Recce Pharmaceuticals
recce.com.au
ACN 124 849 065

Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- **Registrational Phase 3 Clinical Trial progresses, following successful meetings with Indonesian Drug and Food Regulatory Authority, Badan POM**
- **Phase II Clinical Trial for Acute Bacterial Skin and Skin Structure Infections recruitment passes halfway**
- **Positive Efficacy Data from Murdoch Children's Research Institute in Study against WHO Priority Pathogen *Acinetobacter baumannii***
- **U.S. Department of Defense Grants US$2 million for RECCE® 327 Gel to accelerate development for acute treatment of burn wound infections and downstream bacteria complications such as sepsis in military setting**
- **Share Purchase Plan receives A$4.4 million of valid applications, in conjunction with recently completed A$8.0 million institutional placement - total funds raised A$12.5 million**
- **Opening Address at World Antimicrobial Resistance Congress 2024 and feature on NASDAQ Tower for Sepsis Awareness Month**
- **2024 Annual Report to Shareholders**

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

Financial Update

The Company ended the quarter with a cash balance of $6.33 million. Net cash outflows from operating activities were ($9.69 million), with Research and Development of ($7.59 million) being the largest item of expenditure supporting ongoing human clinical trials, and the advancement of late-stage pre-clinical studies. Payments to related parties (Executive & Director fees) was ($0.709 million).

Institutional placement and Share Purchase Plan raises $12.5 million

The Company successfully completed its Share Purchase Plan (SPP), generating significant support from Recce's existing shareholders. Applications received exceeded the initial SPP target of A$2.0 million, with Recce receiving total applications for fully paid ordinary shares (Shares) of approximately A$4.4 million.

The successful completion of the SPP, in conjunction with the recently completed A$8.0 million institutional placement (Placement, together with the SPP, the Offer) takes the total funds raised under the Offer to A$12.5 million (before costs).

Operational Highlights

Registrational Phase 3 Clinical Trial Progresses Following Successful Meetings with Indonesian Drug and Food Regulatory Authority, Badan POM

The Company has progressed regulatory submissions with the Indonesian Drug and Food Regulatory Authority, Badan POM and an independent Human Ethics Committee. The submissions are seeking approval to begin a Registrational Phase 3 clinical trial in Indonesia for the treatment of Diabetic Foot Infections (DFI). The Company expects the registrational Phase 3 clinical trial to be approved imminently.

Recce Pharmaceuticals & Badan POM Team's - Recce CEO James Graham (centre left) and Head of Drug and Food Authority Badan POM, Professor Taruna Ikrar (centre)

This progress follows the signed Memorandum of Understanding (MoU) with biopharmaceutical company PT Etana Biotechnologies and is an initiative supported by the Australian and Indonesian Governments. A successful outcome in this trial would represent a substantial advancement toward

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market authorisation, marking a critical step in providing a new therapeutic option for diabetic patients in Indonesia and the ASEAN region.

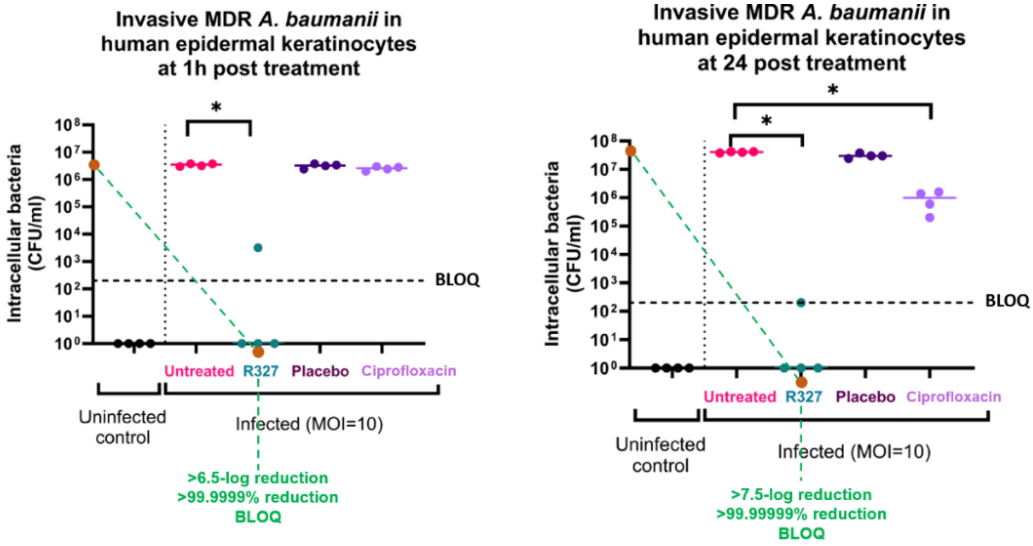
Phase II Clinical Trial for Acute Bacterial Skin and Skin Structure Infections Recruitment Passes Halfway

The Company announced post-quarter the successful dosing of 15 patients in its Phase II Acute Bacterial Skin and Skin Structure Infections (ABSSSI) clinical trial. ABSSSI includes diabetic foot infections (DFI) and other wound infections – areas of significant unmet medical need. The study is on track to enrol 30 participants within this calendar year.

In addition to the lead site Barwon Health, the Company has added two new sites with the Australian Clinical Research Network NSW and ACRN Melbourne. The Phase II clinical trial is an Open-label, Pilot Efficacy Study and Exploratory Evaluation of the Systemic Bioavailability of Single and/or Multiple Doses of RECCE® 327 (R327G) as a Topical Gel Applied to Acute Bacterial Skin and Skin Structure Infections, designed to evaluate the efficacy and systemic absorption of R327G when applied directly to the infected area.

