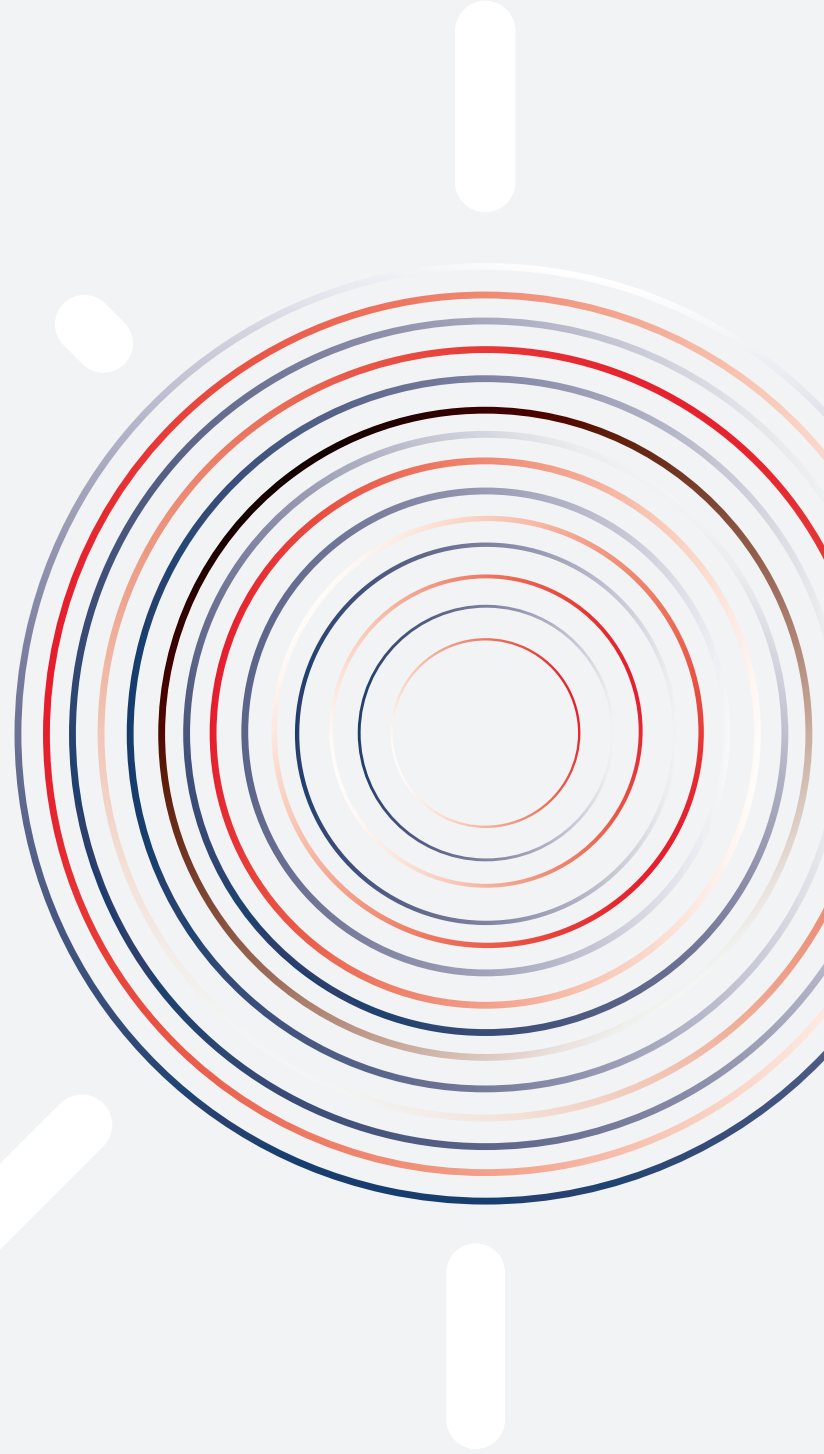
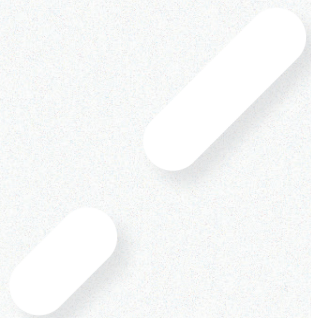
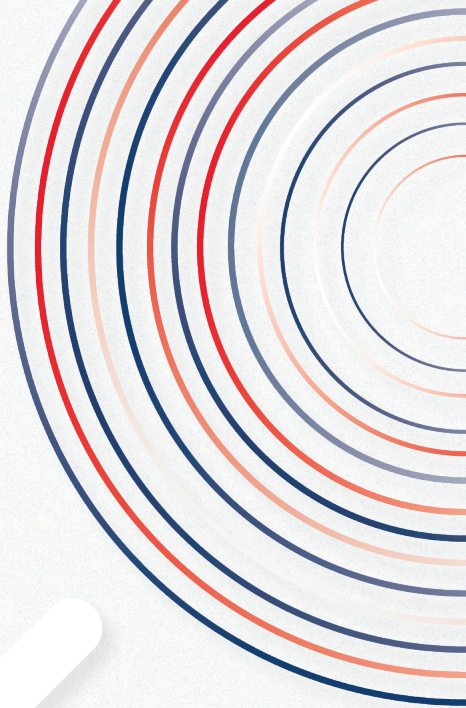


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Annual Report 2024





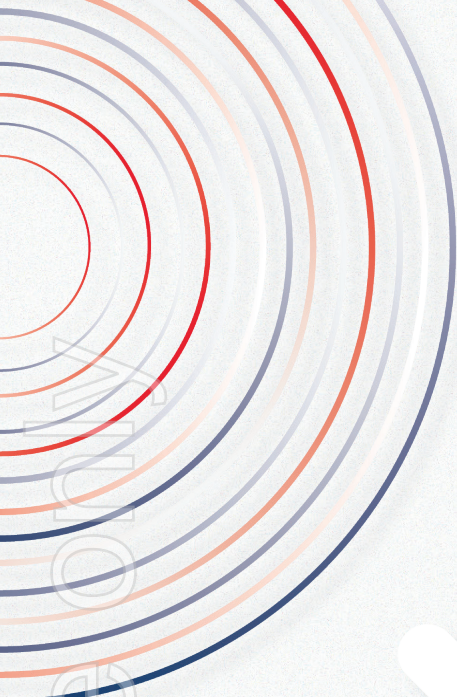
Recce Pharmaceuticals Ltd (ASX: RCE, FSE: R9Q)

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 (R327) 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; This lead asset is currently undergoing multiple clinical studies. RECCE[®] 435 (R435) as an orally administered therapy for bacterial infections; and RECCE[®] 529 (R529) for viral infections. Through their multi-layered mechanisms of action, Recce's anti-infectives have the potential to overcome the processes utilised by bacteria to overcome resistance - a current challenge facing existing antibiotics.

The World Health Organization (WHO) added R327, R435, and R529 to its list of antibacterial products in clinical development for priority pathogens, recognising Recce's efforts to combat antimicrobial resistance. The Food and Drug Administration (FDA) has rewarded R327 Qualified Infectious Disease Product designation under the Generating Antibiotic Initiatives Now (GAIN) Act, providing Fast Track Designation and 10 years of market exclusivity post approval. R327 is also included on The Pew Charitable Trusts' Global New Antibiotics in Development Pipeline as the sole synthetic polymer and sepsis drug candidate in development.

Recce wholly owns the automated manufacturing of its active, supporting current clinical trials. Recce's anti-infective pipeline aims to address synergistic, unmet medical needs by leveraging its unique technologies.

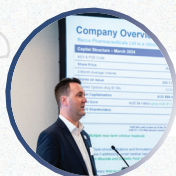


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Business Highlights

Listed below are the main corporate developments for the Financial Year (FY24) ending 30 June 2024.



Commercial and Operational

- RECCE® 327 (R327) added to the World Health Organization's list of Antibacterial Products in Clinical Development
- Delivered the Opening R&D Address at the World Antimicrobial Resistance (AMR) Congress 2023
- Presented abstracts at the Military Health System Research Symposium (MHSRS) 2023 and American Society for Clinical Pharmacology & Therapeutics (ASPCT) 2024
- Received a total of A\$11.17m from R&D Rebate Advance Payments
- Secured Capital Raise of up to ~A\$12.4m (Q3 CY23)
- Australian Government awarded AUD \$54,947,284 Advanced Overseas Finding across Recce infectious disease portfolio
- Established strategic partnership in South-East Asia to accelerate clinical anti-infective portfolio



Regulatory

- New Family 4 patent granted for RECCE® Anti-Infectives in Australia, Canada and Israel
- New Family 2 patent granted for RECCE® Anti-Infectives in China
- RECCE® Trademark registered in Vietnam and Canada
- Completed the production of 5,000 manufactured R327 doses per week, under GMP for each campaign



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Clinical and Pre-Clinical

Urinary Tract Infection (UTI)/Urosepsis

- Completed Phase I intravenous (I.V.) clinical trial of R327 in 80 human subjects (60 received R327, 20 placebo) and reported positive independently verified results
- Completed Phase I/II UTI/Urosepsis Rapid Infusion Trial and reported positive efficacy data from the urine of dosed participants
 - Dosed five cohorts across various infusion times (15, 20, 30 and 45 minutes) at 2,500-4,000 mg of R327
 - R327 was shown to be safe and well-tolerated in healthy participants

Acute Bacterial Skin and Skin Structure Infections (ABSSSI)

- Received Human Research Ethics Committee (HREC) approval received to commence a Phase II clinical trial assessing R327 as a topical, broad-spectrum gel applied to patients with ABSSSIs

Diabetic Foot Infections (DFI)

- Reported positive human efficacy data from Phase I/II trial evaluating R327 Gel (R327G) in patients with DFIs and expanded trial to additional domestic and international sites

Burn Wound Infections

- Completed a Stage 1 data analysis in Phase I/II trial of R327 in patients with burn wound infections
- Received US\$2 million (approx. A\$3 million) in grant funding from the U.S. Department of Defense for Recce's burn wound program

Pre-Clinical

- Reported positive pre-clinical results of R327 against *Neisseria gonorrhoeae*, *Escherichia coli* and *Mycobacterium abscessus* lung infections
- Recce to continue its strategic partnership with Murdoch Children's Research Institute (MCRI)

Therapeutic Goods Administration (TGA) Special Access Scheme

- Dosed five (5) patients experiencing complex, resistant infections – surgery/amputation was averted, and wound healing was observed across all patients
- Reported positive results from patients with patients suffering antibiotic-resistant Gram-positive and Gram-negative bacterial infections, treated with treated with R327G under the TGA Special Access Scheme – Category A

Letter from the Chairman

Dear Shareholders,

We are pleased to present Recce Pharmaceuticals' annual report for the year ended 30 June 2024. The year has been marked by significant achievements and progress in Recce's research and clinical development programs, manufacturing capabilities and human resources. One of the most gratifying highlights was the recognition of one of Recce's research and development programs by the United States Government Department of Defense that awarded the Company a US\$2 million grant to study burn wound infections.



As the only new class of antibiotic in the past 40 years, the opportunity for our assets to transform public health and medical practice is significant.

Clinical progress

It is important to bring attention that the threat of antibiotic resistance continues to grow at alarming rates with recalcitrant infections continuing to rise dramatically in certain regions of the world. Addressing this crisis requires a multifaceted, global approach. Recce firmly believes the need for a paradigm shift in the approach to new antimicrobial treatments. Our novel synthetic anti-infective platform represents a potential critical advance in this ongoing silent battle.

To this end, we are working diligently to advance the clinical development of our synthetic anti-infective compounds highlighted this year by impressive initial safety and efficacy data. Recce has made significant strides in the clinical and commercial development of its lead candidate, RECCE® 327 (R327). The completion of our Phase I/II rapid infusion trial and subsequent release of safety and efficacy data was a major company milestone achieved this period.

These results from the first new class of antibiotic in the past 40 years underscore the potential of our approach and the opportunity for our assets to transform public health and medical practice is significant.



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The release of this data generated global interest from medical opinion leaders with the team continuing to capitalise on this interest as Recce prepares to initiate a number of late-stage clinical trials.

The Company also released five patient case studies, with R327G treating patients suffering from life threatening infections. This was conducted through the Therapeutic Goods Associations (TGA) Special Access Scheme - Category A. The scheme gives qualified medical practitioners use of unapproved antibiotic treatments for complex life-threatening infections not responding to existing treatments.

Further global recognition of our technology's unique potential came with the World Health Organization (WHO) citing Recce in its yearly report on Antibacterial Products in Clinical Development. R327 has been defined by the WHO as an adenosine triphosphate (ATP) production disruptor and is the only compound under this category.

The WHO has classified Recce's anti-infective compounds as critical to helping combat one of the most urgent public health challenges of our time. The UK Government Innovation Agency's AMR Mission 2024 also recognised Recce's significant contributions to antimicrobial resistance research and development (R&D).

We approach our work with a sense of urgency, knowing the importance of the task. By leveraging novel mechanisms of action, overcoming existing resistance pathways, enhancing efficacy, expanding the treatment arsenal and enabling scalable production, Recce's revolutionary synthetic antibiotics and applications provide a multifaceted approach to addressing the problem.

Manufacturing foundations for growth

In 2023 Recce's manufacturing team demonstrated the ability to manufacture 5,000 doses of R327 per week under Good Manufacturing Practice (GMP). This marks a first for Recce's full-spectrum manufacturing capability including demonstrating the versatile, reproducible nature of its patented manufacturing process. In the coming year, our expanded manufacturing capabilities will be able to match the output required to supply our present and anticipated clinical trials ahead.

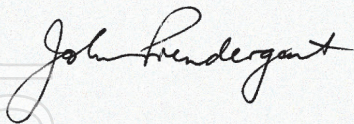
Our people and future prospects

The calibre of talent at Recce is impressive. As the business continues to deliver results, we are able to attract more specialists in the field with the experience to help take the company through its next phase of growth.

The coming year is shaping up to be another significant one for Recce. We have a clear plan, an exciting clinical pipeline, a strong balance sheet and a team of dedicated professionals with the skills, experience and motivation to make a global impact.

Finally, and most importantly, I want to thank all our shareholders, our clinical and business partners, and our growing dedicated team for their unwavering support and commitment to this exciting challenge. This collective commitment gives us the best possible chance of ensuring our future successes.

Sincerely,



Dr John Prendergast
Executive Chairman

Letter from the CEO

I am pleased to present the commercial initiatives undertaken by Recce in FY24. To support our clinical progress, the Company has materially strengthened its financial, commercial, intellectual property and global strategic partnerships in response to the clinical advancements made over the financial year.



Intellectual property is crucial for early-stage medical innovators with a global focus like Recce. The Company's extensive and robust intellectual property portfolio underlines the value of its assets and potential future success.

Funding and financial support

The Company's commitment to fiscal responsibility is evident with sufficient capital to fund priority pipeline opportunities.

Managing Recce's funding needs is a critical function and during the reporting period our active focus was on securing capital to progress clinical milestones where Recce has a clear competitive advantage.

Government grants and strategic partnerships also provide Recce with non-dilutive capital to fund its programs. Supporting that, Recce received an Advanced Overseas Finding of A\$54.94m across the infectious disease portfolio from the Australian Government, extending our R&D rebates from locally, to globally and assuring the rebate status to support our research and development costs. It is one of the largest awarded in Australian history as a pillar of the R&D Tax Incentive Program administered by the Australian Government.

A new initiative was established with Sydney-based Endpoints Capital, which provided the business with an advance payment of A\$11.17m against R&D refunds.

An overseas R&D rebate of A\$98,428 from the Canadian Government was received to support research and development along with US\$2m (approx. A\$3m) from the US Department of Defense (Army) to facilitate the development of our burn wound program.



The Company has a clear vision for the future and the capital raise of A\$12.4m completed in Q3 CY23 has provided the funding to implement the next phase of clinical development for Recce's clinical pipeline.

Recce's ability to raise the required capital is a direct result of extensive market engagement and investor outreach efforts throughout the year. Investors and our existing shareholders have been proven to understand the Company, its growth strategy and commercial potential.

Intellectual property and recognition

Intellectual property is crucial for early-stage medical innovators with a global focus like Recce. Recce is the 100% owner of >40 granted patents among an extensive and robust intellectual property portfolio, underlining the value of its assets and potential future success.

During the reporting period Recce furthered its patent estate, through the grant of patents in Australia, Israel, Canada (Family 4), and China (Family 2) for its anti-infective drugs, significantly strengthening its position in these major markets.

Strategic partnerships and collaborations

Recce has been commercially active in terms of collaborations and partnerships with leading firms in the biopharmaceutical and drug manufacturing fields.

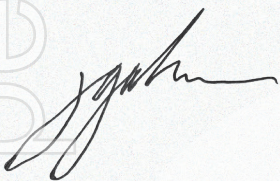
One of the most significant strategic partnerships developed this year was our collaboration and signed Memorandum of Understanding (MoU) with Indonesia's PT Etana Biotechnologies in Jakarta.

Etana is a significant player in the Indonesian and Southeast Asian biopharmaceutical landscape. Etana is a leading contributor to the Indonesian government's health initiatives and Recce looks forward to sharing developments of the partnership over the coming year.

The Company also established several important relationships with leading clinical research partners and hospitals in Australia who play a key role in the expansion and coordination of our clinical programs.

We continued our engagements with the prestigious Murdoch Children's Research Institute in Melbourne which saw the establishment of a dedicated anti-infective research unit, producing very promising pre-clinical data. Tests to date have shown efficacy against a range of hard-to-treat World Health Organization (WHO) drug-resistant priority pathogens.

We look forward to sharing the next phase of our journey with you and thank shareholders for their continued support.



James Graham,
Managing Director & Chief Executive Officer

Overview of Company Activities

Recce has made substantial progress in its clinical programs, completing, and expanding, new trials across multiple indications. The Company's clinical trials include both intravenous and topical programs, targeting indications such as UTI/urosepsis, diabetic foot infections, burn wound infections, and acute bacterial skin and skin structure infections.



