Recce Pharmaceuticals
recce.com.au
ACN 124 849 065

Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- **Positive human efficacy data to support site expansion of Phase I/II Clinical Trial for Diabetic Foot Infection Treatment**
- **Independent Safety Committee approves expansion of Phase I/II Clinical Trial for Diabetic Foot Infection Treatment**
- **Dosing completed in next cohort of Phase I/II UTI/Urosepsis Rapid Infusion Clinical Trial**
- **Established strategic partnership in South-East Asia to accelerate clinical program**
- **Received AUD $11.18 million in non-dilutionary cash as R&D Advance**
- **Continued strategic partnership with Murdoch Children's Research Institute**
- **RECCE® trademark registered in Canada**

SYDNEY Australia, 22 April 2024: Recce Pharmaceuticals Ltd (**ASX:RCE**, **FSE:R9Q**) (**Recce** or the **Company**), the Company developing a New Class of Synthetic Anti-infectives, today released its March 2024 quarter results and operational highlights.

Financial Update

The Company ended the quarter with an increased cash balance of $8.52 million ($4.00 million at the end of December 2023). Net cash outflows from operating activities were ($4.69 million), with Research and Development ($3.57 million) being the largest item of expenditure supporting ongoing human clinical trials, and the advancement of ongoing pre-clinical studies. Payments to related parties (Executive & Director fees) was ($0.71 million).

Recce receives AUD $11.18 million R&D Advance

The Company announced an R&D Advance of AUD $11.18 million with Endpoints Capital capturing Recce's Research and Development (R&D) tax incentive for FY23/24 & FY25. Recce receives $11.18 million in non-dilutive cash, reflecting R&D rebate credits for FY23/24, in addition to future anticipated R&D applicable expenditure for FY25 as well. This enables the Company to leverage

its R&D expenditure benefits of the past, present and future R&D applicable expenditure on a here today basis, as achieved by this agreement.

Operational Highlights

Positive Human Efficacy Data to Support Site Expansion - Phase I/II Clinical Trial for Diabetic Foot Infection Treatment

An update was provided on the Company's Phase I/II diabetic foot infection clinical trial with the study achieving its primary endpoints of resolving/curing bacterial infections in DFI. Following this success, Recce is looking to expand clinical sites domestically and internationally, accelerating patient recruitment across a wide patient population.

This Phase I/II clinical trial is an interventional study assessing the safety and efficacy of RECCE® 327 (R327) as a topical broad-spectrum anti-infective treatment for patients with mild skin and soft tissue diabetic foot infections (DFI). Patients were treated either daily or every second day, for 14 days.

Summary of Treated Patients

Patient	Application Frequency	Age (yrs)/ Sex	Wound Location	Clinical Response
Patient 1	**Daily**	32 / M	Left forefoot lateral aspect	Escalated therapy*
Patient 2	**Second Daily**	55 / M	Right hallux plantar aspect	**Infection resolved/cured**
Patient 3	**Second Daily**	51 / M	Left forefoot plantar aspect	**Infection resolved/cured**
Patient 4	**Daily**	70 / M	Left forefoot plantar aspect	**Infection resolved/cured**
Patient 5	**Daily**	64 / M	Right hallux dorsal aspect	**Infection resolved/cured**

*Patient was on systemic therapy prior to commencing R327 treatment. Patient suffered from several comorbidities and escalated to systemic therapy.

Independent Safety Committee Approves Expansion - Phase I/II Clinical Trial for Diabetic Foot Infection Treatment

The Company announced an Independent Safety Committee has unanimously agreed that the ongoing Phase I/II Diabetic Foot Infection (DFI) clinical trial is achieving its primary endpoints and has been recommended to expand based on the interim data analysis of the patients that were successfully treated with RECCE® 327 (R327).

All parties involved have agreed to a broadening of patient description and stage of diabetic foot ulcer infection to award greater patient access to the potential benefits of joining the Liverpool Hospital NSW Clinical trial, managed out of the Ingham Institute for Applied Medical Research.

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Recce has undertaken to further build-out upon the successes taking place within this clinical study to include additional study sites both locally and overseas.

Dosing Completed in Next Cohort - Phase I/II UTI/Urosepsis Rapid Infusion Clinical Trial

The Company reported it has successfully dosed the next cohort of human participants with RECCE® 327 (R327) at 3,000mg intravenously at a fast infusion rate of 20-minutes in its Phase I/II UTI/Urosepsis clinical trial.

The Company is exploring multiple infusion times; 15-mins, 20-mins, 30-mins, 45-mins, and 1-hour at 3,000mg to determine optimal dosing.

