

Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- Strong cash position of \$15.90 million
- \$3.08 million Research & Development rebate received
- Phase I intravenous (IV) clinical trial of RECCE® 327 (R327) – safe and well tolerated at 150mg, 500mg and 1,000mg

SYDNEY Australia, 2 May 2022: Recce Pharmaceuticals Ltd (**ASX:RCE, FSE:R9Q**) (the **Company**), the Company developing a New Class of Synthetic Anti-infectives, today released its March 2022 quarter results and operational highlights.

Financial Update

The Company ended the quarter with a cash balance of \$15.90 million. Net cash flows were \$0.120 million, with Research and Development (\$1.74 million) supporting two active human clinical trials as the largest item of expenditure. Payments to related parties (Executive & Director fees) was (\$0.448 million). The Company also received an Australian Government Research and Development tax refund of \$3.08 million.

Operational Highlights

Phase I Intravenous Clinical Trial – R327 safe and well tolerated

Cohorts two (150mg), three (500mg) and four (1,000mg) was successfully dosed at CMAX clinical trial facility – R327 safe and well tolerated. Per the Independent Safety Committee recommendations upon the completion of each cohort, all Low Dose cohorts have been completed, meeting study endpoints – R327 successfully proceeded to now dose cohorts at higher ranges.

The Phase I ascending dose, randomised, placebo single-controlled, parallel, double-blind, dose study at Adelaide's CMAX trial facility is evaluating safety and pharmacokinetics of R327 in healthy subjects across eight sequential dosing cohorts.



Clinical & Pre-clinical Infectious Disease Programs continue to advance

The Company's clinical and pre-clinical programs focused on the treatment of significant unmet medical needs of the growing infectious disease landscape all continued to advance in their respective third-party operated programs - chosen for their expertise and regulatory recognised capabilities. The Company expects data across these programs imminently.

Looking Ahead

With two active human clinical trials of R327, supported by a strong financial position, the Company is well placed to continue to deliver upon its overall goals and objectives over the time ahead.

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



Chief Executive Officer

James Graham
Recce Pharmaceuticals Ltd
+61 (02) 9256 2571
james.graham@recce.com.au

Media and Investor Relations (AU)

Andrew Geddes
CityPR
+61 (02) 9267 4511
ageddes@citypublicrelations.com.au

Media and Investor Relations (USA)

Jordyn Temperato
LifeSci Communications
jtemperato@lifescicomms.com

recce.com.au
ACN 124 849 065

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 and emerging viral pathogens.

Recce's anti-infective pipeline includes three patented, broad-spectrum, synthetic polymer anti-infectives: RECCE® 327 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 as an orally administered therapy for bacterial infections; and RECCE® 529 for viral infections. Through their multi-layered mechanisms of action, Recce's anti-infectives have the potential to overcome the hypercellular mutation of bacteria and viruses – the challenge of all existing antibiotics to date.

The FDA has awarded RECCE® 327 Qualified Infectious Disease Product designation under the Generating Antibiotic Initiatives Now (GAIN) Act – labelling it for Fast Track Designation, plus 10 years of market exclusivity post approval. Further to this designation, RECCE® 327 has been included on The Pew Charitable Trusts Global New Antibiotics in Development Pipeline as the world's only synthetic polymer and sepsis drug candidate in development. RECCE® 327 is not yet market approved for use in humans with further clinical testing required to fully evaluate safety and efficacy.

Recce wholly owns its automated manufacturing, which is supporting present clinical trials. Recce's anti-infective pipeline seeks to exploit the unique capabilities of its technologies targeting synergistic, unmet medical needs.

Chief Executive Officer

James Graham
Recce Pharmaceuticals Ltd
+61 (02) 9256 2571
james.graham@recce.com.au

Media and Investor Relations (AU)

Andrew Geddes
CityPR
+61 (02) 9267 4511
ageddes@citypublicrelations.com.au

Media and Investor Relations (USA)

Jordyn Temperato
LifeSci Communications
jtemperato@lifescicomms.com

recce.com.au
ACN 124 849 065



Appendix 4C

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

Name of entity

Recce Pharmaceuticals Ltd

ABN

73 124 849 065

Quarter ended ("current quarter")

March 2022

Consolidated statement of cash flows	Current quarter	Year to date (9 months)
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(1,747,890)	(4,477,087)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(460,957)	(1,529,404)
(f) administration and corporate costs	(772,702)	(1,800,938)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14,554	67,834
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3,084,955	3,084,955
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	117,958	(4,654,642)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(16,656)	(25,734)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (9 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)	(138,984)	(404,639)
2.6	Net cash from / (used in) investing activities	(155,641)	(430,373)

3.	Cash flows from financing activities		
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	121,680	121,680
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	121,680	121,680

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,825,690	20,873,022
4.2	Net cash from / (used in) operating activities (item 1.9 above)	117,958	(4,654,642)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(155,641)	(430,373)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	121,680	121,680

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15,909,687	15,909,687

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	15,909,687	15,909,687
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,909,687	15,909,687

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	448,836
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil
<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>		

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

7. Financing facilities <i>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.</i>	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)	117,958
8.2 Cash and cash equivalents at quarter end (item 4.6)	15,909,687
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	16,027,645
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	135.88
<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:	
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:	
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:	
<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: 2 May 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.