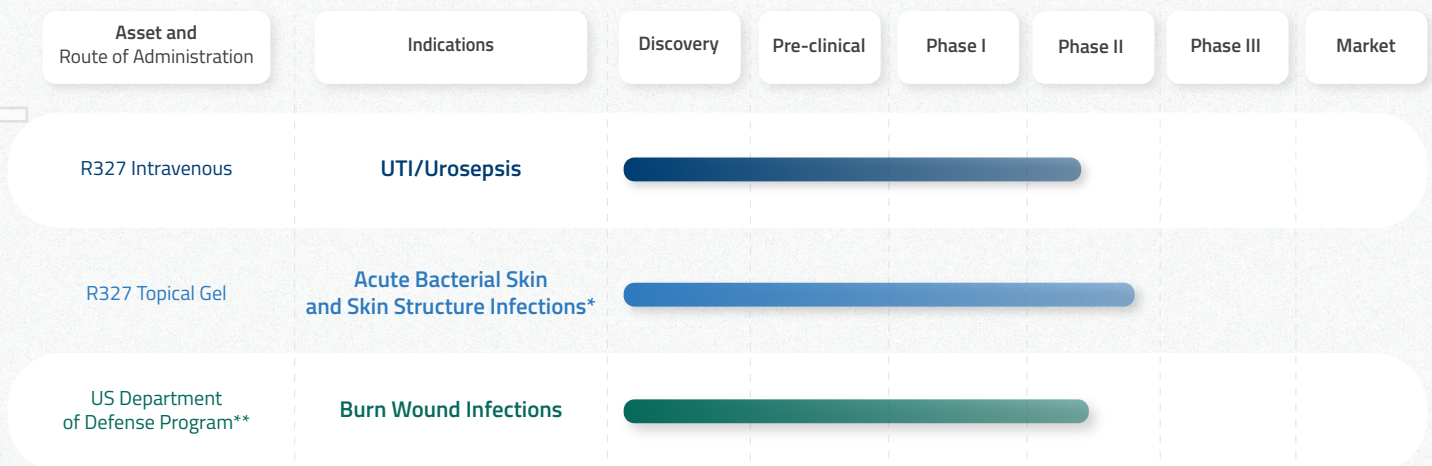
The Company's key clinical objectives were met, with the completion of multiple clinical trials, including a Phase I intravenous trial and a Phase I/II UTI/urosepsis rapid infusion trial. The Company also initiated a Phase II trial evaluating R327 as a topical gel in patients with acute bacterial skin and skin structure infections (ABSSSI). Recce is preparing to initiate a Phase III registrational trial in Indonesia, following a signed Memorandum of Understanding (MoU) with PT Etana Biotechnologies (Etana), a leading Indonesian biomedical organisation.



Recce's Anti-Infective Research (AIR) Unit at Murdoch Children's Research Institute continued to produce strong preclinical data, demonstrating efficacy against multiple World Health Organization (WHO) priority pathogens, including *Mycobacterium abscessus*, *Neisseria gonorrhoeae*, and *Escherichia coli*. This efficacy data further supports the potential of new indications for Recce's platform technology to progress into the clinic.



Recce has materially strengthened its financial position to progress its ongoing to progress its ongoing clinical programs and to continue the development of its preclinical portfolio, following a successful capital raise, raising a total of approximately A\$10.7 million (before costs) through an entitlement offer (A\$2.7 million before costs) and placement (A\$8 million before costs) to institutional, sophisticated and professional investors announced 29 September 2023. CEO James Graham, took up his full entitlement, investing a further A\$102.7k into the Company, with Directors taking up approximately A\$110,000 (-250,000 Shares) of entitlement shortfall.



* Including post-operative infection, wound infections and diabetic foot infections.

** The US Department of Defense has Recommended R327 Gel (R327G) as a topical treatment for Burn Wound Infections for grant funding of USD \$2.0 million (AUD 3.0 million).

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RECCE PHARMACEUTICALS ANNUAL REPORT 2024

Strategic Opportunity in South-East Asia

Recce Pharmaceuticals announced a significant milestone with the signing of a Memorandum of Understanding (MoU) with PT Etana Biotechnologies, a leading biomedical organisation in Indonesia. This strategic partnership is designed to accelerate the clinical development of Recce's anti-infective treatments in Indonesia, representing a crucial advancement in the global fight against antimicrobial resistance.

Supported by both the Australian and Indonesian governments, this collaboration opens the door to the broader ASEAN region, which includes 10 member states and a population of approximately 670 million people. Both governments have independently introduced several support initiatives to propel this historic bilateral effort, underscoring their commitment to advancing public health through innovative solutions.

The Indonesian government has further endorsed the partnership by providing access to hospitals for clinical trials and pre-clinical research.

The MoU outlines a collaborative effort between both parties to research, develop, produce, distribute, and commercialise a first-in-class therapeutic with broad-spectrum anti-infective capabilities. This is intended for potential regulatory approval and use across Indonesia, and possibly other jurisdictions as agreed by the parties, to address the critical global health challenge of antimicrobial resistance.



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



“The global health challenge of antimicrobial resistance is a pressing issue on the world stage. Indonesia welcomes collaborative initiatives and supports efforts to combat antimicrobial resistance, including the development of innovative therapeutics for infectious diseases.”

- Mr. Budi Sadikin, Indonesian Minister of Health



Indonesian Minister of Health Budi Sadikin addressing Her Excellency Penny Williams and RCE CEO James Graham.

Human Clinical Trials

RECCE® 327 (R327) Intravenous (I.V.) Programs

Phase I I.V. Clinical Trial - Completed

The Company completed its first-in-human Phase I trial of R327. The Phase I trial was an ascending dose, randomised, placebo-controlled, parallel, double-blind, single-dose study.

Following the completion of the study, the Company released positive and independently verified results of R327 as an I.V. infusion formulation in 80 healthy male subjects (60 received R327, 20 placebo). In concurrence with the TGA clinical trial regulatory procedures, the recruitment for the study is closed and marked 'Complete' with no 'Serious Adverse Events' reported.

Summary of results



Safe and well tolerated
at doses up to 6,000mg
given as a 1-hour
intravenous infusion



No Serious Adverse Events
All AE's mild or moderate



No significant changes
in any laboratory test,
electrocardiogram
(EKG) or telemetry

- Concentrations of R327 increased with dose, half-life (t_{1/2}) increased with dose: 3-5 hours at higher doses
- Urine concentrations were up to **20 times higher** than plasma concentrations
- The successful Phase I safety and tolerability study of R327 I.V. in healthy male volunteers has paved the way for the next stage of R327's clinical development in sepsis and UTIs

Phase I/II Urinary Tract Infection/Urosepsis Rapid Infusion Clinical Trial - Completed

The Phase I/II study included 25 participants who received R327 at doses up to 4,000mg as an I.V. formulation over a range of infusion times (15, 20, 30, and 45 minutes). The highest dose cohort included six participants, all receiving 4,000mg of R327 over a 20-minute infusion period.

The trial met all primary endpoints, demonstrating R327's tolerability and significant antibacterial efficacy. Building on these promising results, the Company plans to commence a Phase II trial to further validate these findings and explore additional therapeutic indications for R327.

Key Findings from Clinical Trial at Highest Dose of 4,000 mg of R327 include; consistent efficacy across participants, clear impact on bacterial growth build-up over time in human urine, sustained effectiveness and rapid reduction in bacteria when mixed with urine of participants (*ex-vivo*).

Did you know?

Antibiotics administered as an I.V. infusion, usually over 30 minutes, have benefits such as savings in nursing time, reduced costs, and improved safety. **The 2021 Surviving Sepsis Campaign (SCC) guidelines strongly recommend administering I.V. broad-spectrum antibiotics as soon as possible, preferably within an hour of sepsis recognition.**

15 min
20 min
30 min
45 min



RECCE® 327 (R327) Topical Programs

Phase I/II Diabetic Foot Infection (DFI) Clinical Trial

The Phase I/II trial is an interventional study assessing the safety and efficacy of R327 as a topical broad-spectrum anti-infective treatment for patients with mild skin and soft tissue DFI. Patients were treated either daily or every second day for 14 days.

The Company announced that the study achieved its primary endpoint of resolving/curing bacterial infections in DFIs. Following this success, Recce has expanded clinical sites domestically and internationally in the interest of accessing a greater patient population.

Summary of patients

| | Application Frequency | Age (yrs)/Sex | Wound Location | Pathogen Identified | Clinical Response |
|-----------|-----------------------|---------------|------------------------------|---|---|
| Patient 1 | Daily | 32/M | Left forefoot lateral aspect | Methicillin-Resistant <i>S. aureus</i> | Escalated therapy* |
| Patient 2 | Second Daily | 55/M | Right hallux plantar aspect | <i>S. aureus</i> , mixed skin flora and coliforms | Infection resolved/cured |
| Patient 3 | Second Daily | 51/M | Left forefoot plantar aspect | <i>S. aureus</i> , mixed skin flora and coliforms | Infection resolved/cured |
| Patient 4 | Daily | 70/M | Left forefoot plantar aspect | Mixed skin flora | Infection resolved/cured (in half the treatment time) |
| Patient 5 | Daily | 64/M | Right hallux dorsal aspect | Mixed skin flora and coliforms | Infection resolved/cured |

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

"We are pleased that the Phase I/II clinical trial has met all primary endpoints, and produced efficacy data to support R327 to be used as topical agent."

- James Graham, CEO
(18 January 2024)

Phase II Acute Bacterial Skin and Skin Structure Infections (ABSSSI) Clinical Trial

The Company received Human Research Ethics Committee (HREC) approval to commence a Phase II trial assessing R327 as a topical, broad-spectrum gel applied to patients with ABSSSIs.

The Phase II trial is an open-label, efficacy study and exploratory evaluation of the systemic bioavailability of single and/or multiple doses of R327 topical gel applied to ABSSSIs. The study aims to provide critical data on R327 Gel's effectiveness in treating a broad range of ABSSSI indications. ABSSSI refers to a bacterial infection of the skin and its related tissues, such as DFI, necrotizing fasciitis, and post-operative wound infections.

This ethics approval allows the Company to combine the clinical studies of DFIs, wound infections, and more under one essential centralised regulatory category of ABSSSI for a broad range of unmet medical needs in the topical bacterial infection landscape. This centralised study approach to the broad category of ABSSSI has been made possible by building upon and validating study data to date, including compelling patient outcomes under the TGA Special Access Scheme Category A initiatives. The study aims to evaluate the clinical efficacy and toxicity of R327G.



The global ABSSSI treatment market size was valued at **US\$7.3B in 2018** and is projected to reach **US\$26B by 2032**, representing a CAGR of 9.5% between 2019 and 2032.

Phase I/II Topical Burn Wound Infection Clinical Trial – Stage 1 Completed

The data analysis is complete for the Phase I/II trial of R327 in patients with burn wound Infections.

Clinicians reported a visible reduction in bacterial infection within the first 24 hours of R327 treatment, demonstrating broad-spectrum antibiotic activity against Gram-positive and Gram-negative pathogens listed on the WHO Priority Pathogen list of antibiotic-resistant bacteria, defined as multidrug-resistant and difficult-to-treat. All patients treated with R327 showed good indications of safety and tolerability to the compound.

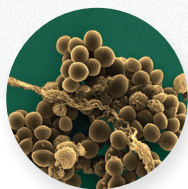
United States Department of Defense Grants US\$2 million for RECCE® 327 Gel

The U.S. Department of Defense awarded Recce a substantial grant of US\$2 million to accelerate the development of R327G, emphasising its potential in acute treatment scenarios, particularly in military settings.

This funding underscores the innovative nature of R327G as a synthetic anti-infective designed to rapidly resolve burn wound infections and minimise the onset of bacteraemia complications, such as sepsis.

The grant, awarded through the US Department of Defense Congressionally Directed Medical Research Programs (CDMRP), highlights R327G's potential to replace traditional antimicrobial dressings and enhance the quality of care for military personnel.

This recognition reinforces the Company's commitment to advancing medical solutions critical to military and civilian populations.



Did you know?

Aggressive infection is the leading cause of death and morbidity of burn wound sufferers. The most relevant and dangerous of burn wound infections are those involving *Staphylococcus aureus*, a Gram-positive bacteria located on the skin and mucous membranes (most often the nasal area).



RECCE® 327
Antibiotic
/ Dilution Use st
odium ch

Therapeutic Goods Administration (TGA) Special Access Scheme - Category A

The Company reported on five cases under the TGA SAS-Category A. In this program, R327G was utilised by a qualified medical practitioner in patients suffering antibiotic-resistant Gram-positive and Gram-negative bacterial infections.

| Patient | Age (yrs)/Sex | Wound Details | Clinical Response (Post R327G Treatment) |
|-----------|---------------|--|--|
| Patient A | 70-75/M | Puncture wound from metal spike. Unresponsive to all prior antibiotics, infection spreading, preparing for surgery. | <ul style="list-style-type: none"> 24 hours after one dose of R327G, the infection clinically responded (no pre-treatment debridement needed). Redness and swelling reduced, no stinging reported. 30 days post-treatment, wound successfully healed and closed. |
| Patient B | 72/M | Type 2 diabetes, unresponsive to all prior antibiotics. Peripheral Vascular disease and neuropathy. | <ul style="list-style-type: none"> Day 7: redness and swelling minimised; wound healing and drying. Day 10: no infection, no pus, wound clearing and healing. Day 14: significant improvement, well tolerated. |
| Patient C | 51/F | Significant wound infection post-ankle infusion surgery. Diagnosed with arthritis in the right ankle due to talar avascular necrosis. | <ul style="list-style-type: none"> Day 7: redness and swelling minimised, wound drying. Day 14: no bacterial growth around wound. Day 21: wound healed, closed, and dried with no infection. |
| Patient D | 51/M | Involved in a motor bike accident in 2017, was required to have an amputation above the knee. The patient received an osseointegration (bone ingrowth metal implant). Recurrent infection on the left femoral (thigh). | <ul style="list-style-type: none"> Day 3: redness and swelling minimised, wound healing and drying. Day 14: wound dried, improved with no redness or swelling. |
| Patient E | 84/M | Osteomyelitis (serious infection of the bone) on his left big great toe, not responding to antibiotics. | <ul style="list-style-type: none"> Day 3: wound drying, infection clearing, toe responding well. Day 7: wound dried, no biofilm, swelling reduced. Surgical intervention averted. |

GMP Manufacturing Capabilities Supporting Clinical Trials



The Company completed the production of 5,000 R327 doses per week under the Good Manufacturing Practice (GMP) campaign. Due to the increased demand for R327 required for clinical studies, producing 5,000 doses of R327 per week is a significant achievement that provides surplus sample material for the TGA Special Access Scheme, Phase I, Phase II, and anticipated registrational Phase III opportunities ahead.

Pre-Clinical

Pre-Clinical Efficacy Results Produced by Murdoch Children's Research Institute (MCRI) Anti-Infective Research (AIR) Unit

The Company has continued its strategic partnership with Murdoch Children's Research Institute, following key pre-clinical efficacy data received for multiple WHO priority pathogens. This data will support clinical trials for new indications.



Neisseria gonorrhoeae (N. gonorrhoeae)

Study Outline: The study was conducted to test the efficacy of R327 treatment against *N. gonorrhoeae* in a mouse vaginal infection model.

Key results: By the end of the treatment period, R327 was successful in significantly reducing vaginal gonococcal shedding. In this study, a two-log reduction was observed (99% kill), commonly considered a significant effect. The mice in this study displayed no clinical signs of gonococcal infection.



Mycobacterium abscessus (M. abscessus)

Study Outline: A pilot study was conducted on the efficacy of nebulised R327 for treating lung infections in a mouse model.

Key results: R327 demonstrated efficacy in treating *Mycobacterium abscessus* (*M. abscessus*) lung infections using a recently developed nebulizer delivery method: >99% log reduction (>2.5 log reduction) observed. The pilot study demonstrated a significant reduction of *M. abscessus* colonisation in both lungs of mice treated with nebulized R327. Notably, nebulised R327 significantly decreased *M. abscessus* bacterial colonisation, and the mice maintained a stable body weight throughout the study period, indicating the treatment's safety and tolerability. The results represent a significant milestone in the development of nebulised treatments for lung infections.



Escherichia coli (E. coli) in Urinary Tract Infection

Study 1 Outline: Two studies were conducted to investigate R327's bactericidal activity in *E. coli* UTI in rat models via I.V. infusion and direct-to-bladder delivery.

Study 1 Results: a >99% reduction (>2-log reduction) of *E. coli* UTI was observed in a rat model, and a reduction of bacterial load in urine at 6 hours post-infection.

Study 2 Outline: Measured the bacterial shedding of *E. coli* in the urine, where a 2-log reduction (99% kill) for R327 bladder delivery compared to the untreated control group. The bacterial burden of *E. coli* in kidney tissue was also analysed.

Study 2 Results: A 2-log (99% kill) reduction for R327 direct-to-bladder delivery was observed. Bacterial burden was analysed for *E. coli* in bladder tissue, with a bactericidal 3.5-log (>99.9% kill) and statistically significant reduction observed for the bladder delivery, compared to the untreated control group.

Image credit to CDC.