Positive Efficacy Data from Murdoch Children's Research Institute in Study against WHO Priority Pathogen *Acinetobacter baumannii*

The Company reported promising results from its latest study on the efficacy of R327 against multidrug-resistant (MDR) World Health Organization (WHO) priority pathogen *Acinetobacter baumannii* (*A. baumannii*). The study was conducted at Recce's Anti-Infective Research (AIR) unit within Murdoch Children's Research Institute.



BLOQ - Below Limit of Quantification

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Key Findings:

1-hour Post-treatment Efficacy: Within the first hour post-treatment of invasive (intracellular) Multidrug-Resistant *A. baumannii* in primary human epidermal keratinocytes, R327 achieved a >6.5 log reduction, rendering the bacteria below the limit of quantification (BLOQ). This demonstrates the rapid and effective bactericidal action of R327. In contrast, ciprofloxacin did not show any reduction in intracellular bacterial burden at this early timepoint.

24-hour Sustained Efficacy: R327 maintained its efficacy at >7.5 log or >99.9999% reduction in intracellular bacteria even after 24 hours, a critical factor in infection management. In comparison, ciprofloxacin treatment only resulted in ~1 log reduction in bacterial numbers over the same period.

U.S. Department of Defense Grants US$2 million for RECCE® 327 Gel

The Company announced it has been awarded grant funding in the amount of US$2 million (approximately A$3 million) by the US Department of Defense in recognition of R327G as a topical treatment for Burn Wound Infections.

The grant funding from the US Department of Defense Congressionally Directed Medical Research Programs (CDMRP) will enable the Company to accelerate the development of R327G and evaluate it as a gel-based treatment to rapidly resolve burn wound infections and minimise the onset of bacteraemia complications, such as sepsis. The project's main aim is to establish the potential for R327G products to be used in a far forward military setting (point-of-injury).

Opening Address at World Antimicrobial Resistance Congress 2024

The Company delivered the Opening Address and the Opening R&D Address, as well as participated in a Panel Discussion focused on antimicrobial resistance (AMR), at the World AMR Congress 2024, being held September 5-6 in Philadelphia, Pennsylvania. Recce was also featured on the NASDAQ Tower in Times Square, New York City, recognising the Company's efforts in combatting AMR during Sepsis Awareness Month.

Since 2015, the two-day World AMR Congress, is the world's largest AMR conference with more than 1,500 attendees from over 50 countries and is the leading event globally for all stakeholders in the AMR space, advancing solutions to combat current and future pressing global health crises.

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2024 Annual Report to Shareholders

The Company released its Annual Report for the 2024 financial year. The report documents commercial, clinical, and regulatory highlights. The Annual Report can be viewed here.

Looking Ahead

Following a successful capital raise and the USD $3.0 million US Department of Defense grant, the Company is well placed to execute on further clinical advancements. With the Phase II ABSSSI clinical trial halfway complete, Recce now looks ahead to further clinical milestones, with a planned registrational Phase 3 topical trial in Indonesia and the expected completion of the Phase II ABSSSI study within CY25.

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

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Appendix 4C

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

Name of entity	
Recce Pharmaceuticals Ltd	
ABN	**Quarter ended ("current quarter")**
73 124 849 065	September 2024

Consolidated statement of cash flows		**Current quarter**	**Year to date (3 months)**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) research and development	(7,591,509)	(7,591,509)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(710,275)	(710,275)
	(d) leased assets	-	-
	(e) staff costs	(578,007)	(578,007)
	(f) administration and corporate costs	(894,211)	(894,211)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	36,654	36,654
1.5	Interest and other costs of finance paid	(41,768)	(41,768)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	13,910	13,910
1.8	Other	73,419	73,419
1.9	**Net cash from / (used in) operating activities**	**(9,691,787)**	**(9,691,787)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(6,142)	(6,142)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(346,775)	(346,775)
2.6	**Net cash from / (used in) investing activities**	**(352,916)**	**(352,916)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,530,005	12,530,005
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(559,945)	(559,945)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(14,000)	(14,000)
3.10	**Net cash from / (used in) financing activities**	**11,956,059**	**11,956,059**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,415,184	4,415,184
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,691,787)	(9,691,787)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(352,916)	(352,916)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,956,059	11,956,059

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**6,326,540**	**6,326,540**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter	Previous quarter
5.1	Bank balances	6,326,540	6,326,540
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Trust Account	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**6,326,540**	**6,326,540**

6.	Payments to related parties of the entity and their associates	Current quarter
6.1	Aggregate amount of payments to related parties and their associates included in item 1	709,358
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end**	**Amount drawn at quarter end**
7.1	Loan facilities	Nil	Nil
7.2	Credit standby arrangements	Nil	Nil
7.3	Other (please specify)	Nil	Nil
7.4	**Total financing facilities**	Nil	Nil

7.5	**Unused financing facilities available at quarter end**	Nil

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	
8.1	Net cash from / (used in) operating activities (item 1.9)	(9,691,787)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,326,540
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,326,540
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.65

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, late-stage clinical trial commitments across domestic and international programs were higher than previous quarters, in-line with progress and associated forecasts.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has lodged a substantial end of Financial Year R&D rebate for both local and overseas R&D expenditure with expected receipt in near weeks

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, as above

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.