ASX Announcement

Recce Pharmaceuticals
recce.com.au
ACN 124 849 065

Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- **Regulatory approval received from Indonesia's Drug and Food Authority for Registrational Phase 3 Clinical Trial of RECCE® 327 Topical Gel (R327G) for Diabetic Foot Infections**
- **Ethics approval received to commence dosing in Indonesian Registrational Phase 3 Clinical Trial of R327G in Diabetic Foot Infections**
- **Patient dosing complete for Phase II ABSSSI Clinical Trial with data readouts expected Q1 CY25**
- **A$6.75m Research & Development rebate received**
- **Australia Patent Granted for RECCE® Anti-Infectives**

SYDNEY Australia, 31 January 2025: Recce Pharmaceuticals Ltd (**ASX:RCE**, **FSE:R9Q**) (**Recce** or the **Company**), the Company developing a New Class of Synthetic Anti-infectives, today released its December 2024 quarter results and operational highlights.

Financial Update

The Company ended the quarter with a cash balance of A$1.94 million. Net cash outflows from operating activities were (A$2.67 million), with Research and Development (A$2.79 million) being the largest item of expenditure supporting ongoing human clinical trials, and the advancement of late-stage pre-clinical studies. Payments to related parties (Executive & Director fees) were (A$0.71 million).

Cash balance does not reflect Q3, 2024 announced U.S. Department of Defence Army burn wound grant of US$2.0 million (A$3.21 million) or anticipated additional R&D advance funds.

A$6.75 million R&D Rebate Received

The Company announced a cash refund of AUD A$6.75 million Research and Development (R&D) Tax Incentive rebate from the Australian Taxation Office for the financial year ending 30 June 2024.

The A$6.75 million reflects R&D activities undertaken locally and overseas, provided to the Company in cash, without caveat. This receipt was used to repay advances from Endpoints Capital reflecting R&D rebate credits for FY24. The advances Endpoints Capital provides as part of their services, enable the Company to leverage its R&D benefits of the past, present and future R&D applicable expenditure. Data shows drawing and re-deploying R&D applicable expenditure through such a facility over the year, not only offsets applicable interest but also provides a net-positive surplus to the Company having increased its total claimable R&D rebate over the period.

Operational Highlights

Regulatory approval received from Indonesia's Drug and Food Authority for Registrational Phase 3 Clinical Trial of R327G in Diabetic Foot Infections

The Company received approval from the Indonesian Drug and Food Regulatory Authority, Badan POM, to initiate its Registrational Phase 3 clinical trial assessing RECCE® 327 as a topical gel (R327G) for the treatment of diabetic foot infections (DFIs).

The trial will be conducted as a double-blinded, placebo-controlled study evaluating R327G for the treatment of DFIs and aims to enrol up to 300 patients (200 to receive R327G and 100 to receive placebo). The trial will run for approximately 12 months, with an expected read-out in late 2025 and expected regulatory approval and commercial launch in H1 CY26.

Ethics approval received to commence dosing in Indonesian Registrational Phase 3 Clinical Trial of R327G in Diabetic Foot Infections

The Company received Human Research Ethics Committee approval to commence a Registrational Phase 3 clinical trial of R327G for the treatment of DFIs. Ethics approval signifies that Recce has met the safety and efficacy testing requirements to proceed with this large-scale, late-stage clinical trial.

The approval process for the Indonesian clinical trial is now complete. Successfully completing this trial would enable Recce to replicate regulatory approval for R327G across the broader ASEAN region, including Malaysia, the Philippines, Singapore, and Thailand, as a treatment for DFIs, addressing a critical unmet need for new therapeutics in countries facing increasing rates of antimicrobial resistance and infectious diseases.

Patient dosing complete for Phase II ABSSSI Clinical Trial

The Company announced that an independent non-Data Safety Monitoring Board (non-DSMB) has completed its review of safety and efficacy data from the Company's ongoing Phase II clinical trial of its lead compound, R327G, in patients with Acute Bacterial Skin and Skin Structure Infections (ABSSSI) including DFIs.

Most patients treated with R327G demonstrated highly encouraging efficacy results, with all patients completing treatment being positive on the primary endpoint and achieving either complete cure or improvement, with many showing complete cure results as early as 7 days. These outcomes were measured using the Lipsky Clinical Resolution of Infection Scale (Lipsky Scale), a widely recognised tool for assessing the resolution of infections, particularly in diabetic foot infections. Recognised by the FDA, the Lipsky Scale is an approved and reliable method for evaluating the treatment of wound infections. The non-DSMB's positive findings further underscore the strong safety profile of Recce's innovative anti-infective therapy.

Post-quarter the Company announced that patient dosing is now complete with the successful dosing of all 30 patients. The full set of clinical data will be reviewed by the Data Safety Monitoring Board with full Phase II results expected to be announced in Q1 2025.

Australia Patent Granted for RECCE® Anti-Infectives

The Company announced the Australian Patent Office has formally granted Patent Family 3 for Recce's Anti-infectives through to 2037. This is the final step of Recce's wholly owned patents Granted for Family 3 and the final patent to be granted in Australia, with the Company now patent protected in all major pharmaceutical markets globally.

Ord Minnett Biotech & MedTech Conference Presentation

Recce Pharmaceuticals CEO James Graham, presented at the Ord Minnett Biotech & MedTech Conference, a copy of the presentation is available here.

Looking Ahead

Following recent Phase III clinical trial approvals, the Company is focused on achieving key milestones, including the release of the Phase II ABSSSI clinical data report and the commencement of the Phase III DFI clinical trial in Indonesia. Recce is well-positioned to deliver on its operational and clinical goals in the coming quarter.

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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 2024

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	(2,794,339)	(10,385,848)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(403,183)	(1,113,458)
	(d) leased assets	-	-
	(e) staff costs	(670,189)	(1,248,196)
	(f) administration and corporate costs	(243,224)	(1,137,435)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	32,705	69,359
1.5	Interest and other costs of finance paid	(12,902)	(54,670)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	6,825,961	6,839,871
1.8	Other	33,099	106,518
1.9	**Net cash from / (used in) operating activities**	**2,767,928**	**(6,923,860)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(11,805)	(17,947)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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)	(43,199)	(389,973)
2.6	**Net cash from / (used in) investing activities**	**(55,004)**	**(407,920)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,530,005
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	-	(559,945)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(7,095,658)	(7,095,658)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(14,000)
3.10	**Net cash from / (used in) financing activities**	**(7,095,658)**	**4,860,402**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,326,540	4,415,184
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,767,928	(6,923,860)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(55,004)	(407,920)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7,095,658)	4,860,402

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**	**1,943,806**	**1,943,806**

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	1,943,806	1,943,806
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Trust Account	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,943,806**	**1,943,806**

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	717,208
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)	2,767,928
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,943,806
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,943,806
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.70

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: Cash balance does not reflect Q3, 2024 announced US Department of Defence Army burn wound grant of US$2.0m (AU$3.21m) with first receipt expected in the present quarter. Further R&D Advance funds are also anticipated in present 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?

Answer: Yes, as above.

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: Yes, as above.	

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 2025

Authorised 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.