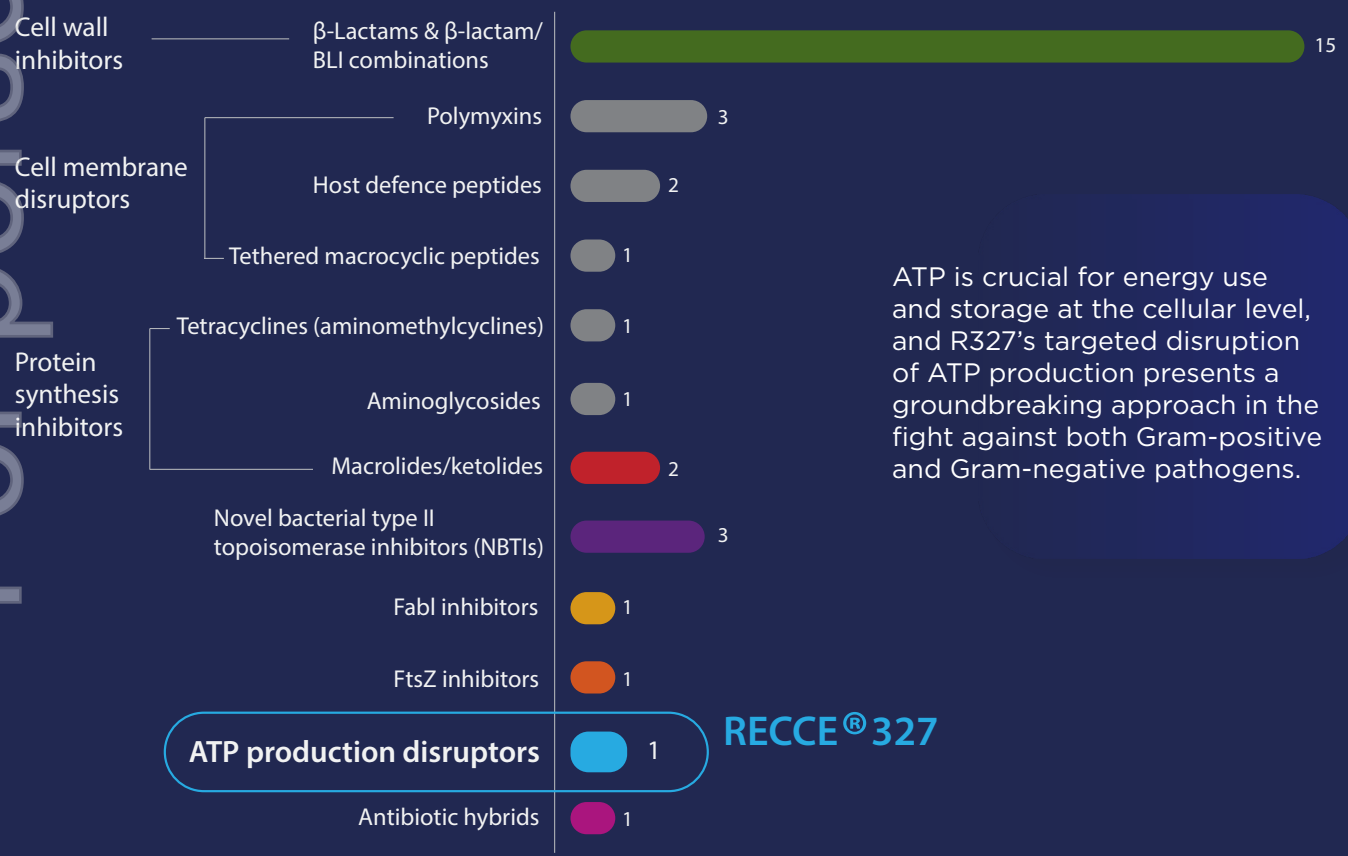
RECCE® 327 added to World Health Organization List of Antibacterial Products in Clinical Development

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- R327 has been added to the World Health Organization's report on Antibacterial Agents in Clinical Development and Pre-clinical Development.
- The report covers traditional and non-traditional antibacterial agents in development worldwide and evaluates to what extent the present pipeline addresses infections caused by priority pathogens, according to the updated 2024 WHO bacterial priority pathogens list.
- Unique Mechanism of Action – R327 is uniquely classified as an adenosine triphosphate (ATP) production disruptor, the only compound under this category.

Distribution of traditional agents according to their antibiotic class



ATP is crucial for energy use and storage at the cellular level, and R327's targeted disruption of ATP production presents a groundbreaking approach in the fight against both Gram-positive and Gram-negative pathogens.

RECCE® 327

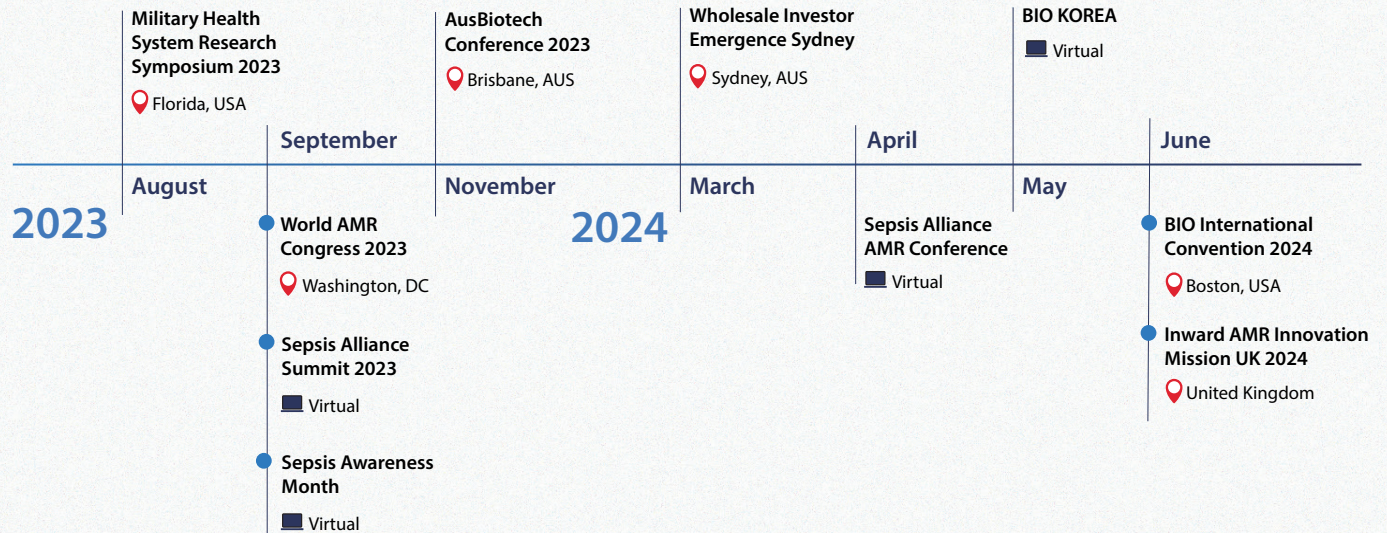
Conference Engagement

Connecting with Investors and Key Opinion Leaders at Global Conferences

The Company continued its presence at global conferences and interactions with Key Opinion Leaders to increase investment opportunities and engagement within the infectious disease and antimicrobial resistance community.

Attending global investor and industry events has allowed the Company to expand its business development programs, and network with potential partners.

See below key conferences the Company participated in throughout the financial year:



World AMR Congress 2023



BIO USA 2024



UK AMR Inward Mission 2024

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Board of Directors and Key Management Personnel



Dr John Prendergast

Executive Chairman

BSc (Hons), MSc (UNSW),
PhD (UNSW), CSS (HU)

Dr Prendergast, based in the US, is a renowned executive in the pharmaceutical industry. Currently serving as the Chairman and Co-founder of Palatin Technologies, Inc. (NYSE: PTN) and the Lead Director of Nighthawk Biosciences (NYSE: HHWK), he brings over three decades of expertise in the commercialisation of pharmaceutical technologies.

Dr Prendergast has led the approval of three new drug applications and played a pivotal role in the successful sale of Vylessi® to Cosette Pharmaceuticals for USD \$12M, marking a significant achievement in the pharmaceutical landscape.



James Graham

Managing Director and
Chief Executive Officer

BCom (Entrepreneurship), GAICD

Mr Graham is the Chief Executive Officer of Recce Pharmaceuticals. He was formerly Executive Director and has extensive experience in marketing, business development and commercialisation of early-stage technologies with global potential. Mr Graham serves on Recce's Board of Directors and has invested in almost every capital raise to date with a focus on expanding Recce's commercial opportunities and clinical initiatives.



Michele Dilizia

Executive Director and
Chief Scientific Officer

BSc (Med Sci), Grad Dip Bus
(Mktng), BA (Journ), GAICD,
MASM

Ms Dilizia is a co-inventor and qualified medical scientist with a specialisation in medical microbiology and regulatory affairs. She successfully co-led the research and development of Recce's suite of anti-infective compounds, resulting in a portfolio of granted patents across the globe, including a Qualified Infectious Disease Product designation with the U.S. Food and Drug Administration (FDA).



Dr Alan Dunton

Non-Executive Director &
Chief Medical Advisor

BSc (BioChem) Hons, M.D. (NYU)

Based in the US, Dr Dunton, as the Director of Palatin Technologies, brings a wealth of experience with over three decades in senior pharmaceutical roles. Notably, he served as the President and Managing Director of the Janssen Research Foundation (J&J Research).

Dr Dunton successfully advanced multiple blockbuster antibiotics through to commercialisation at Fortune 500 companies, such as J&J and Roche, where he played instrumental roles in shaping the commercial success of pharmaceutical products. Dr Dunton played a key role in the recent sale of Vylessi® to Cosette Pharmaceuticals for USD \$12M, continuing his track record of fostering advancements in drug development and successful commercialisation efforts.



Arthur Kollaras
Principal Engineer &
Head of Manufacturing
BSc, BEng (Chem), PhilEng
(Enviro), MIEAust, MISPE

Mr Kollaras is highly qualified in chemical engineering and microbiology. He has significant experience taking a new technology concept from a pilot plant to full-scale international production under FDA standards.



Dr Justin Ward
Executive Director and
Principal Quality Chemist
BSc (Chem), PhD (Chem),
MRACI, CChem, MPharm

Dr Ward is a qualified Chemist and Pharmacist with over 20 years of pharmaceutical and biotech industry experience in quality control, quality assurance, product research and development with leading pharmaceutical companies, including Pfizer. Dr Ward previously held a technical role with Pfizer, involving providing data for regulatory submissions to the FDA and TGA.



Alistair McKeough
Non-Executive Director
(Prandium)

Mr McKeough is an experienced executive and solicitor. Before being appointed as a non-executive director on 1 September 2022, Mr McKeough served as Recce's company secretary and he has been involved with the company since 2017. Alistair, who is a practising solicitor, has extensive experience serving as a director in many sectors, including for companies involved in professional services, corporate services, regulatory technology, sports technology, charities, health, biotech, child care and education.



Maggie Niewidok
Company Secretary
(Kardos Scanlan)

Ms Niewidok is an admitted lawyer with the firm Kardos Scanlan Corporate Lawyers. She is an experienced corporate lawyer and is the Company Secretary to various ASX-Listed and unlisted companies, across a range of industries.



Justin Reynolds
Chief Financial Officer
(Pitcher Partners)

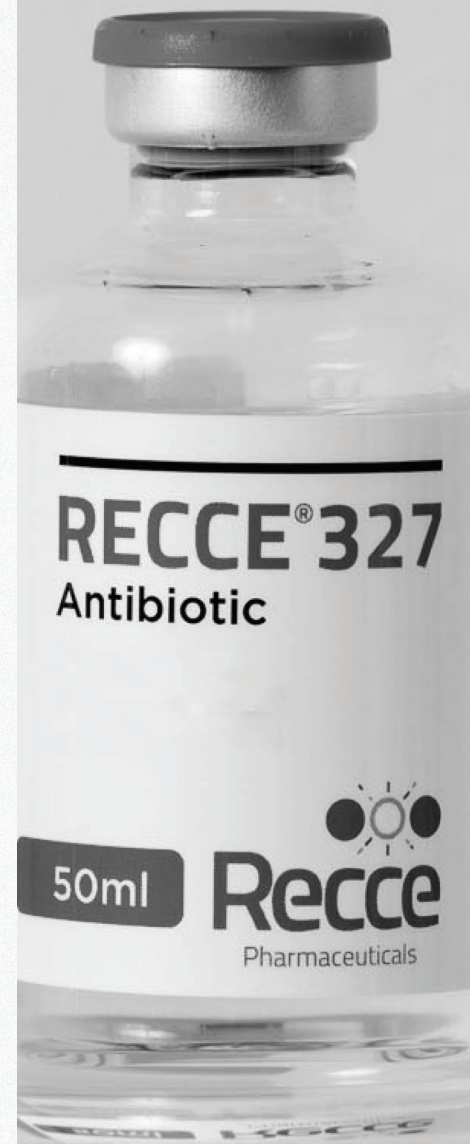
Mr Reynolds is a Partner at Pitcher Partners Sydney. His experience with multinational companies has led him to develop expertise as an Outsourced Financial Controller.

Financial Report

Recce Pharmaceuticals Ltd

(Formerly Recce Ltd) and Controlled
Entities ABN 73 124 849 065 Consolidated
Financial Report for the year ended
30 June 2024

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Directors' Report

For the year ended 30 June 2024

Your Directors present their report on Recce Pharmaceuticals Ltd (the 'Company') and controlled entities (the 'Group') for the year ended 30 June 2024.

Directors

The following persons held office as Directors of the Company during the year and up to the date of this report:

Dr John Prendergast

Executive Chairman

Mr James Graham

Managing Director & Chief Executive Officer

Ms Michele Dilizia

Executive Director and Chief Scientific Officer

Dr Justin Ward

Executive Director and Principal Quality Chemist

Dr Alan Dunton

Non-Executive Director & Chief Medical Advisor

Mr Alistair McKeough

Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors

Dr John Prendergast

Chairman (Executive)

Qualifications

BSc (Hons), M.Sc. and Ph.D., C.S.S. (Admin & Mgmt)

Experience

Dr Prendergast is currently Non-Executive Chairman and Co-Founder of Palatin Technologies developing targeted therapeutics for the treatment of diseases with significant unmet medical need and Lead Director of Nighthawk Biosciences, Inc., a publicly traded, clinical stage immunomodulatory company.

He was previously a member of the board of the life science companies, Avigen, AVAX Technologies and MediciNova Inc and also as a member of the Advisory Board for the Institute for the Biotechnology of Infectious Diseases (IBID) at the University of Technology Sydney, now called the ithree Institute.

Prior to that he was a Managing Director of The Castle Group Ltd., a New York medical venture capital firm. Dr Prendergast held Post-Doctoral Fellowships in the Department of Biochemistry and Molecular Biology, Harvard University and at the Center for Research on Blood Diseases in Paris with Professor Jean Dausset (Nobel Prize, 1980).

During his career, Dr Prendergast has been responsible for the approval of three (3) New Drug Applications.

Dr Prendergast received his M.Sc. and Ph.D. from the University of New South Wales, Sydney, Australia and a C.S.S. in administration and management from Harvard University.

Interest in Shares and Options

306,819 Ordinary Shares

2,175,000 Unlisted Options

Special Responsibilities

Member of the Audit & Risk Management Committee
Member of the Nomination & Remuneration Committee

Directorships held in other listed entities during the last three years

Palatin Technologies, Inc. (NYSE: PTN)

Heat Biologics, Inc. (NASDAQ: HTBX)

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Mr James Graham

Director (Executive) and Chief Executive Officer

Qualifications

BCom (Entrepreneurship), GAICD

Experience

Mr Graham is Chief Executive Officer and Executive Director of the Company.

Mr Graham has a background in marketing, business development and commercialisation of early stage technology with global potential.

Mr Graham continues to work closely with the growth and direction of Company, routinely investing alongside shareholders in capital rounds to date.

Interest in Shares and Options

Direct ownership

2,250,000 Unlisted Options

Indirect ownership

6,765,362 Ordinary Shares

Special Responsibilities

Nil

Directorships held in other listed entities during the last three years

Nil

Ms Michele Dilizia

Director (Executive) and Chief Scientific Officer

Qualifications

BSc (Med Sci), Grad Dip Bus (Mkting), BA (Journ), GAICD, MASM

Experience

Ms Dilizia is a Qualified Medical Scientist with specialisation in medical microbiology. Previously, she had a successful executive career in public relations and marketing for a leading retail chain.

Ms Dilizia was a market research consultant, which included marketing development of health-care and pharmaceutical products.

Interest in Shares and Options

Direct ownership

2,828,485 Ordinary Shares

1,500,000 Unlisted Options

Indirect ownership

256,000 Ordinary Shares

Special Responsibilities

Nil

Directorships held in other listed entities during the last three years

Nil

Directors' Report Continued

For the year ended 30 June 2024

Dr Justin Ward

Director (Executive)

Qualifications

BSc (Chem), PhD (Chem), MRACI, Chartered Chemist

Experience

Dr Ward is qualified chemist with specialisation in pharmaceutical quality management and product development.

Before Recce Pharmaceuticals, he held a technical speciality and special project leadership role with Pfizer Pharmaceuticals, involving providing data for the regulatory submissions to the FDA and TGA.

After Pfizer, he was the Laboratory Manager for Solbec, involving, again as presently, drug specifications and pharmaceutical trials for the ASX-Listed company.

Most recently, he was Quality Manager at Phebra and responsible for product quality and release of all drugs of the company with the TGA.

Interest in Shares and Options

Direct ownership

301,444 Ordinary Shares

600,000 Unlisted Options

Special Responsibilities

Nil

Directorships held in other listed entities during the last three years

Nil

Dr Alan Dunton

Director (Non-Executive) and Chief Medical Officer

Qualifications

M.D. New York University School of Medicine

B.S. Biochemistry. (Magna cum laude) State University School of New York at Buffalo

Experience

Dr Dunton has held leadership positions at various biotechnology and pharmaceutical companies including serving as president and chief executive officer at Panacos Pharmaceuticals, Inc., Metaphore Pharmaceuticals, Inc., and chief operating officer at Emisphere Technologies, Inc.

Dr Dunton served in several positions at Johnson and Johnson including president and managing director at the Janssen Research Foundation where he was responsible for leading over 2,000 professionals worldwide and prior to this as vice president of global clinical research and development at the R.W. Johnson Pharmaceutical Research Institute. During his career, Dr Dunton has been responsible for the approval of approximately 20 New Drug Applications; an amalgamation of prescription and OTC products.

Dr Dunton earned his medical degree from New York University School of Medicine following his bachelor's degree in biochemistry from the State University of New York at Buffalo. Dr Dunton then completed his fellowship in clinical pharmacology at New York Hospital/Cornell University Medical Center and, in 1987, was awarded The Nellie Westerman Prize from the American Federation for Clinical Research (AFCR) for his work in medical ethics.

Interest in Shares and Options

Direct ownership

116,819 Ordinary Shares

1,125,000 Unlisted Options

Indirect ownership

10,000 Ordinary Shares

Special Responsibilities

Chairman of the Nomination & Remuneration Committee
Member of the Audit & Risk Management Committee

Directorships held in other listed entities during the last three years

Palatin Technologies, Inc. (NYSE: PTN)
Oragenics, Inc. (NYSE: OGEN)
CorMedix, Inc. (NYSE: GRMD)
Regeneus Ltd (ASX: RGS)

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Mr Alistair McKeough

Director (Non-Executive)

Qualifications

BA, LLB, LLM

Experience

Mr McKeough is an experienced executive and solicitor. Before being appointed as a non-executive director on 1 September 2022, Mr McKeough served as Recce's company secretary and he has been involved with the company since 2017.

Alistair, who is a practising solicitor, has extensive experience serving as a director in many sectors, including for companies involved in professional services, corporate services, regulatory technology, sports technology, charities, health, biotech, child care and education.

Interest in Shares and Options

Indirect ownership

| |
|------------------------|
| 25,961 Ordinary Shares |
|------------------------|

| |
|----------------------------|
| 1,125,000 Unlisted Options |
|----------------------------|

Special Responsibilities

Chairman of the Audit & Risk Management Committee
Member of the Nomination & Remuneration Committee

Directorships held in other listed entities during the last three years

Nil

Chief Financial Officer

Justin Reynolds

Experience

Justin Reynolds is a Partner at Pitcher Partners Sydney.

Mr Reynolds' experience with multinational companies has led to him developing particular expertise as an Outsourced Financial Officer. He and his team provide their clients with the peace of mind that comes from high quality, technically expert outsourced accounting.