Recently announced clinical urine samples have indicated promising MIC activity, suggesting that fast infusion of R327 leads to concentrations capable of blocking the growth of bacteria in urine (relevant to UTI/Urosepsis patient treatment) in a safe and tolerable manner. This promising finding has prompted the Company to increase the dosage of R327 in this Phase I/II trial to its highest level yet, at a rate of 4,000mg infused over 30 minutes, which is expected to begin in shortly.

Recce Pharmaceuticals Establishes Strategic Partnership in South-East Asia to Accelerate Clinical Program

The Company reported a signed Memorandum of Understanding (MoU) with PT Etana Biotechnologies (Etana), a leading Indonesian biomedical organisation, to accelerate the clinical development of Recce's anti-infective portfolio across Indonesia, with the aim of addressing the critical global health challenge of antimicrobial resistance (AMR).

This is a historically significant bilateral initiative supported by the Australian and Indonesian Governments. In a meeting together with Senior Executives from Recce and Etana, Her Excellency Penny Williams PSM, the Australian Ambassador to Indonesia, the Indonesian Minister of Health, Mr. Budi Sadikin, and the Head of the National Research and Innovation Agency (BRIN), all were in full support of this initiative.

Recce Pharmaceuticals CEO James Graham (left) and Indonesian Minister of Health Budi sadiki (right)

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Opportunities one of world's highest diabetes populations: Unique access to one of the world's largest Diabetes populations with an incidence of 10.8% across adults across Indonesia[1]. 19–34% developing a Diabetic Foot Ulcers[2] in their lifetime with 50-60% of those develop an infection. 20% of diabetic foot infections (DFI) currently result in lower limb amputation[3]. This is a significant unmet medical across global populations among related infectious disease synergies to wider portfolio of Recce anti-infectives.

Recce Continues Strategic Partnership with Murdoch Children's Research Institute

The Company announced continuation of the work within the Company's Anti-Infective Research (AIR) Unit located within Murdoch Children's Research Institute (MCRI). In 2023, Recce established a dedicated Anti-Infective Research Unit, underscoring the commitment of both organisations to drive innovation in the field of anti-infective therapeutics.

By leveraging MCRI's world-leading expertise and resources, the Company continues to streamline its ongoing pre-clinical programs while investigating new indications for future clinical trials.

RECCE® Trademark Registered - Canada

The Company announced it has been issued Trade Mark Registration for RECCE® from the Canadian Intellectual Property Office.

The International Trademark Registration No. 1289603, formally assigns Canada Trademark No. 1225479 for the RECCE® mark.

Looking Ahead

The Company was pleased to announce significant advancements in multiple clinical trials during this quarter, marking an encouraging period of growth for the Company. Our focus on expanding clinical trial sites and revealing the significant efficacy potential against a wide range of deadly bacterial infectious diseases. We reiterate our appreciation for the AUD $11.18 million R&D Advance from Endpoints Capital, strengthening our financial position and providing a foundation to fulfill our ongoing goals and objectives.

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

[1] International Diabetes Federation – Diabetes in Indonesia 2021
[2] Australian Journal of General Practice – The Diabetic Foot Ulcer
[3] The Current Burden of Diabetic Foot Disease

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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	March 2024

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	(3,577,092)	(10,025,148)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(365,823)	(1,132,589)
	(d) leased assets	-	-
	(e) staff costs	(236,389)	(1,036,083)
	(f) administration and corporate costs	(565,012)	(1,482,588)
1.3	Dividends received (see note 3)		-
1.4	Interest received	44,288	77,689
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	2,378,245
1.8	Other	7,692	10,839
1.9	**Net cash from / (used in) operating activities**	**(4,692,336)**	**(11,209,634)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2,427)	(108,698)
	(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)	(82,004)	(115,976)
2.6	**Net cash from / (used in) investing activities**	**(13,840)**	**(140,242)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	11,022,445
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	123,728
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(561,356)
3.5	Proceeds from borrowings	9,288,503	10,089,358
3.6	Repayment of borrowings	-	(2,281,150)
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**	**9,288,503**	**18,393,026**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,008,561	1,561,578
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,692,336)	(11,209,634)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(84,432)	(224,674)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,288,503	18,393,026

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**	**8,520,296**	**8,520,296**

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	8,520,296	4,008,561
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)**	**8,520,296**	**4,008,561**

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	711,959
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)	(4,692,336)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,520,296
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,520,296
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.82

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: Yes

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.

US Department of Defence has recommended R327G as a topical treatment for Burn Wound Infections for grant funding of USD $2.2 million (approximately AUD 3.34 million) – we are completing the T&C's funding acceptance form.

Further R&D rebates for FY2023 expenditure (net difference) expected in the next month.

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: 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: 22/04/2024

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.