	
	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: 23 January 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.