Mr Reynolds' has a broad range of experience having dealt with a variety of different sized organisations from small family business to multinational companies and high net worth individuals.

Company Secretary

Maggie Niewidok

Maggie is an admitted lawyer and employee of Kardos Scanlan Corporate Lawyers. Maggie is an experienced corporate lawyer who works closely with a number of boards of both listed and unlisted public companies across a range of industries.

Principal Activity

The Group is pioneering the development and commercialisation of a drug discovery and development business commercialising new Classes of synthetic anti-infectives with broad spectrum activity designed to address the urgent global health threat of antibiotic resistant superbugs and emerging viral pathogens. Its patented lead candidate, RECCE[®] 327 has been developed for the treatment of blood infections and sepsis derived from *E. coli* and *S. aureus* bacteria - including their superbug forms.

Review of Operations

On 10 July 2023, the Company announced its Phase I/II UTI clinical trial evaluating RECCE[®] 327 (R327) at faster infusion rates has successfully dosed its first cohort of both male and female subjects with No Serious Adverse Events.

On 12 July 2023, the Company announced non-dilutive funds from Radium Capital (Radium) for A\$801,604 of Recce's future Research and Development (R&D) tax incentive.

On 19 July 2023, the Company announced positive complete and independently verified results from its Phase I (R327-001) study of RECCE[®] 327 (R327) as an intravenous infusion formulation in 80 healthy male subjects.

On 20 July 2023, the Company announced potentially understating the Urine and Plasma concentration of RECCE[®] 327 (R327), as the table under the heading 'Positive Unexpected Findings' reported on only one oligomer (being, Oligomer 5, which is of specific importance) as part of the suite of oligomers that make the total R327 polymer.

Directors' Report Continued

For the year ended 30 June 2024

On 24 July 2023, the Company announced Scientia Clinical Research had successfully begun dosing both male and female subjects in its Phase I/II UTI clinical trial evaluating RECCE® 327 (R327) at faster infusion rates.

On 27 July 2023, the Company received confirmation a research Abstract and Poster presentation will be published at the 2023 Military Health System Research Symposium (MHSRS).

On 28 July 2023, the Company reported Scientia Clinical Research had successfully completed cohort dosing of both male and female subjects in its Phase I/II UTI clinical trial evaluating RECCE® 327 (R327) at faster infusion rates.

On 28 July 2023, the Company announced the international cash receipt of A\$98,428.27 from the Government of Canada as part of its Scientific Research & Experimental Development (SR&ED) Tax Incentive program. This amount is the second rebate the Company has received from the Government of Canada.

On 3 August 2023, the Company announced the Australian Patent Office had formally granted the first of Recce's new Patent Family 4 for RECCE's anti-infectives 'Process for Preparation of Biologically Active Copolymer', expiry 2041.

On 8 August 2023, the Company announced an update upon Therapeutic Goods Administration (TGA) Special Access Scheme (SAS) Category A utilisation of RECCE® 327 Gel (R327G) by a qualified medical practitioner across patients suffering antibiotic-resistant Gram-positive and Gram-negative bacterial infections.

On 21 August 2023, the Company announced Data Analysis complete for its Phase I/II topical clinical trial of RECCE® 327 (R327) for the treatment of burn wound infections.

On 22 August 2023, the Company announced its Phase I/II Diabetic Foot Infections (DFI) clinical trial has commenced dosing of patients at Liverpool Hospitals South West's Sydney Limb Preservation and Wound Research Unit.

On 28 August 2023, the Company reported an Independent Safety Committee approved next cohort dosing at two faster infusion rates of 3,000mg. Furthermore, the committee unanimously agreed R327 at two faster infusion rates of 2,500mg is safe and well tolerated in male and female subjects. The next cohort of subjects have been recruited with dosing to begin imminently.

On 6 September 2023, the Company announced it had been issued Trademark Registration for RECCE® from the Intellectual Property Office of Vietnam.

On 11 September 2023, the Company announced a capital raising of up to approximately A\$11 million (before costs) consisting of placement of approximately 18.2 million new fully paid ordinary shares in the Company at A\$0.44 per New Share, with commitments received totalling A\$8.0 million from institutional, sophisticated and professional

investors and a pro-rata non-renounceable entitlement offer of one (1) New Share for every twenty six (26) existing fully paid ordinary shares in the Company held by eligible shareholders at the same Offer Price as the Placement to raise up to a further A\$3 million.

On 22 September 2023, the Company reported Scientia Clinical Research has successfully completed cohort dosing of both male and female subjects in its Phase I/II UTI/Urosepsis clinical trial evaluating RECCE® 327 (R327) at faster infusion rates.

On 29 September 2023, the Company announced completion of a successful entitlement offer to shareholders raising approximately \$2.7 million (before costs). The Company raised a total of approximately \$10.7 million (before costs) through the entitlement offer and placement to institutional, sophisticated, and professional investors which completed on 18 September 2023.

On 24 October 2023, the Company reported an Independent Safety Committee had approved next cohort dosing at a faster infusion rate of 15 minutes of 3,000mg. Furthermore, the committee unanimously agreed R327 at an infusion rate of 30 minutes of 3,000mg is safe and well tolerated in male and female subjects. The next cohort of subjects have been recruited with dosing to begin imminently.

On 7 November 2023, the Company reported the first male and female subjects had completed dosing at the highest concentration of RECCE® 327 (R327) (3,000mg I.V.), within a fast infusion rate of 15- minutes in its Phase I/II UTI/Urosepsis clinical trial.

On 23 November 2023, the Company announced the Canadian Patent Office had formally granted a new Patent Family 4 for Recce's anti-infectives 'Process for Preparation of Biologically Active Copolymer' in Canada, expiry 2041.

On 14 December 2023, the Company announced positive efficacy of RECCE® 327 (R327) showing significant antibacterial activity against *Neisseria gonorrhoeae* (*N. gonorrhoeae*). The study was conducted by Murdoch Children's Research Institute to test the efficacy of R327 treatment against *N. gonorrhoeae* in a mouse vaginal infection model.

On 14 December 2023, the Company announced the Australian Government had Awarded an Advanced Overseas Finding for AU\$43,774,907 of Synthetic Antibiotic Research & Development (R&D) applicable expenditure by AusIndustry (a division of the Australian Government's Department of Industry, Innovation and Science).

On 15 December 2023, the Company announced the Australian Government had awarded AU\$11,172,377 Advanced Overseas Finding for its Synthetic Anti-Viral Research & Development (R&D) applicable expenditure by AusIndustry (a division of the Australian Government's Department of Industry, Innovation and Science) - AU\$54,947,284 across the infectious disease portfolio.

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On 28 December 2023, the Company announced further positive efficacy data, with RECCE® 327 (R327) showing significant antibacterial activity against *Escherichia coli* (*E. coli*) urinary tract infections (UTI) by Murdoch Children's Research Institute in a physiologically relevant rat UTI model.

On 18 January 2024, the Company announced an update on its Phase I/II diabetic foot infection clinical trial.

On 6 February 2024, the Company announced 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).

On 13 February 2024, the company clarified the announcement released 6 February 2024 surrounding the Memorandum of Understanding (MoU) between the Company and PT Etana Biotechnologies Indonesia (Etana). The purpose of the MoU was for both parties to work collaboratively on the research, development, production, distribution, and commercialisation of a first-in-class therapeutic agent designed with broad spectrum anti-infective capabilities for potential registrational use across Indonesia (and in other jurisdictions as otherwise agreed by the parties) to address the critical global health challenge of antimicrobial-resistance.

On 26 February 2024, the Company announced an Independent Safety Committee had unanimously agreed that the ongoing Phase I/II Diabetic Foot Infection (DFI) clinical trial was achieving its primary endpoints and recommended to expand based on the interim data analysis of the patients that were successfully treated with RECCE® 327 (R327).

On 27 February 2024, the Company announced the continuation of the work within the Company's Anti-Infective Research (AIR) Unit located within Murdoch Children's Research Institute (MCRI).

On 8 March 2024, the Company announced AUD \$11,178,965 as an R&D Advance with Endpoints Capital (Endpoints) capturing Recce's Research and Development (R&D) tax incentive for FY23/24 & FY25.

On 12 March 2024, the Company announced 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.

On 15 March 2024, the Company announced it had successfully completed dosing of its latest cohort in its Phase I/II UTI/Urosepsis clinical trial, evaluating RECCE® 327 (R327) at fast infusion rates.

On 21 March 2024, the Company announced it had been issued a Trade Mark Registration for RECCE® from the Canadian Intellectual Property Office.

On 3 April 2024, the Company announced the State of Israel Patent Office had formally Granted Recce's new Patent Family 4 for RECCE's anti-infectives: Patent Number 295116, 'Process for Preparation of Biologically Active Copolymer Comprising an Acrolein Derivative and a Polyalkylene Glycol Oligomer' in Israel, expiry 2041.

On 16 April 2024, the Company announced the successful batch completion under Good Manufacturing Practices (GMP) for RECCE® 327 (R327) with the patented manufacturing process now producing 5,000 GMP doses of R327 per week.

On 26 April 2024, the Company announced an Independent Safety Committee had approved an increase of R327 to 4,000mg (I.V.) over a fast infusion of 30 minutes.

On 7 May 2024, the Company announced the China National Intellectual Property Administration had formally Granted a new Patent Family 2 for Recce's anti-infectives 'Copolymer and Method for Treatment of Bacterial Infection' in China, expiry 2035.

On 9 May 2024, the Company announced promising results from its latest pilot study on the efficacy of nebulised RECCE® 327 (R327) for treating lung infections in a mouse model. The study was conducted at Recce's Anti-Infective Research (AIR) unit within Murdoch Children's Research Institute.

On 15 May 2024, the Company announced it had successfully dosed first male and female participants in the next cohort with RECCE® 327 (R327) at 4,000mg intravenously (I.V.) at a fast infusion rate of 20- minutes in its Phase I/II UTI/Urosepsis clinical trial.

On 3 June 2024, the Company announced it had received confirmation a research Abstract and Poster presentation will be published at the 2024 Military Health System Research Symposium (MHSRS).

On 11 June 2024, the Company announced it had successfully completed dosing of its latest cohort in its Phase I/II UTI/Urosepsis clinical trial, evaluating RECCE® 327 (R327) at fast infusion rates.

On 18 June 2024, the Company announced a further cash refund of AUD \$2,624,860.47 Research and Development (R&D) Tax Incentive rebate from the Australian Tax Office for the financial year ending 30 June 2023.

On 18 June 2024, the Company announced its primary anti-infective candidate, RECCE® 327 (R327), had been added to the World Health Organization's (WHO) report of Antibacterial Agents in Clinical Development and Preclinical Development.

On 24 June 2024, the Company announced it had received Human Research Ethics Committee (HREC) approval to commence a Phase II clinical trial assessing RECCE® 327 (R327) as a topical, broad-spectrum gel applied to Acute Bacterial Skin and Skin Structure Infections (ABSSSI).

Directors' Report Continued

For the year ended 30 June 2024

On 28 June 2024, the Company announced positive data from a Phase I/II clinical trial for urinary tract infections (UTIs) and urosepsis, demonstrating that RECCE® 327 (R327) administered intravenously is safe and efficacious against *Escherichia coli* (*E. coli*).

The operating loss has increased to \$17,661,714 (2023: loss of \$13,077,422) as a result of increased expenditure in consulting and research and development costs. The annual loss was after a R&D tax incentive of \$4,906,010 (2023: \$4,311,202).

The loss per share has increased during the year to 9.97 cents (2023: 7.52 cents).

The Group's focus is on progressing RECCE® 327's multiple ongoing human clinical trials, in parallel to the suite of pre-clinical programs.

Dividends Paid or Recommended

No dividends have been paid or declared for payment during the year and at the date of this report.

Options

During the financial year, the Company issued Nil (2023: 1,125,000) options to acquire ordinary shares in the Company at exercise prices and dates as disclosed in Note 19 to the consolidated financial statements. 396,565 options were exercised for \$123,730 during the financial year (2023: 607,400 options were exercised for \$102,043).

Significant Changes in State of Affairs

No significant changes in the Group's state of affairs occurred during the year.

Environmental Issues

The Group's operations are not subject to significant environmental regulations under the law of the Commonwealth or of a State or Territory. The policy is to comply with or exceed its environmental obligations in each jurisdiction in which it operates. No known environmental breaches have occurred.

Future Developments, Prospects and Business Strategies

The Group continues its strategy of having its antibiotic drug tested for safety, efficacy and chemistry to enable the Group to lodge its application for Investigational New Drug (IND) status with the Food and Drug Administration (FDA) in the USA.

The current economic model for developing new antibiotics has failed. There are virtually no practical economic incentives and most regulatory authorities have not prioritised these. Accordingly, there are significant opportunities for the Company in developing a new class of Synthetic Anti-Infectives designed to address the urgent global health problems of antibiotic-resistant superbugs and emerging viral pathogens.

There are many risks associated with this:

- (a) **Research and development** – May not be successful or commercially exploitable
- (b) **Changes in laws and regulations** – The introduction of new legislation or amendments to existing legislation may adversely impact the Company's operations
- (c) **Competition** – The pharmaceutical industry is intensely competitive and the Company may be beaten to market by one or more of its competitors
- (d) **Intellectual property** – May not be capable of being legally protected
- (e) **Risk of delay and continuity of operations** – Any disruption or delay to any key inputs could impact adversely on the Company
- (f) **Research and Development Grant** – There is no guarantee the program will continue. The eligibility criteria may change or an audit may require repayment in certain circumstances
- (g) **Key personnel** – Key personnel may leave and be difficult to replace or may leave to work with a competitor
- (h) **Product liability and uninsured risks** – The Company is exposed to potential product liability risks which are inherent in the research and development, manufacturing and marketing and use of its technology or products developed.

Events Subsequent to Reporting Period

On 5 August 2024, the Company announced that it had raised \$12.4 million (before costs) via a placement and share purchase plan.

Other than the above, no matters or circumstances have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Going Concern

The Directors believe that the Group is in a position to meet all its commitments as and when they fall due. Refer to Note 3 to the consolidated financial statements for further details.

Insurance of Officers

During the financial year, the Company paid a premium for an insurance policy insuring all Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against the amount of the premium.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervened in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any other such proceedings during the year.

Remuneration Report (Audited)

The remuneration report details the Key Management Personnel (KMP) remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

For the purposes of this Remuneration Report, KMP includes the following Directors and Senior Executives who were engaged by the Company at any time during the year ended 30 June 2024:

(i) Directors

| | |
|----------------------|--|
| Dr John Prendergast | Executive Chairman |
| Dr Alan Dunton | Non-Executive Director |
| Mr Alistair McKeough | Non-Executive Director |
| Mr James Graham | Managing Director & Chief Executive Officer |
| Ms Michele Dilizia | Executive Director and Chief Scientific Officer |
| Dr Justin Ward | Executive Director and Principal Quality Chemist |

(ii) Key Management Personnel

| | |
|--------------------|--|
| Mr Arthur Kollaras | Principal Engineer & Head of Manufacturing |
|--------------------|--|

The Remuneration Report covers the following matters:

- (A) Principles used to determine the nature and amount of remuneration;
- (B) Executive service agreements;
- (C) Details of remuneration;
- (D) Share-based remuneration;
- (E) Other transactions with Key Management Personnel; and
- (F) Other information.

(A) Principles Used to Determine the Nature and Amount of Remuneration

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans.

Independent advice may also be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Executive Remuneration

The Group's Remuneration Policy for Executive and Non-Executive Directors is designed to promote superior performance and long-term commitment to the Group. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Group and shareholders to do so.

Executive remuneration and other terms of employment are normally reviewed annually by the Board having regard to performance, relevant comparative information and expert advice.

The Group's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The principles underpinning the Group's remuneration policy are that:

- Reward reflects the competitive global market in which we operate;
- Rewards to executives are linked to creating value for shareholders;
- Remuneration arrangements are equitable and facilitate the development of senior management across the consolidated entity; and
- Where appropriate senior managers may receive a component of their remuneration in equity securities to align their interests with those of the shareholders.

Directors' Report Continued

For the year ended 30 June 2024

The total remuneration of executives and other senior managers consists of the following:

- (a) **Salary** – Executive Directors and senior managers receive a sum payable monthly in cash;
- (b) **Long-term incentives** – Executive Directors may participate in share option/performance right schemes with the prior approval of shareholders. Other senior managers may also participate in employee share option/performance right schemes, with any option/performance right scheme, with any option/performance rights issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options/performance rights to executives outside of approved employee option/performance right plans in exceptional circumstances; and
- (c) **Other benefits** – Executive Directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits. Cash bonuses are not subject to any specific performance terms and conditions.

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The full Board recommends the actual payments to Directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum approved aggregate remuneration approved for Non-Executive Directors is currently \$250,000.

It is recognised that Non-Executive Directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Group remains small, and the full Board, including the Non-Executive Directors are included in the operations of the Group more closely than may be the case with larger companies, the Non-Executive Directors are entitled to participate in equity based remuneration schemes subject to shareholders approval.

The Directors' believe that as at this stage, there is no relationship between the remuneration policy and performance.

All Directors are entitled to have their indemnity insurance paid by the Group.

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(B) Service Agreements

| Name | Base Salary | Performance-Based Incentives | Term | Notice Period |
|-----------------------------------|--------------|------------------------------|---------------|---------------|
| Dr John Prendergast ¹ | - | Nil | No fixed term | 3 months |
| Ms Michele Dilizia | \$350,000 pa | Nil | No fixed term | 3 months |
| Mr James Graham | \$450,000 pa | Nil | No fixed term | 3 months |
| Mr Justin Ward ² | \$280,000 pa | Nil | No fixed term | 4 weeks |
| Mr Arthur Kollaras ³ | - | Nil | No fixed term | 4 weeks |
| Dr Alan Dunton ⁴ | - | Nil | No fixed term | 4 weeks |
| Mr Alistair McKeough ⁵ | - | Nil | No fixed term | 4 weeks |

1 Entered into a consultancy agreement with the Company effective 26 February 2023. Remunerated monthly consulting and services fee of US \$20,833.33 totalling US\$250,000 per annum.

2 Entered into an employment agreement with the Company effective 10 March 2023. Total remuneration excluding super is \$280,000 plus superannuation.

3 Entered into a consultancy agreement with the Company effective 1 October 2021. Remunerated at the rate of \$400 per hour.

4 Remunerated monthly consulting fees of US\$468.75 per hour plus fixed monthly consultant fees of \$6,250.

5 Entered into a consultancy agreement with the Company effective 1 September 2022. Remunerated monthly consulting fees of \$6,770.83.

(C) Details of Remuneration

Director and other KMP Remuneration

Details of the nature and amount of each element of the remuneration of each KMP are shown in the table below:

Year ended 30 June 2024

| Name | Short-term benefits, cash salary and other fees \$ | Accrued Long Service Leave \$ | Superannuation (post-employment benefit) \$ | Termination payments \$ | Bonus \$ | Share-based payments \$ | Total \$ | Percentage Performance Related % |
|-------------------|---|----------------------------------|--|----------------------------|-------------|----------------------------|-------------|-------------------------------------|
| Directors | | | | | | | | |
| M Dilizia | 374,475 | 6,367 | 27,500 | - | 122,500 | - | 530,842 | 23.1 |
| J Graham | 524,118 | 12,891 | 27,500 | - | 270,000 | - | 834,509 | 32.4 |
| J Prendergast | 380,547 | - | - | - | - | - | 380,547 | - |
| J Ward | 280,000 | 7,730 | 30,800 | - | - | - | 318,530 | - |
| A Dunton | 75,000 | - | - | - | - | - | 75,000 | - |
| A McKeough | 81,250 | - | - | - | - | - | 81,250 | - |
| Executives | | | | | | | | |
| A Kollaras | 504,640 | 3,863 | 55,510 | - | - | - | 564,013 | |
| | 2,220,030 | 30,852 | 141,310 | - | 392,500 | - | 2,784,692 | |

Directors' Report Continued

For the year ended 30 June 2024

Year ended 30 June 2023

| Name | Short-term benefits, cash salary and other fees \$ | Accrued Long Service Leave \$ | Superannuation (post-employment benefit) \$ | Termination payments \$ | Bonus \$ | Share-based payments \$ | Total \$ | Percentage Performance Related % |
|-------------------|---|----------------------------------|--|----------------------------|----------------|----------------------------|------------------|-------------------------------------|
| Directors | | | | | | | | |
| M Dilizia | 367,650 | 64,191 | 27,500 | - | 80,000 | - | 539,341 | 14.8 |
| J Graham | 550,849 | 69,455 | 19,423 | - | 135,000 | - | 774,727 | 17.4 |
| J Prendergast | 369,848 | - | - | - | - | - | 369,848 | - |
| J Ward | 249,620 | 30,928 | 26,210 | - | - | - | 306,758 | - |
| A Dunton | 72,500 | - | - | - | - | - | 72,500 | - |
| A McKeough | 66,937 | - | - | - | - | 325,217 | 392,154 | - |
| Executives | | | | | | | | |
| A Kollaras | 288,800 | - | 30,324 | - | - | - | 319,124 | - |
| | 1,966,204 | 164,574 | 103,457 | - | 215,000 | 325,217 | 2,774,452 | |

(D) Share-Based Remuneration

Year ended 30 June 2024

(i) Issue of ordinary shares

There were no ordinary shares issued to Directors or KMP as part of their compensation during the year ended 30 June 2024.

(ii) Issue of options

There were no options issued to Directors or KMP as part of their compensation during the year ended 30 June 2024.

(iii) Issue of performance shares

There were no performance shares issued to Directors or KMP as part of their compensation during the year ended 30 June 2024.

Year ended 30 June 2023

(i) Issue of ordinary shares

There were no ordinary shares issued to Directors or KMP as part of their compensation during the year ended 30 June 2023.

(ii) Issue of options

The following options were issued on 15 November 2022 as part of remuneration under a share-based payment.

| Name | Options issued | |
|-------------------|------------------|----------------|
| | No. | \$ |
| Executives | | |
| A McKeough | 1,125,000 | 325,217 |
| | 1,125,000 | 325,217 |

The terms and conditions of each grant of options affecting remuneration in the current reporting period are as follows:

- exercise price: \$1.56
- grant date 15 November 2022
- grant date share price: \$0.69
- value per option at grant date \$0.28908
- grant date 15 November 2022
- dividend yield: 0.0%;
- risk-free rate based on the Australian Treasury bond rate for five years, to align with the term of the options: 3.44%;
- expected volatility derived from the share volatility of compatible listed companies over five years, to align with the term of the options: 70%; and
- expected life of the Share Option: five years.

(iii) Issue of performance shares

There were no performance shares issued to Directors or KMP as part of their compensation during the year ended 30 June 2023.

Equity Instrument Disclosures Relating to KMP

(a) Ordinary Shares

The movement of the numbers of shares in the Company for the year ended 30 June 2024 held by the Directors of the Company and other KMP of the Group, including their personally related parties, are set out below:

| Name | Balance at 1 July 2023 | Net Change Other | Share-based Payment | Balance at 30 June 2024 |
|-------------------|---------------------------|---------------------|------------------------|----------------------------|
| Directors | | | | |
| M Dilizia | 3,543,485 | (459,000) | - | 3,084,485 |
| J Graham | 6,531,932 | 233,430 | - | 6,765,362 |
| J Prendergast | 250,000 | 56,819 | - | 306,819 |
| J Ward | 158,966 | 142,478 | - | 301,444 |
| A Dunton | 70,000 | 56,819 | - | 126,819 |
| A McKeough | 25,000 | 961 | - | 25,961 |
| Executives | | | | |
| A Kollaras | 67,155 | 25,000 | - | 92,155 |
| | 10,646,538 | 56,507 | - | 10,703,045 |

Directors' Report Continued

For the year ended 30 June 2024

(b) Performance Shares

There are no performance shares outstanding as at 30 June 2024.

(c) Options

The movement of the numbers of options in the Company for the year ended 30 June 2024 held by the Directors of the Company and other KMP of the Group, including their personally related parties, are set out below:

| Name | Balance at 1 July 2023 | Options Expired | Balance at 30 June 2024* |
|-------------------|---------------------------|--------------------|-----------------------------|
| Directors | | | |
| J Graham | 2,250,000 | - | 2,250,000 |
| M Dilizia | 1,500,000 | - | 1,500,000 |
| A Dunton | 1,125,000 | - | 1,125,000 |
| J Prendergast | 2,175,000 | - | 2,175,000 |
| J Ward | 600,000 | - | 600,000 |
| A McKeough | 1,125,000 | - | 1,125,000 |
| Executives | | | |
| A Kollaras | 600,000 | - | 600,000 |
| | 9,375,000 | - | 9,375,000 |

* All options as at 30 June 2024 are vested and exerciseable.

(E) Other Transactions with KMP

During the financial year, consulting fees for technical services totalling \$1,111,952 (2023: \$1,029,537) were paid to an entity associated with Mr A Dunton. Additionally consulting fees for professional services totalling \$Nil (2023: \$105,000) were paid to an entity associated with Mr A McKeough. All payments were made on normal commercial terms and conditions. There were no other related party transactions during the financial year other than loans to key management personnel (refer below).

(F) Other Information

Loans to key management personnel

An amount of \$162,548 (2023: \$104,388) was advanced to Mr James Graham as an unsecured loan. The amount outstanding at reporting date including accrued interest was \$291,088 (2023: \$112,836). The loan is interest bearing at the rate of 8.77% per annum. Interest accrued on the loan amounted to \$15,704 (2023: \$8,448). The loan is repayable within 12 months of reporting date.

At year end, expense advances repayable by Mr James Graham totalled \$Nil (2023: \$Nil).

There were no other loans, payables, receivables or other transactions at the end of the financial year with Directors and other KMP and their related parties of the Company or the Group.

Two strikes Rule in Respect to the Adoption of the Remuneration Report

The *Corporations Act 2001* includes a 'two strikes' rule with regard to the adoption of Remuneration Reports. The 'two strikes' rule provides that if 25% or more of the votes cast on the resolution to adopt the Remuneration Report at two consecutive Annual General Meetings are against the resolution, the Company must at the later Annual General Meeting put a resolution to the shareholders proposing to convene another shareholder meeting to consider the spill of the Board ('Spill Resolution').

Under the *Corporations Act 2001*, the Company must have a minimum of three Directors at all times. The *Corporations Act 2001*, provides guidance in circumstances where either or both of the Directors are not re-elected by way of ordinary resolution, then they will be taken to have been appointed as Directors by resolutions passed at the Spill Meeting so that the Company maintains the required three Directors.

For the purposes of determining the length of time in office for future retirements by rotation, each Director who is re-elected at the Spill Meeting is considered to have been in office from the time of their previous rotation.

At the Annual General Meeting held in November 2023, the Company received a 'For' vote of 41.6% on its Remuneration Report for the 2023 financial year (2022: 94.2%). As more than 25% of the votes cast on this resolution were against the adoption of the 2023 Remuneration Report, this constitutes a 'first strike' for purposes of the *Corporations Act 2001* (Cth). The Group did not receive any specific remuneration related feedback from shareholders at either meeting however the Company has subsequently engaged with certain institutional shareholders who voted against the Remuneration Report to discuss the issues.

No remuneration consultants were engaged during the year.

End of remuneration report.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise stated.

This report is made in accordance with a resolution of the Board of Directors.



Dr John Prendergast
Executive Chairman

30 August 2024

Auditor's Independence Declaration



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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF RECCE PHARMACEUTICALS LTD

As lead auditor of Recce Pharmaceuticals Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Recce Pharmaceuticals Ltd and the entities it controlled during the period.

Jarrad Prue
Director

BDO Audit Pty Ltd
Perth
30 August 2024

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RECCE PHARMACEUTICALS ANNUAL REPORT 2024

Corporate Governance Statement

This corporate governance statement sets out Recce Pharmaceuticals Ltd's (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory.

However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at 30 August 2024 and has been approved by the board of the Company (**Board**).

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|---|-----------------|--|
| 1: Lay solid foundations for management and oversight | | |
| 1.1 A listed entity should have and disclose a board charter setting out: | YES | The Board is responsible for the corporate governance of the Company. |
| (a) the respective roles and responsibilities of its board and management; and | YES | The Board has adopted a Board Charter which outlines the manner in which its powers and responsibilities will be exercised, discharged or delegated, having regard to principles of good corporate governance and applicable laws. |
| (b) those matters expressly reserved to the board and those delegated to management. | YES | A copy of the Board Charter is available on the Company's website at the following URL: https://www.recce.com.au/index.php/company/corporate-governance . |
| 1.2 A listed entity should: | YES | |
| (a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward for election as a director; and | | (a) The Nomination and Remuneration Committee is responsible for recommendations to the Board for the selection and appointment of members of the Board. The Company's Nomination and Remuneration Committee Charter requires the Nomination and Remuneration Committee to undertake appropriate checks before the Board appoints a person or puts forward a candidate to security holders for election as a director. |
| (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | | (b) All material information relevant to the decision on whether or not to elect any potential directors, including information relating to their qualifications, experience and proposed roles within the Board are provided to shareholders in the Company's notices of meetings. |
| 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | YES | Directors and senior executives of the Company are given letters of appointment and/or service agreements prior to their engagement with the Company which sets out the terms of their appointment. |
| 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | YES | The Company Secretary position is directly accountable to the Board through the Chairperson on all matters relevant to the proper functioning of the Board. The Company Secretary is accessible to all Directors. |

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Corporate Governance Statement Continued

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|--|-----------------|--|
| 1.5 A listed entity should: | NO | |
| (a) Have and disclose a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; | | (a) The Company has adopted a Diversity Policy which complies with the guidelines prescribed by the ASX Corporate Governance Council. The Diversity Policy is available on the Company's website at https://www.recce.com.au/index.php/company/corporate-governance |
| (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and | | <p>(b) The Diversity Policy:</p> <ul style="list-style-type: none"> (i) provides a framework for the Company to set and achieve measurable objectives for achieving diversity; (ii) provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on the measurable objectives. <p>A copy of the Diversity Policy is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> |
| (c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: <ul style="list-style-type: none"> A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined 'senior executive' for these purposes); or B. if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act. <p>If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p> | | <p>(c) As of 30 June 2024, the respective proportions of men and women on the Board, in Senior Executive positions and across the whole organisation are set out below:</p> <ul style="list-style-type: none"> (i) 5 Directors of the Company's Board were male and 1 female; (ii) 63% of the Company's Senior Executives were male and 37% were female; and (iii) 56% of the Group's entire workforce (including Board members) were female and 44% were male. <p>Senior Executives are defined as the Executive Directors and those with a direct report into the CEO.</p> |

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| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|---|--------------------|--|
| 1.6 A listed entity should: | YES | |
| (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and | | (a) The Nomination and Remuneration Committee is responsible for evaluating the performance of the Board and individual Directors on an annual basis. The process for this is set out in the Company's Nomination and Remuneration Committee Charter which is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance . |
| (b) disclose, for each reporting period, whether a performance evaluation has been undertaken in the reporting period in accordance with that process during or in respect of that period. | | (b) An informal evaluation of the performance of the Board, its committees and its individual Directors was conducted in relation to the reporting period. |
| 1.7 A listed entity should: | YES | |
| (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and | | (a) The Nomination and Remuneration Committee is responsible for evaluating the performance of Senior Executives on an annual basis in accordance with the Company's Nomination and Remuneration Committee Charter which is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance . |
| (b) disclose, in relation to each reporting period, whether a performance evaluation has been undertaken in the reporting period in accordance with that process during or in respect of that period. | | (b) An evaluation of the Company's Senior Executives was conducted in relation to the reporting period |

Corporate Governance Statement Continued

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|---|-----------------|---|
| 2: Structure the Board to be effective and add value | | |
| 2.1 The board of a listed entity should: | YES | |
| (a) have a nomination committee which: | | The Company has established a Nomination and Remuneration Committee with Dr Alan Dunton, an independent Director, as Chair of the Committee. |
| (1) has at least three members, a majority of whom are independent directors; and | | The Committee has three members, who are: |
| (2) is chaired by an independent director, and disclose: | | (a) Dr Alan Dunton - Independent Non-executive Director; |
| (3) the charter of the committee; | | (b) Dr John Prendergast - Executive Director; and |
| (4) the members of the committee; and | | (c) Mr Alistair McKeough - Independent Non-executive Director. |
| (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or | | The Committee met 5 times during the FY24 financial reporting period and the attendance of each member at those meetings is as follows: (a) Dr Alan Dunton - 5; (b) Dr John Prendergast - 5; and (c) Mr Alistair McKeough - 3. A copy of the Nomination and Remuneration Committee Charter is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance . |
| (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | N/A | |
| 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. | YES | The Board strives to ensure that it is comprised of Directors with a blend of skills, experience and attributes appropriate for the Company and its business. The Company has a board skills matrix, setting out the mix of skills and diversity of the current Directors of the Company. A copy of the Board Skills Matrix is available on the Company website at: https://www.recce.com.au/index.php/company/corporate-governance . |

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| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|---|-----------------|--|
| 2.3 A listed entity should disclose: | YES | |
| (a) the names of the directors considered by the board to be independent directors; | | (a) Dr Alan Dunton and Mr Alistair McKeough, are the only Directors of the Company considered independent. |
| (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and | | (b) Dr Alan Dunton and Mr Alistair McKeough, are the only two Directors of the Company considered independent and do not have an interest, position, association or relationship of the type described in Box 2.3 of the ASX Principles and Recommendations. The Board assesses the independence of new Directors upon appointment and reviews Director independence as appropriate. |
| (c) the length of service of each director. | | (c) The date of appointment of each Director is as follows: <ul style="list-style-type: none"> • Dr John Prendergast – appointed on 23-04-2018; • Mr James Graham – appointed on 23-06-2015; • Ms Michele Dilizia – appointed on 26-06-2015; • Dr Justin Ward - appointed on 08-07-2019; • Dr Alan Dunton – appointed on 14-07-2020; and • Mr Alistair McKeough – appointed on 01-09-2022. |
| 2.4 A majority of the board of a listed entity should be independent directors. | NO | The Board Charter requires that where practical the majority of the Board will be independent. The Board currently comprises a total of six Directors, of whom two are considered to be independent, being Dr Alan Dunton and Mr Alistair McKeough. <p>The Board does not currently consider an independent majority of the Board to be appropriate given:</p> (a) the magnitude of the Company's operations; and <p>(b) the relevant skills and experience of Ms Dilizia, Dr Dunton, Mr Graham, Mr McKeough, Dr Prendergast and Dr Ward mean that the Board is appropriately skilled at this stage, to further the progress and development of the Company.</p> |
| 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | NO | The Company's Executive Chairman, Dr Prendergast, does not satisfy the ASX Principles and Recommendations definition of an independent director. Mr James Graham is the CEO of the Company. |

Corporate Governance Statement Continued

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|--|-------------------|--|
| <p>2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p> | <p>YES</p> | <p>The Nomination and Remuneration Committee is responsible to the Board for reviewing and recommending to the Board induction and professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p> <p>As a result, the Company has in place a program for the induction of new Directors which is tailored to each new Director depending on their personal requirements, background skills, qualifications and experience and includes the provision of a formal letter of appointment and an induction pack containing sufficient information to allow the new Director to gain an understanding of the business of the Company, and the roles, duties and responsibilities of Directors and the Executive Team.</p> <p>All Directors are encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous resources and professional development training to address any skills gaps</p> |
| <p>3: Instill a culture of acting lawfully, ethically and responsibly</p> | | |
| <p>3.1 A listed entity should articulate and disclose its values.</p> | <p>YES</p> | <p>The Company values are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Inclusivity; (c) Innovation; (d) Respect; and (e) Accountability. <p>The Company values are published on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> |
| <p>3.2 A listed entity should:</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p> | <p>YES</p> | <p>(a) The Board is committed to the establishment and maintenance of appropriate ethical standards in order to instil confidence in both clients and the community in the way the Company conducts its business. These standards are encapsulated in the Code of Conduct which outlines how the Company expects each person who represents it to behave and conduct business. The Company has a Code of Conduct which applies to all Directors, senior executives and employees and is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> <p>(b) The Company ensures that the Board is informed of any material breaches under the Code of Conduct Policy.</p> |

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| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|---|-----------------|---|
| 3.3 A listed entity should: | YES | |
| (a) have and disclose a whistleblower policy; and | | (a) The Company has adopted a Whistleblower Protection Policy which establishes a system for the reporting, investigation and rectification of wrongdoing. A copy of the Whistleblower Policy is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance . |
| (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | | (b) Through ongoing reporting, whilst preserving confidentiality, the Board is provided periodic reports on any disclosures under the Whistleblower Policy. |
| 3.4 A listed entity should: | YES | |
| (a) have and disclose an anti-bribery and corruption policy; and | | (a) The Company has adopted an Anti-bribery and Corruption Policy which sets out the Company's policy in relation to bribery, corruption and related improper conduct and establishes a process for the reporting of such conduct. The Anti-bribery and Corruption Policy is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance . |
| (b) ensure that the board or committee of the board is informed of any material breaches of that policy. | | (b) Through on-going reporting, the Company ensures that the Board is informed of any material breaches under the Anti-bribery and Corruption Policy. |

Corporate Governance Statement Continued

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|---|-----------------|---|
| 4: Safeguard the integrity of corporate reports | | |
| 4.1 The board of a listed entity should: | NO | |
| (a) have an audit committee which: | | The Company has established an Audit and Risk Management Committee with Mr Alistair McKeough, an independent Director, as Chair of the Committee. The Committee has three members, who are: |
| (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and | | (a) Mr Alistair McKeough – Independent Non-executive Director; |
| (2) is chaired by an independent director, who is not the chair of the board, and disclose: | | (b) Dr Alan Dunton – Independent Non-executive Director; and |
| (3) the charter of the committee; | | (c) Dr John Prendergast – Executive Director. |
| (4) the relevant qualifications and experience of the members of the committee; and | | The Committee met 5 times during the FY24 financial reporting period and the attendance of each member at those meetings is as follows: |
| (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or | | (a) Mr Alistair McKeough – 3; |
| | | (b) Dr Alan Dunton – 5; |
| | | (c) Dr John Prendergast – 5. |
| | | A copy of the Audit and Risk Management Committee Charter is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance . |
| (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | N/A | |
| 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | YES | Prior to the execution of the financial statements of the Company, the Company's Executive Director and CFO provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal controls which is operating effectively in all material aspects in relation to the Company's financial reporting risks. |

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| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|--|-------------------|--|
| <p>4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p> | <p>YES</p> | <p>The Board ensures that any periodic corporate report the Company releases to the market that has not been subject to audit or review by an external auditor discloses the process taken to verify the integrity of its content.</p> <p>The Company releases Half Year Financial Reports which are reviewed by external auditor, BDO, and Full Year Financial Reports which are audited by external auditor BDO.</p> <p>The Company is committed to providing clear, concise and effective disclosure in its corporate reports. The Company's goal is that periodic corporate reports will be accurate, balanced and provide investors with appropriate information to make informed investment decisions. The Company's process for verifying unaudited periodic corporate reports is as follows:</p> <ul style="list-style-type: none"> • reports are prepared by or under the supervision of subject matter experts; • material statements in the reports are reviewed for accuracy and material requirements and appropriately interrogated; • other than administrative announcements all the announcements must be approved by the Board. <p>This process is intended to ensure that all applicable laws, regulations and Company policies have been complied with and that the source of the information is able to be verified and that appropriate approvals have been obtained before a report is released to the market.</p> |
| <p>5: Make timely and balanced disclosure</p> | | |
| <p>5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p> | <p>YES</p> | <p>The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair and well-informed market in its securities and compliance with the continuous disclosure requirements imposed by law, including the Corporations Act and the ASX Listing Rules. A copy of the Company's Continuous Disclosure Policy is available at: https://www.recce.com.au/index.php/company/corporate-governance.</p> |
| <p>5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p> | <p>YES</p> | <p>The Company has a procedure in place to ensure that the Board receives copies of all material market announcements promptly after they have been made.</p> |
| <p>5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p> | <p>YES</p> | <p>The Company has a procedure in place to ensure that ahead of any new and substantive investor or analyst presentations, a copy of the presentations materials are released to ASX Announcement Platform.</p> |

Corporate Governance Statement Continued

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|--|-----------------|---|
| 6: Respect the rights of security holders | | |
| 6.1 A listed entity should provide information about itself and its governance to investors via its website. | YES | <p>The Company provides information about itself and its governance to its investors on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> <p>The Company will regularly update the website and contents therein as deemed necessary.</p> |
| 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | YES | <p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with its investors. The Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>A copy of the Company's Shareholder Communications Strategy policy is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> |
| 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | YES | <p>The Company encourages shareholder participate at the Company's general meetings through various means including:</p> <ul style="list-style-type: none"> (a) having the opportunity to ask questions of Directors at all general meetings; (b) ensuring that the auditor is present at AGMs to take shareholder questions on any issue relevant to their capacity as auditor; (c) ensuring that Directors answer shareholder questions submitted prior to a general meeting that are relevant to the business of the meeting; and (d) providing Shareholders with the option of appointing a proxy to vote on their behalf. <p>Traditionally, the key forum for two-way communication between the Company and its shareholders is its AGM.</p> |
| 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | YES | All resolutions at a meeting of security holders are decided by a poll rather than a show of hands. |
| 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | YES | <p>Shareholders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders can also elect to receive electronic communications via the Company's registry, Automatic Registry Services.</p> |

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| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|---|-----------------|--|
| 7: Recognise and manage risk | | |
| 7.1 The Board of a listed entity should: | | |
| (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or | YES | <p>The Company has established an Audit and Risk Management Committee with Mr Alistair McKeough, an independent Director, as Chair of the Committee. The Committee has three members, who are:</p> <ul style="list-style-type: none"> (a) Mr Alistair McKeough – Independent Non-executive Director; (b) Dr Alan Dunton – Independent Non-executive Director; and (c) Dr John Prendergast – Executive Director. <p>The Committee met 5 times during the FY24 financial reporting period and the attendance of each member at those meetings is as follows:</p> <ul style="list-style-type: none"> (a) Mr Alistair McKeough – 3; (b) Dr Alan Dunton – 5; (c) Dr John Prendergast – 5. <p>A copy of the Audit and Risk Management Committee Charter is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> |
| (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | N/A | |
| 7.2 The board or a committee of the board should: | YES | |
| (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and | | <p>The Audit and Risk Management Committee Charter sets out a requirement for the Audit and Risk Management Committee to review the Company's risk management framework on an annual basis.</p> <p>The Company monitors, evaluates and seeks to improve its risk management and internal control processes in line with the processes set out in its Risk Management Policy, a copy of which is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> <p>In addition, the Company has a number of other policies that directly or indirectly serve to reduce and/or manage risk, including:</p> <ul style="list-style-type: none"> (a) Continuous Disclosure Policy; (b) Code of Conduct; and (c) Trading Policy. |

Corporate Governance Statement Continued

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|--|-----------------|---|
| (b) disclose in relation to each reporting period, whether such a review has taken place. | | The Audit and Risk Management Committee completed such a review during the current reporting period. Having conducted such reviews throughout the reporting period the Audit and Risk Management Committee resolved that the Company's risk management framework continues to be sound. |
| 7.3 A listed entity should disclose: | YES | |
| (a) if it has an internal audit function, how the function is structured and what role it performs; or | | N/A |
| (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes. | | <p>The Audit and Risk Management Committee Charter provides for the Audit and Risk Management Committee to monitor the need for an internal audit function. At this stage, due to the current size and nature of the existing Board and the magnitude of the Company's operations the Company does not have an internal audit function.</p> <p>The Company has adopted a Risk Management Policy which the Company follows. The Board of the Company and the Audit and Risk Management Committee will periodically review the Company's operations to evaluate the effectiveness of risk management and internal control processes of the Company. In addition, the Audit and Risk Management Committee will directly monitor the potential exposures facing the Company through ongoing reporting by the CFO.</p> <p>For each reporting period the Company's external auditor also conducts a control review to consider and report on the risks facing the Company and the controls the Company has in place to mitigate those risks</p> |
| 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks. | YES | All material risks to economic, environmental and social sustainability risks will be announced to the market, in accordance with the requirements of the ASX Listing Rules and otherwise within the Annual Report. |
| 8: Remunerate fairly and responsibly | | |
| 8.1 The Board of a listed entity should: | YES | |
| (a) (1) have a remuneration committee which: has at least three members, a majority of whom are independent directors; and | | The Company has established a Nomination and Remuneration Committee with Dr Alan Dunton, an independent Director, as Chair of the Committee. |
| (2) is chaired by an independent director, and disclose: | | The Committee has three members, who are: |
| (3) the charter of the committee; | | (a) Dr Alan Dunton - Independent Non-executive Director; |
| (4) the members of the committee; and | | (b) Mr Alistair McKeough - Independent Non-executive Director; and |

| ASX PRINCIPLES AND RECOMMENDATIONS | COMPLY (Yes/No) | EXPLANATION |
|--|-----------------|--|
| <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> | | <p>(c) Dr John Prendergast – Independent Nonexecutive Director.</p> <p>The Committee met 5 times during the FY24 financial reporting period and the attendance of each member at those meetings is as follows:</p> <p>(a) Dr Alan Dunton – 5;</p> <p>(b) Dr John Prendergast – 5; and</p> <p>(c) Mr Alistair McKeough – 3.</p> <p>A copy of the Nomination and Remuneration Committee Charter is available on the Company’s website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> |
| <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>N/A</p> | |
| <p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> | <p>YES</p> | <p>The structure and details of Directors’ remuneration is disclosed in the 2024 Annual Report.</p> |
| <p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> | <p>YES</p> | |
| <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> | | <p>The Company’s Nomination and Remuneration Committee is responsible for the review and recommendation to the Board of any equity-based remuneration schemes offered to Directors and employees of the Company. Further, in accordance with the Nomination and Remuneration Committee Charter, the Nomination and Remuneration Committee is also responsible for recommending, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme.</p> |
| <p>(b) disclose that policy or a summary of it.</p> | | <p>The Company’s policy in this regard is set out in the Company’s Nomination and Remuneration Committee Charter, a copy of which is available on the Company’s website at: https://www.recce.com.au/index.php/company/corporate-governance.</p> |

Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--|------|---------------------|---------------------|
| OTHER INCOME | 5 | 5,236,375 | 4,431,406 |
| EXPENSES | | | |
| Laboratory expenses | | (7,042,034) | (7,167,133) |
| Employee benefits expenses | 6 | (5,148,242) | (3,610,301) |
| Share-based payments expense | 23 | (20,167) | (325,217) |
| Depreciation and amortisation expenses | 13 | (65,465) | (47,039) |
| Travel expenses | | (571,724) | (962,910) |
| Patent related costs | | (116,763) | (162,684) |
| Rental outgoings expenses | | (334,151) | (176,994) |
| Finance costs | 6 | (806,614) | (172,623) |
| Other expenses | 6 | (7,210,193) | (3,585,001) |
| Amortisation: Leases | 14 | (301,303) | (170,116) |
| Interest expense: Leases | | (40,238) | (10,642) |
| Advertising and marketing | | (1,241,195) | (1,118,168) |
| | | (22,898,089) | (17,508,828) |
| LOSS BEFORE INCOME TAX | | (17,661,714) | (13,077,422) |
| Income tax expense | 8 | - | - |
| LOSS FOR THE YEAR | | (17,661,714) | (13,077,422) |
| Other comprehensive income for the year | | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (17,661,714) | (13,077,422) |
| | | Cents | Cents |
| LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF RECCE PHARMACEUTICALS: | | | |
| Basic loss per share for the year | 9 | (9.97) | (7.52) |
| Diluted loss per share for the year | 9 | (9.97) | (7.52) |

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of
Financial Position
 As at 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--------------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 10 | 4,415,185 | 1,561,579 |
| Trade and other receivables | 11 | 159,428 | 90,667 |
| Other current assets | 12 | 561,859 | 295,213 |
| TOTAL CURRENT ASSETS | | 5,136,472 | 1,947,459 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 13 | 439,268 | 362,837 |
| Right of use asset | 14 | 793,873 | 245,573 |
| TOTAL NON-CURRENT ASSETS | | 1,233,141 | 608,410 |
| TOTAL ASSETS | | 6,369,614 | 2,555,869 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 15 | 14,394,767 | 4,319,719 |
| Provisions for employee benefits | 16 | 450,874 | 299,201 |
| Other provisions | 17 | - | 83,054 |
| Lease Liabilities | 18 | 224,085 | 147,878 |
| TOTAL CURRENT LIABILITIES | | 15,069,726 | 4,849,852 |
| NON-CURRENT LIABILITIES | | | |
| Provisions for employee benefits | 16 | 236,551 | 192,133 |
| Lease Liabilities | 18 | 587,105 | 102,688 |
| TOTAL NON-CURRENT LIABILITIES | | 823,656 | 294,821 |
| TOTAL LIABILITIES | | 15,893,382 | 5,144,673 |
| NET LIABILITIES | | (9,523,768) | (2,588,804) |
| EQUITY | | | |
| Share capital | 19 | 54,838,713 | 44,111,963 |
| Reserves | 20 | 5,713,390 | 8,834,557 |
| Accumulated losses | | (70,075,871) | (55,535,324) |
| TOTAL DEFICIENCY IN EQUITY | | (9,523,768) | (2,588,804) |

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

Changes in Equity

For the year ended 30 June 2024

| | Share Capital \$ | Reserves \$ | Accumulated Losses \$ | Total \$ |
|--|------------------------|------------------|-----------------------------|--------------------|
| BALANCE AT 1 JULY 2022 | 43,968,321 | 8,550,939 | (42,457,902) | 10,061,358 |
| COMPREHENSIVE INCOME: | | | | |
| Loss for the year | - | - | (13,077,422) | (13,077,422) |
| Other comprehensive loss | - | - | - | - |
| | - | - | (13,077,422) | (13,077,422) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS: | | | | |
| Options issued to KMPs and employees | - | 325,217 | - | 325,217 |
| Conversion of option into ordinary shares | 102,043 | - | - | 102,043 |
| Transfer from reserve to share capital | 41,599 | (41,599) | - | - |
| | 143,642 | 283,618 | - | 427,260 |
| BALANCE AT 30 JUNE 2023 | 44,111,963 | 8,834,557 | (55,535,324) | (2,588,804) |
| BALANCE AT 1 JULY 2023 | 44,111,963 | 8,834,557 | (55,535,324) | (2,588,804) |
| COMPREHENSIVE INCOME: | | | | |
| Loss for the year | - | - | (17,661,714) | (17,661,714) |
| Other comprehensive loss | - | - | - | - |
| | - | - | (17,661,714) | (17,661,714) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS: | | | | |
| Issuance of shares (net of cash-settled share issue costs) | 10,461,090 | - | - | 10,461,090 |
| Options issued to KMPs and employees | - | - | - | - |
| Options issued to lead manager | - | - | - | - |
| Conversion of options into ordinary shares | 123,730 | - | - | 123,730 |
| Shares issued to employees and consultants (net of costs) | 141,930 | - | - | 141,930 |
| Transfer from reserve to share capital | - | (3,121,167) | 3,121,167 | - |
| | 10,726,750 | (3,121,167) | 3,121,167 | 10,726,750 |
| BALANCE AT 30 JUNE 2024 | 54,838,713 | 5,713,390 | (70,075,871) | (9,523,768) |

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Cash Flows

For the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|---|-----------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Australian Taxation Office | | 4,906,010 | 4,311,202 |
| Payments to suppliers and employees | | (18,144,393) | (15,694,642) |
| Interest received | | 172,690 | 59,583 |
| Other income | | 140,089 | 54,014 |
| Other (legal dispute settlement) | | (83,054) | (1,417,527) |
| NET CASH USED IN OPERATING ACTIVITIES | 21 | (13,008,658) | (12,687,370) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of plant and equipment | | (141,895) | (38,633) |
| NET CASH USED IN INVESTING ACTIVITIES | | (141,895) | (38,633) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advances to directors | 24 | (162,963) | (104,388) |
| Repayment of lease liabilities | | (301,304) | (170,116) |
| Proceeds from issue of equity securities | | 11,022,445 | - |
| Proceeds from exercise of options | | 123,730 | 102,043 |
| Proceeds from borrowings | | 10,089,358 | 2,878,107 |
| Repayment of borrowings | | (4,203,762) | - |
| Transaction costs related to issues of equity or convertible securities | | (563,343) | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | 16,004,161 | 2,705,646 |
| Net (decrease)/increase in cash and cash equivalents held | | 2,853,608 | (10,020,357) |
| Cash and cash equivalent at the beginning of the year | | 1,561,577 | 11,581,934 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 10 | 4,415,185 | 1,561,577 |

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Consolidated Financial Statements

For the year ended 30 June 2024

1: Corporate Information

The consolidated financial statements of Recce Pharmaceuticals Ltd ('the Company') and together with its controlled entities ('the Group') for the year ended 30 June 2024.

The Company is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: RCE) and the Frankfurt Stock Exchange (FSE: R9Q).

2: Material Accounting Policies

(a) New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Basis of Preparation of the Financial Report

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared in accordance with the significant accounting policies disclosed below as adopted by the Group. Such accounting policies are consistent with the previous year unless stated otherwise.

(c) Foreign Currency Translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The functional currency of the subsidiaries is United States Dollars and British Pounds. At the end of the reporting year, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency

of Recce Pharmaceuticals Ltd at the closing rate at the end of the reporting year and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

(d) Revenue Recognition

Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Research and Development (R&D) Tax Incentive

R&D tax incentives from the government (both Australian and overseas) are recognised when received or when the right to receive payment is established.

(e) Plant and Equipment

All plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

All plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on other assets is calculated on a reducing balance basis over the estimated useful life, or in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

- Certain laboratory machinery and equipment 10 - 15 years
- Office improvements 3 - 8 years

Each class of plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation

Depreciation is calculated on a diminishing value basis over the estimated useful life as follows:

| Class of Fixed Asset | Depreciation Rate |
|--------------------------------------|-------------------|
| - Laboratory machinery and equipment | 8% - 40% |
| - Office furniture and equipment | 5% - 33% |
| - Computer equipment | 33% - 67% |
| - Library and website costs | 20% - 40% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting year.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the assets' carrying amount and are included in profit or loss in the year that the item is derecognised.

(f) Research Expenditure

Research costs are expensed as incurred.

(g) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the loans and borrowings using the effective interest method.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract has been discharged, cancelled or expires. The difference between the carrying amount of the borrowing derecognised and the consideration paid is recognised in profit or loss as other income or finance costs.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

(i) Employee Benefit Provisions

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting year are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefits obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting year. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting year. Consideration is given to expected future salaries and wages levels, experience of employee departures and years of service. Expected future

payments are discounted using Australian corporate bond rates at the end of the reporting year with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting year.

(j) Share-Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(k) Accounting Standards Issued But Not Yet Effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting years, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements.

(l) Rounding of Amounts to Nearest Dollar

In accordance with *ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191*, the amounts in the consolidated financial statements have been rounded to the nearest dollar.

(m) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Trinomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year but may impact profit or loss and equity.

3: Going Concern

For the year ended 30 June 2024 the Group recorded a loss of \$17,661,714 (2023: \$13,077,422) and had net cash outflows from operating activities of \$13,008,658 (2023: \$12,687,370). As at 30 June 2024, the Company had a deficiency of total assets to total liabilities of \$9,523,768 (2023: \$2,588,804) and a deficiency in working capital of \$9,933,253 (2023: \$2,902,393). The ability of the Group to continue as a going concern and being able to continue to fund its operating activities is dependent on securing additional funding through a share placement to new or existing investors and financial support through short-term loans, together with continuous receipt of the R&D tax rebate.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe there will be sufficient funds to meet the Company's working capital requirements. Based on the success of current progress in the Group, it is considered that re-financing through equity funds would be well supported. Additional funds will be raised via share placements and/or other financing options as required.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- As disclosed in Note 27, subsequent to year end, the Company has raised \$12.4 million before costs via a placement;
- The Company believes it can raise additional funding through debt or equity as required in the next twelve months from the date of this financial report;
- The Company has a recent proven history of successfully raising capital;
- Cash spending can be reduced or slowed below its current rate if required; and
- The Company continually receiving its Australian R&D tax rebates for R&D expenditure incurred in Australia and overseas.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

4: Segment Reporting

(a) Reportable segments

The Directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board of Directors) in allocating resources and have concluded that at this time there are no separate identifiable segments as the Group operates in only one business segment being research and development of pharmaceutical drugs. However, the Group operates in three geographic segment being Australia, UK and USA.

(b) Segment results

The following is an analysis of the Group's results by reportable segments:

| | Segment revenue and other income for the year | | Segment loss after tax for the year | |
|------------------------|---|------------|-------------------------------------|--------------|
| | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| Australia | 3,834,751 | 4,340,868 | (6,056,242) | (4,532,459) |
| USA | 1,374,818 | 58,470 | (2,171,258) | (61,051) |
| UK | 26,806 | 32,068 | (42,335) | (33,483) |
| Central Administration | - | - | (9,391,879) | (8,450,429) |
| | 5,236,375 | 4,431,406 | (17,661,714) | (13,077,422) |

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment loss represents the loss after tax incurred by each segment. This is the measure reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

(c) Segment assets and liabilities

| | Segment assets at end of the financial year | | Segment liabilities at end of the financial year | |
|------------------------|---|------------|--|------------|
| | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| Australia | 389,894 | 314,837 | 1,236,664 | 374,716 |
| Central Administration | 5,979,720 | 2,241,033 | 14,656,719 | 4,769,957 |
| | 6,369,614 | 2,555,870 | 15,893,383 | 5,144,673 |

There are no assets or liabilities in other countries.

(d) Segment net assets/(liabilities)

| | 2024 \$ | 2023 \$ |
|------------------------|-------------|-------------|
| Australia | (846,770) | (59,879) |
| Central Administration | (8,676,998) | (2,528,925) |
| | (9,523,768) | (2,588,804) |

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For the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--|------|------------------|------------------|
| 5: Revenue and Other Income | | | |
| Other Income: | | | |
| Research and Development (R&D) tax incentive | | 4,906,010 | 4,311,202 |
| Interest income | | 187,003 | 66,190 |
| Rental income (sublease) | | 21,014 | - |
| Other income | | 122,348 | 54,014 |
| Total other income | | 5,236,375 | 4,431,406 |

6: Expenses

| | | | |
|--|--|------------------|------------------|
| Employee Benefits Expenses: | | | |
| Salaries and wages | | 4,518,979 | 3,176,995 |
| Superannuation expenses | | 380,916 | 241,149 |
| Long service leave expenses | | 44,418 | 76,820 |
| Payroll taxes | | 203,929 | 115,337 |
| Total employee benefit expenses | | 5,148,242 | 3,610,301 |

Finance Costs:

| | | | |
|-------------------------------------|--|----------------|----------------|
| Interest from short-term borrowings | | 797,292 | 167,395 |
| Bank fees and charges | | 9,322 | 5,228 |
| Total finance costs | | 806,614 | 172,623 |

Other Expenses:

| | | | |
|--------------------------------------|----|------------------|------------------|
| Audit and review fees | | 65,902 | 59,880 |
| Communication expenses | | 6,547 | 7,487 |
| Computer maintenance and consumables | | 57,746 | 83,660 |
| Consulting fees | 24 | 5,362,886 | 1,775,074 |
| Insurance expenses | | 104,893 | 88,538 |
| Legal expenses | | 134,864 | 189,203 |
| Legal dispute settlement (Note 17) | | - | 83,054 |
| Listing and regulatory fees | | 83,731 | 80,373 |
| Overseas listing and regulatory fees | | 69,141 | 65,551 |
| Printing and stationery expenses | | 34,809 | 50,083 |
| Roadshows and conferences | | 208,339 | 221,137 |
| Sundry expenses | | 1,081,335 | 880,961 |
| Total other expenses | | 7,210,193 | 3,585,001 |

2024
\$2023
\$

7: Auditor's Remuneration

During the year, the following fees were paid or payable for services to BDO Audit Pty Ltd (BDO) and its related practices (also referred to hereafter as BDO, network firms of BDO and non BDO firms):

Audit services

| | | |
|---|--------|--------|
| - BDO for audit and review of the consolidated financial statements | 65,902 | 59,880 |
|---|--------|--------|

The BDO entity performing the audit of the group transitioned from BDO Audit (WA) to BDO Audit Pty Ltd on 11 July 2024. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

8: Income Tax Expense

| | | |
|------------------------|--------------|--------------|
| Loss before income tax | (17,661,714) | (13,077,422) |
|------------------------|--------------|--------------|

The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:

| | | |
|---|-------------|-------------|
| - Prima facie tax payable on loss from ordinary activities before income tax at 30% (2023: 30%) | (5,298,514) | (3,923,227) |
|---|-------------|-------------|

Add:

Non-allowable items:

| | | |
|---|-----------|-----------|
| - Share-based payments expense | 43,175 | 97,565 |
| - Expenses subject to R&D tax incentive | 4,625,517 | 2,622,292 |
| - Other non-allowable items | 3,569 | 55,033 |

Less:

| | | |
|--|-------------|-------------|
| - Non assessable income | (1,471,803) | (1,294,816) |
| - Tax losses and deferred tax not recognised | 2,098,056 | 2,443,153 |

| | | |
|---|---|---|
| Income tax attributable to the Group | - | - |
|---|---|---|

Deferred tax attributable to the Group

| | | |
|----------------------------|------------------|------------------|
| Tax losses carried forward | 7,918,383 | 6,445,746 |
| Accruals and provisions | 58,410 | 183,666 |
| Blackhole expenses | 276,623 | 294,573 |
| | 8,253,416 | 6,923,985 |

Tax losses carried forward at 30 June 2024 total approximately \$26,394,610 (2023: \$20,399,258). The Group's ability to use losses in the future is subject to the companies in the Group satisfying the Continuity of Ownership Test or failing that, the Similar Business Test.

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For the year ended 30 June 2024

2024
\$2023
\$

9: Loss Per Share

The following reflects the loss and share data used in the calculations of basic and diluted losses per share:

| | | |
|---|--------------|--------------|
| Loss attributable to the members of the Company | (17,661,714) | (13,077,422) |
|---|--------------|--------------|

Weighted average number of shares

Weighted average number of ordinary shares used in calculating basic losses per share

| | | |
|--|--------------------|--------------------|
| | 177,099,787 | 173,978,170 |
| | 177,099,787 | 173,978,170 |

Loss per share (cents per share):

| | | |
|--|--------|--------|
| Basic loss for the year attributable to the members of the Company | (9.97) | (7.52) |
| Diluted loss for the year attributable to the members of the Company | (9.97) | (7.52) |

10: Cash and Cash Equivalents

| | | |
|---------------|------------------|------------------|
| Cash at bank | 4,207,324 | 1,561,579 |
| Cash on hand | - | - |
| Term Deposits | 207,861 | - |
| | 4,415,185 | 1,561,579 |

Cash at bank and on hand bear floating interest rates between 0.05% and 4.25% depending on the amount on deposit. Refer to Note 22 for additional risk exposure analysis.

11: Trade and Other Receivables

CURRENT

| | | |
|--------------------|----------------|---------------|
| Sundry debtors | 8,160 | 85 |
| Net GST receivable | 151,268 | 90,582 |
| | 159,428 | 90,667 |

Refer to Note 22 for additional risk exposure analysis.

| | Note | 2024 \$ | 2023 \$ |
|---------------------------------|------|----------------|----------------|
| 12: Other Current Assets | | | |
| Prepayments | | 221,671 | 135,377 |
| Rental deposits | | 49,100 | 47,000 |
| Director loans | 24 | 291,088 | 112,836 |
| | | 561,859 | 295,213 |

13: Plant and Equipment

| | | | |
|---|--|----------------|----------------|
| Laboratory machinery and equipment | | | |
| - at cost | | 675,958 | 559,825 |
| - accumulated depreciation | | (324,651) | (285,801) |
| | | 351,307 | 274,024 |
| Office furniture and equipment | | | |
| - at cost | | 70,480 | 66,461 |
| - accumulated depreciation | | (49,794) | (45,034) |
| | | 20,686 | 21,427 |
| Computer equipment | | | |
| - at cost | | 95,248 | 73,504 |
| - accumulated depreciation | | (66,571) | (46,950) |
| | | 28,677 | 26,554 |
| Office improvements | | | |
| - at cost | | 78,646 | 78,646 |
| - accumulated depreciation | | (40,737) | (38,680) |
| | | 37,909 | 39,966 |
| Library | | | |
| - at cost | | 4,379 | 4,379 |
| - accumulated depreciation/amortisation | | (3,702) | (3,533) |
| | | 677 | 846 |
| Website Development | | | |
| - at cost | | 2,797 | 2,797 |
| - accumulated depreciation/amortisation | | (2,785) | (2,777) |
| | | 12 | 20 |
| Total plant and equipment | | 439,268 | 362,837 |

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Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below:

| | Laboratory machinery and equipment \$ | Office furniture and equipment \$ | Computer equipment \$ | Office improvements \$ | Library and website costs \$ | Total \$ |
|-----------------------|--|--|-----------------------------|------------------------------|---------------------------------------|-------------|
| 2024 | | | | | | |
| Beginning of the year | 274,024 | 21,427 | 26,554 | 39,966 | 866 | 362,837 |
| Additions | 116,133 | 4,019 | 21,744 | - | - | 141,896 |
| Depreciation | (38,850) | (4,760) | (19,621) | (2,057) | (177) | (65,465) |
| End of the year | 351,307 | 20,686 | 28,677 | 37,909 | 689 | 439,268 |
| 2023 | | | | | | |
| Beginning of the year | 289,049 | 23,622 | 15,316 | 42,165 | 1,091 | 371,243 |
| Additions | 17,672 | 2,229 | 18,732 | - | - | 38,633 |
| Depreciation | (32,697) | (4,424) | (7,494) | (2,199) | (225) | (47,039) |
| End of the year | 274,024 | 21,427 | 26,554 | 39,966 | 866 | 362,837 |
| | | | | 2024 | | 2023 |
| | | | | \$ | | \$ |

14: Right of Use Assets

| | | |
|-----------------------------------|----------------|----------------|
| Land and buildings - right-of-use | 1,095,176 | 415,689 |
| Less: Current year amortisation | (301,303) | (170,116) |
| | 793,873 | 245,573 |

The Company leases land and buildings for its offices under agreements of between one to five years. On renewal, the terms of the leases are renegotiated.

15: Trade and Other Payables

CURRENT

Unsecured liabilities

| | | |
|---------------------------|------------------|------------------|
| Trade payables | 3,967,379 | 948,887 |
| Employee related payables | 118,568 | 111,153 |
| Sundry creditors | 619,681 | 211,418 |
| | 4,705,628 | 1,271,458 |

Secured liabilities

| | | |
|---|-------------------|------------------|
| R&D advances - EndPoints Capital (2023: Radium Capital) | 9,689,139 | 3,048,261 |
| | 9,689,139 | 3,048,261 |
| | 14,394,767 | 4,319,719 |

The above advances are secured against the R&D refunds due from the Australian Taxation Office (ATO). The advances attract interest at rates of between 14 and 15 percent per annum and are expected to be repayable in quarter 1 of 2025, as soon as the ATO refund is received.

| | 2024 \$ | 2023 \$ |
|---|------------|------------|
| 16: Provisions for Employee Benefits | | |
| CURRENT | | |
| <i>Unsecured liabilities</i> | | |
| Annual leave | 450,874 | 299,201 |
| | 450,874 | 299,201 |
| NON-CURRENT | | |
| Long service leave | 236,551 | 192,133 |

17: Other Provisions

| | | |
|--|----------|--------|
| CURRENT | | |
| Provision for legal settlement | - | 83,054 |
| Movement in other provisions | | |
| Opening balance | 83,054 | - |
| Provision for legal dispute settlement | - | 83,054 |
| Settlement of legal dispute | (83,054) | - |
| | - | 83,054 |

In 2022 an unfavourable judgement was handed down with respect to the non-issue of ordinary shares to holders of 1,356,249 Class C Performance Shares and 1,356,249 Class D Performance Shares, despite the employee's tenure having ended many years prior to the performance hurdles being achieved. After taking appropriate legal advice, the directors appealed the decision. The appeal was subsequently lost resulting in a payment of \$1,417,527 the 2023 financial year. An additional \$83,054 was paid in 2024 to cover the plaintiff's legal costs with the matter now settled.

18: Lease Liabilities

| | | |
|-----------------|---------|---------|
| CURRENT | | |
| Lease liability | 224,085 | 147,878 |
| NON-CURRENT | | |
| Lease liability | 587,106 | 102,688 |

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19: Share Capital

| | 2024 | | 2023 | |
|--|--------------------|-------------------|--------------------|-------------------|
| | No. | \$ | No. | \$ |
| Movements in ordinary shares on issue: | | | | |
| Opening balance | 178,254,310 | 44,111,963 | 177,646,910 | 43,968,321 |
| Shares issued during the year: | | | | |
| - shares issued to employees and consultants (net of costs) ¹ | 285,381 | 141,930 | - | - |
| - new shares issued from placement (net of costs) ² | 25,050,988 | 10,461,090 | - | - |
| - new shares issued on options exercised | 396,565 | 123,730 | 607,400 | 102,043 |
| | 25,732,934 | 10,726,750 | 607,400 | 102,043 |
| - Transfer from reserves to share capital | - | - | - | 41,599 |
| | - | - | - | 41,599 |
| Total³ | 203,987,244 | 54,838,713 | 178,254,310 | 44,111,963 |

1 Refer to Note 23 for a summary of shares issued to consultants and employees during the period.

2 On 11 September 2023, the Company issued 18,181,819 ordinary shares raising \$8,000,000 (before capital raising costs). Total capital raising costs were \$563,343. A further 6,869,169 ordinary shares were issued raising \$3,022,445.

3 At 30 June 2024, 203,987,244 ordinary shares on issue were quoted on the ASX.

Options from shares issued

The following options remain outstanding at each respective reporting date:

| Particulars | Issue Date | Exercise Date | Exercise Price (cents) | Expiry Date | 2024 No. | 2023 No. |
|-------------|------------|---------------|---------------------------|-------------|------------------|-------------------|
| Options | 15-Feb-19 | 15-Feb-23 | 16.80 | 15-Feb-23 | - | - |
| Options | 19-Dec-19 | 19-Feb-23 | 31.20 | 19-Dec-23 | - | 603,435 |
| Options | 30-Sep-20 | 30-Sep-23 | 156.00 | 30-Sep-23 | - | 3,750,000 |
| Options | 22-Feb-21 | 22-Feb-26 | 156.00 | 22-Feb-26 | 8,415,000 | 8,415,000 |
| Options | 11-Feb-22 | 11-Feb-27 | 156.00 | 11-Feb-27 | 435,000 | 435,000 |
| Options | 15-Nov-22 | 15-Nov-27 | 156.00 | 15-Nov-27 | 1,125,000 | 1,125,000 |
| | | | | | 9,975,000 | 14,328,435 |

| | Note | 2024 \$ | 2023 \$ |
|---------------------|-------|------------|------------|
| 20: Reserves | | | |
| Options reserve | 20(a) | 5,713,390 | 8,834,557 |
| | | 5,713,390 | 8,834,557 |

(a) Options reserve

The options reserve is used to recognise the fair value of options issued.

Movements of options reserve

| | | | |
|---|--|-------------|-----------|
| At beginning of year | | 8,834,557 | 8,550,939 |
| Options issued to KMPs and employees ¹ | | - | 325,217 |
| Options expired | | (3,121,167) | - |
| Conversion of options into ordinary shares | | - | (41,599) |
| At end of year | | 5,713,390 | 8,834,557 |

1 Refer to Note 23.

21: Cash Flow Information

Reconciliation of liabilities arising from financing activities:

| | | | |
|---|--|--------------|--------------|
| Loss for the year | | (17,661,714) | (13,077,422) |
| Adjustments and non-cash items: | | | |
| - Depreciation and amortisation | | 65,465 | 47,039 |
| - Share-based payments expense | | 20,167 | 325,217 |
| - Accounting for lease assets and liabilities | | 301,303 | 170,116 |
| Change in operating assets and liabilities | | | |
| - Increase in trade and other receivables | | 60,792 | 91,807 |
| - Increase in other current assets | | 47,317 | 233,884 |
| - Increase in trade and other payables | | 3,814,798 | 766,042 |
| - (Decrease)/Increase in provisions for employee benefits | | (196,091) | 173,474 |
| - Increase/(Decrease) in other provisions | | 539,305 | (1,417,527) |
| Net cash outflow from operating activities | | (13,008,658) | (12,687,370) |

Reconciliation of liabilities arising from financing activities:

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the statement of cash flows. Changes in the carrying amounts of such liabilities, which comprise the Radium loan, EndPoints Capital and lease liabilities are summarised below:

| | Radium Capital | EndPoints Capital | Lease liabilities |
|---------------------------------|------------------------|-------------------|-------------------|
| Carrying amount at 1 July 2022 | 2,878,107 | - | 74,762 |
| Net cash flow during the year | - | - | (170,116) |
| New lease arrangements | - | - | 345,920 |
| Carrying amount at 30 June 2023 | 2,878,107 ¹ | - | 250,566 |
| Net cash flow during the year | (2,878,107) | 9,689,139 | (301,304) |
| New lease arrangements | - | - | 861,929 |
| Carrying amount at 30 June 2024 | - | 9,689,139 | 811,191 |

1 Net of accrued interest of \$170,154.

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For the year ended 30 June 2024

Non-cash transactions

During the financial year, the Group entered into the following non-cash financing transactions (which are not included in the statement of the cash flows):

(a) The Group entered into new leases of commercial premises during the financial year resulting in the recognition of additional lease assets of \$687,505 and corresponding lease liabilities of \$687,505 (2023: \$208,979).

22: Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of markets forecasts for interest rate and foreign exchange prices. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The carrying values of

| | 2024 \$ | 2023 \$ |
|-------------------------------------|-------------------|------------------|
| Financial Assets | | |
| <i>At amortised cost</i> | | |
| Director loan | 291,088 | 112,836 |
| Cash and cash equivalents | 4,415,186 | 1,561,579 |
| Trade and other receivables | 159,428 | 90,667 |
| | 4,865,701 | 1,765,082 |
| Financial Liabilities | | |
| <i>At amortised cost</i> | | |
| Trade payables and sundry creditors | 4,587,060 | 1,160,305 |
| R&D ADVANCE | 9,689,139 | 3,048,261 |
| | 14,276,199 | 4,208,566 |

(a) Market Risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the Group's functional currency. Over the next 12 months the Group will enter into contracts with various research organisations in the USA, Canada and Netherlands to perform numerous laboratory tests as well as use the services of expert consultants in the USA, Canada and The Netherlands that will result in approximately USD \$5,091,000 and CDN \$790,000 in expenditure.

(ii) Interest Rate Risk

The Group is exposed to interest rate risk due to variable interest being earned on its interest-bearing bank accounts and loans. The Group is also exposed to interest on its R&D advances. At the end of the reporting year, the Group had the following interest-bearing financial instruments:

| | 2024 | | 2023 | |
|---------------------------|------------------|------------|------------------|------------|
| | Weighted average | Balance \$ | Weighted average | Balance \$ |
| Cash and cash equivalents | 0.33% | 4,207,324 | 1.33% | 1,561,579 |
| Director loan | 8.77% | 291,088 | 5.00% | 112,836 |
| EndPoints loan | 14.34% | 9,689,139 | 14.34% | 3,048,261 |

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to meet its contractual obligations. During the year credit risk has principally arisen from the financial assets of the Group, which comprises cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of the instruments.

The carrying amount of financial assets included in the Consolidated Statement of Financial Position represents the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised and credit worthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group has no significant concentrations of credit risk within the Group except for the following:

| | Rating | 2024 \$ | 2023 \$ |
|---|--------|-----------|-----------|
| Cash held with Macquarie Bank | A+ | 4,306,949 | - |
| Cash held with BankWest Bank | AA- | 77,393 | 697,860 |
| Cash held with Commonwealth Bank | AA- | 159,791 | - |
| Cash held with National Australian Bank | AA- | - | 2 |
| Cash held with ME Bank | BBB | - | 1,012,874 |
| Cash held with American Express | N/A | (128,948) | (149,157) |
| | | 4,415,185 | 1,561,579 |

The Group's primary banker is Macquarie Bank. The Board considers the use of this financial institution, which has a rating of AA- from Standards and Poors, to be sufficient in the management of credit risk with regards to these funds.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Directors and Management monitor the cash outflow of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Group had at reporting date were trade payables, employee related payables, sundry creditors, loan payables, R&D advance and lease liability incurred in the normal course of the business. Trade payables were non-interest bearing and were deducted within the normal 30-60 day term of creditor payments.

Consolidated Financial Statements

For the year ended 30 June 2024

The table below reflects the respective undiscounted cash flows for financial liabilities existing at end of reporting year:

| Contractual maturities of financial liabilities | <6 months | >6-12 months | >12 months | Total contractual cash flows | Carrying amount |
|---|------------------|----------------|----------------|------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 30 June 2024 | | | | | |
| Trade payables | 3,967,379 | - | - | 3,967,379 | 3,967,379 |
| Employee related payables | 118,568 | - | - | 118,568 | 118,568 |
| Sundry creditors | 619,681 | - | - | 619,681 | 619,681 |
| Lease liability | 76,207 | 484,417 | 250,566 | 811,190 | 811,190 |
| | 4,781,835 | 484,417 | 250,566 | 5,516,818 | 5,516,818 |

In addition to the above, there are advances from EndPoints of \$9,689,138. The advances attract interest at rates of between 14 and 15 percent per annum and are expected to be repayable in quarter 1 of 2025, as soon as the ATO refund is received.

30 June 2023

| | | | | | |
|---------------------------|------------------|---------------|---------------|------------------|------------------|
| Trade payables | 948,887 | - | - | 948,887 | 948,887 |
| Employee related payables | 111,153 | - | - | 111,153 | 111,153 |
| Sundry creditors | 211,418 | - | - | 211,418 | 211,418 |
| Lease liability | 153,658 | 93,658 | 10,219 | 257,535 | 250,566 |
| | 1,425,116 | 93,658 | 10,219 | 1,528,993 | 1,522,024 |

At 30 June 2024, the Group had sufficient cash to meet the financial liabilities as and when they are due and payable.

(d) Fair Value Hierarchy

Fair value of assets and liabilities approximates carrying value given their short-term nature.

2024
\$2023
\$

23: Share-Based Payments

Share-based payments expense recognised during the financial year:

| | | |
|--|---------|---------|
| Issue of 1,125,000 options to Alistair McKeough ³ | - | 325,217 |
| Issue of 35,381 shares to Phil Sutton ¹ | 20,167 | - |
| Issue of 250,000 shares to consultant ² | 123,750 | - |
| Total share-based payments recognised through P&L | 143,917 | 325,217 |
| Less listing fees | (1,987) | - |
| | 141,930 | 325,217 |

1 Issued 35,381 shares on 10 May 2024 to Phil Sutton under the Company's employee incentive plan pursuant to the terms of an employment contract.

2 Issued 250,000 shares on 16 April 2024 to a consultant for services provided to the Company in lieu of a cash payment.

Fair value of share options granted to executive and employees

3 The fair value of the 1,125,000 Share Options was calculated using the Black-Scholes model. The assumptions used in calculating the fair value of Share Options, were:

- exercise price: \$1.56
- grant date 15 November 2022
- grant date share price: \$0.69
- value per option at grant date \$0.2908
- dividend yield: 0.0%;
- risk-free rate based on the Australian Treasury bond rate for five years, to align with the term of the options: 0.32%;
- expected volatility derived from the share volatility of compatible listed companies over five years, to align with the term of the options: 70.0%; and
- expected life of the Share Option: five years.

Consolidated Financial Statements

For the year ended 30 June 2024

24: Related Party Transactions

Parent entity

The ultimate parent entity within the Group is Recce Pharmaceuticals Ltd.

Subsidiaries

Interests in subsidiaries are disclosed in Note 26.

| | 2024 \$ | 2023 \$ |
|---------------------------------------|------------------|------------------|
| Key management personnel compensation | | |
| Short-term employee benefits | 2,220,030 | 1,966,204 |
| Post-employment benefits | 172,162 | 268,031 |
| Bonus | 392,500 | 215,000 |
| Share-based payments | - | 325,217 |
| | 2,784,692 | 2,774,452 |

The following transactions occurred with related parties:

Superannuation contributions

| | | |
|--|---------|---------|
| Contributions to superannuation funds on behalf of employees | 141,310 | 103,457 |
|--|---------|---------|

Loans to key management personnel

An amount of \$162,548 (2023: \$104,388) was advanced to Mr James Graham as an unsecured loan. The amount outstanding at reporting date including accrued interest was \$291,088 (2023: \$112,836). The loan is interest bearing at the rate of 8.77% per annum. Interest accrued on the loan amounted to \$15,704 (2023: \$8,448). The loan is repayable within 12 months of reporting date.

At year end, expense advances repayable by Mr James Graham totalled \$Nil (2023: \$Nil).

Other transactions with key management personnel

During the financial year, consulting fees for technical services totalling \$1,111,952 (2023: \$1,029,537) were paid to an entity associated with Mr A Dunton. Additionally consulting fees for professional services totalling \$Nil (2023: \$105,000) were paid to an entity associated with Mr A McKeough. All payments were made on normal commercial terms and conditions. There were no other related party transactions during the financial year.

25: Parent Entity Information

The following information relates to the parent entity, Recce Pharmaceuticals Ltd, as at 30 June 2024. The information presented hereto has been prepared using accounting policies consistent with those presented in Note 2.

| | 2024 \$ | 2023 \$ |
|---|---------------------|---------------------|
| (a) Summarised statement of financial position | | |
| Current assets | 5,153,735 | 1,947,459 |
| Non-current assets | 1,233,141 | 608,410 |
| Total assets | 6,386,876 | 2,555,869 |
| Current liabilities | 15,069,726 | 4,849,852 |
| Non-current liabilities | 823,656 | 294,821 |
| Total liabilities | 15,893,382 | 5,144,673 |
| Share capital | 54,838,713 | 44,111,963 |
| Reserves | 5,713,390 | 8,834,557 |
| Accumulated losses | (70,058,609) | (55,535,324) |
| Net Assets / (Liabilities) | (9,506,506) | (2,588,804) |
| (b) Summarised consolidated statement of profit or loss and other comprehensive income | | |
| Loss for the year | (17,644,452) | (13,077,422) |
| Total comprehensive loss for the year | (17,644,452) | (13,077,422) |

26: Interest In Subsidiaries

| | Country of Incorporation | Percentage Owned | |
|---------------------------|--------------------------|------------------|-----------|
| | | 2024 % | 2023 % |
| Parent entity | | | |
| Recce Pharmaceuticals Ltd | Australia | - | - |
| Subsidiaries | | | |
| Recce (USA) LLP | United States | 100 | 100 |
| Recce (UK) Limited | United Kingdom | 100 | 100 |
| Gramele Pty Ltd | Australia | 100 | - |

Consolidated Financial Statements

For the year ended 30 June 2024

27: Events Subsequent to Reporting Period

On 5 August 2024, the Company announced that it had raised \$12.4 million (before costs) via a placement and share purchase plan.

Other than the above, no matters or circumstances have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

28: Commitments and Contingent Liabilities

There were no commitments and contingent liabilities as at 30 June 2024.

In the prior year, there was a dispute in relation to the non-conversion of Performance Shares to Ordinary Shares. Refer to Note 17.

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Disclosure Statement

For the year ended 30 June 2024

| Name of entity | Type of entity | % of share capital held | Country of incorporation | Australian resident or foreign resident | Foreign tax jurisdiction of foreign residents |
|---------------------------|----------------|-------------------------|--------------------------|---|---|
| Recce Pharmaceuticals Ltd | Body Corporate | N/A | Australia | Australian | N/A |
| Recce (USA) LLP | Body Corporate | 100% | United States | Foreign | United States |
| Recce (UK) Limited | Body Corporate | 100% | United Kingdom | Foreign | United Kingdom |
| Gramele Pty Ltd | Body Corporate | 100% | Australia | Australian | N/A |

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the *Income Tax Assessment Act 1997* are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS.

Australian Tax Residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes, as set out on pages 48 to 70, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards and the *Corporations Regulations 2001*; and other mandatory reporting requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the Group;
2. The Executive Chairman and Chief Financial Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. The financial statements and notes for the financial year comply with the Accounting Standards;
 - c. The financial statements and notes for the financial year give a true and fair view; and
 - d. The information disclosed in the attached consolidated entity disclosure statement is true and correct;
3. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable (refer to Note 3).

This declaration is made in accordance with a resolution of the Board of Directors.



John Prendergast
Executive Chairman

30 August 2024

Independent Auditor's Report



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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Recce Pharmaceuticals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Recce Pharmaceuticals Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recognition of Research and Development Tax Incentive

| Key audit matter | How the matter was addressed in our audit |
|--|--|
| <p>The Group receives a 43.5% refundable tax offset of eligible expenditure under the Research and Development (R&D) Tax Incentive scheme.</p> <p>Note 5 of the financial report discloses the “Research and development (“R&D”) tax incentive” and note 2(d) discloses the accounting policy used by the Group for its recognition of the R&D tax refund.</p> <p>We have considered this a key audit matter due to the amounts involved being material and the inherent subjectivity associated with the calculation of the R&D Tax Rebate.</p> | <p>Our audit procedures in this area included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management’s process around the R&D claim; • Comparing the eligible expenditure included in the calculation to the expenditure recorded in the general ledger; • Comparing the amount of R&D rebate recognised to the total amounts that offset the R&D advances received; • Obtaining management’s experts R&D rebate calculations and performing the following procedures: <ul style="list-style-type: none"> ○ Reviewing the scope of work of the management expert; ○ Reviewing the expenditure methodology employed by management and applied by management’s expert to the R&D rebate calculation; and ○ Reviewing inputs, source data and tested the mathematical accuracy of management’s expert’s workings. • Assessing the adequacy of disclosures in the notes to the financial report. |

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 33 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Recce Pharmaceuticals Ltd, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', is written over the printed name.

Jarrad Prue

Director

Perth, 30 August 2024

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ASX Additional Information

Shareholder Information as at 29 August 2024

Additional information required by the Australian Securities Exchange listing rules and not shown elsewhere in this report is as follows:

(a) Distribution of equity securities (as at 29 August 2024)

The number of shareholders, option holders and performance right holders by size of holding are:

| Holding | Number of Shareholders | Number of Shares | % Issued Share Capital |
|-------------------|------------------------|--------------------|------------------------|
| 1 - 1,000 | 903 | 564,518 | 0.24 |
| 1,001 - 5,000 | 1,379 | 3,830,925 | 1.65 |
| 5,001 up - 10,000 | 636 | 5,110,021 | 2.21 |
| 10,001 - 100,000 | 1,274 | 43,303,932 | 18.70 |
| 100,001 and over | 272 | 178,799,932 | 77.20 |
| Total | 4,464 | 231,609,328 | 100.00 |

| Holding | Option Holders | Number of Options | % Issued Share Capital |
|-------------------|----------------|-------------------|------------------------|
| 1 - 1,000 | - | - | - |
| 1,001 - 5,000 | - | - | - |
| 5,001 up - 10,000 | - | - | - |
| 10,001 - 100,000 | 2 | 200,000 | 2.01% |
| 100,001 and over | 9 | 9,775,000 | 98.00% |
| Total | 11 | 9,975,000 | 100.00% |

| Holding | Performance Right Holders | Number of Shares | % Issued Share Capital |
|-------------------|---------------------------|------------------|------------------------|
| 1 - 1,000 | - | - | - |
| 1,001 - 5,000 | - | - | - |
| 5,001 up - 10,000 | - | - | - |
| 10,001 - 100,000 | 3 | 168,750 | 1.93% |
| 100,001 and over | 7 | 8,585,673 | 98.07% |
| Total | 10 | 8,754,423 | 100.00% |

(b) Twenty largest shareholders (as at 29 August 2024)

The names of the twenty largest holders of quoted shares are:

| Name | Number of Shares | % |
|--|--------------------|---------------|
| 1 Mr Graham John Hamilton Melrose & Ms Olga Mary Melrose | 32,353,311 | 13.97 |
| 2 HSBC Custody Nominees (Australia) Limited | 14,970,467 | 6.46 |
| 3 Buttonwood Nominees Pty Ltd | 9,720,451 | 4.20 |
| 4 Mr Mark Anthony Rogers & Mr Arthur Nicholas Veliss | 7,700,000 | 3.32 |
| 5 BNP Paribas Noms Pty Ltd | 7,076,356 | 3.06 |
| 6 Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C> | 4,500,000 | 1.94 |
| 7 Acewood Investments Pty Ltd <Chivers Super Fund A/C> | 3,537,101 | 1.53 |
| 8 Pejay Pty Limited | 3,300,000 | 1.42 |
| 9 Mr John James Liddelow <John Liddelow A/C> | 3,200,000 | 1.38 |
| 10 BNP Paribas Nominees Pty Ltd <Clearstream> | 2,986,111 | 1.29 |
| 11 Ms Michele Keryn Dilizia | 2,828,485 | 1.22 |
| 12 Mr Arthur Nicholas Veliss & Mr Mark Anthony Rogers <Artmark Super Fund A/C> | 2,500,000 | 1.08 |
| 13 Mr Graham Melrose & Ms Olga Melrose | 2,475,000 | 1.07 |
| 14 J P Morgan Nominees Australia Pty Limited | 2,177,007 | 0.94 |
| 15 Querion Pty Ltd | 2,100,000 | 0.91 |
| 16 Seneschal (WA) Pty Ltd <Winston Scotney Family S A/C> | 2,066,666 | 0.89 |
| 17 Citicorp Nominees Pty Limited | 1,964,710 | 0.85 |
| 18 LDU Pty Ltd <Vesty Super Fund A/C> | 1,933,219 | 0.83 |
| 19 Haultrans Management Pty Limited <Successful Super Fund A/C> | 1,870,000 | 0.81 |
| 20 Mr John James Liddelow | 1,605,000 | 0.69 |
| Total | 110,863,884 | 47.87 |
| Total issued capital - selected security class(es) | 231,609,328 | 100.00 |

(c) Substantial shareholders

Substantial holders in the Company are set out below (based on voting interest in fully paid ordinary shares) as at 29 August 2024.

| Name | Number of Shares | % IC |
|--|------------------|-------|
| Mr Graham John Hamilton Melrose & Ms Olga Mary Melrose | 32,353,311 | 13.97 |
| FIL Limited* | 15,144,466* | 6.54 |
| HSBC Custody Nominees (Australia) Limited | 14,970,467 | 6.46 |

*Information obtained from the Notice of Initial Substantial Holder lodged with ASX on 20 September 2023 by FIL Limited.

(d) Voting rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each Share shall have one vote. On a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited). There are no voting rights attached to any Options or Performance Shares on issue.

(e) Share buyback

There is no current on-market share buy-back.

(f) Unmarketable parcels

There were 919 Shareholders holding less than a marketable parcel, totalling 580,752 shares.

Corporate Directory

For the year ended 30 June 2024

Directors

Dr John Prendergast

Executive Chairman

Ms Michele Dilizia

Executive Director and Chief Scientific Officer

Mr James Graham

Managing Director and Chief Executive Officer

Dr Justin Ward

Executive Director and Principal Quality Chemist

Dr Alan Dunton

Non-Executive Director and Chief Medical Advisor

Mr Alistair McKeough

Non-Executive Director

Company Secretary

Maggie Niewidok

Chief Financial Officer

Justin Reynolds

Registered Office

Suite 10, 3 Brodie Hall Drive

Bentley WA 6102

Phone: +61 8 9362 9860

Share Register

Automic Pty Limited

Level 5, 126 Phillip Street

Sydney NSW 2000

Phone: 1300 288 664

Auditors

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth WA 6000

Internet Address

www.recce.com.au

ASX Code

RCE

FSE Code

R9Q

Annual General Meeting

The Annual General Meeting will be held on the 6 November 2024.

Kardos Scanlan

Level 5, 44 Martin Place

Sydney NSW 2000

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