Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- **Registrational Phase 3 Clinical Trial for Diabetic Foot Infections across Indonesia well underway**
- **Positive Efficacy Data of Inhaled RECCE® 327 in Hospital/Ventilator-Acquired Pneumonia (HAP/VAP) in Mice Models**
- **Hong Kong Patent Granted for RECCE® Anti-Infectives**
- **Honoured the legacy of Dr Graham Melrose – visionary founder and pioneering inventor who laid the foundation for Recce's ongoing innovation**
- **Up to AUD $85 million AusIndustry Advanced Overseas (R&D) Finding awarded for Synthetic Anti-Infective Development Program**

SYDNEY, Australia, 30 January 2026: Recce Pharmaceuticals Ltd (**ASX:RCE**, **FSE:R9Q**) (**Recce** or the **Company**), a leading developer of a New Class of Synthetic Anti-Infectives, today released its Q2 FY2026 results and operational highlights.

Operational Highlights

Registrational Phase 3 Clinical Trial for Diabetic Foot Infections across Indonesia well underway

The Company has continued to progress its Phase 3 Clinical Trial for DFI in Indonesia, with further patient dosing across activated clinical trial sites. The trial has a target of 155 patients as an approvable interim data-point with up to 310 DFI patients randomised to receive either RECCE® 327 Topical Gel (R327G) or placebo overall, making it one of the largest DFI studies in the world.

Over 20.9 million adults in Indonesia are living with diabetes[1] representing approximately 11.3% of the nation's adult population, or more than 1 in every 10 adults - ranking 5th in the world for diabetes prevalence. This figure is among the highest rates in Southeast Asia and is nearly equivalent to the entire population of Australia, underscoring both the scale of the disease burden and the urgent need for new treatment solutions. In-hospital treatment costs average **IDR 64.95 million (AUD ~$6,000) per patient** with significantly higher costs for amputees, highlighting the substantial clinical and economic burden of DFI on the national health system.[2]

The Phase 3 trial's primary objective is to assess the clinical response of the DFI according to the Lipsky Scale. Recognised by the FDA, the Lipsky Scale is a valid and reliable method for evaluating the treatment outcomes for diabetic foot infections. Secondary endpoints include a DFI total wound score and safety of R327G including clinical observations and adverse events.

Based on the approved statistical plan the Company expects to meet a highly statistically significant positive endpoint after dosing approximately 155 patients. The Indonesian Drug and Food Regulatory Authority (Badan POM or BPOM) approved protocol has a built-in interim analysis as well as Expedited Regulatory Review status.

Positive Efficacy Data of Inhaled RECCE® 327 in Hospital/Ventilator-Acquired Pneumonia (HAP/VAP) in Mice Models

The Company reported further positive preclinical data from an ongoing research program conducted by Murdoch Children's Research Institute (MCRI).

The study investigated the therapeutic efficacy of RECCE® 327 (R327) in a validated model of Hospital/Ventilator-Acquired Pneumonia (HAP/VAP) caused by carbapenem-resistant *Acinetobacter baumannii* (CRAB) – a critical global health priority pathogen. 40 female mice were assigned to seven treatment groups receiving either R327, placebo, saline, or meropenem (a last resort treatment option, which can cause severe liver injury) by intranasal drops or nebulisation. Unlike meropenem, which is challenging to nebulise due to solubility limitations and can be associated with significant side effects[3], R327 can be effectively nebulised, providing a major practical advantage for treating serious lung infections where direct delivery to the lungs is critical.

[1] https://idf.org/our-network/regions-and-members/western-pacific/members/indonesia/
[2] https://doi.org/10.1016/j.heliyon.2024.e41263
[3] https://pmc.ncbi.nlm.nih.gov/articles/PMC7911629/

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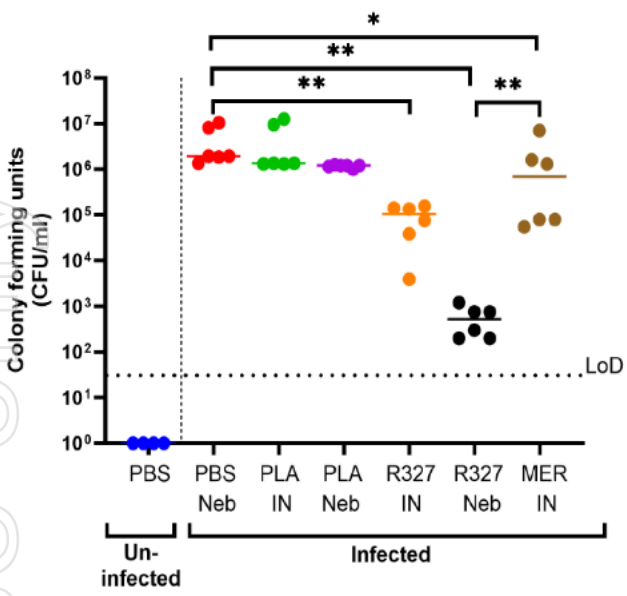

At 24 hours post-infection, animals treated with R327 showed a significant reduction in bacterial load in the lungs compared with untreated and placebo (PLA) groups. Both intranasal (IN) and nebulised (Neb) R327 achieved strong bacterial clearance, significantly reducing colony-forming units (CFU). **Nebulised R327 treatment resulted in a 4-log reduction, corresponding to >99.99% lower bacterial burden in the lungs.** Importantly, the nebulised R327 group achieved bacterial counts approaching the lower limit of detection (LoD), demonstrating potent local infection control. By comparison, meropenem also reduced bacterial numbers but can only be delivered intranasally due to solubility constraints, limiting its practical use.

Hong Kong Patent Granted for RECCE® Anti-Infectives

The Hong Kong Special Administrative Region has formally granted Patent Family 4 for Recce's Anti-Infectives, expiry 2041. This is the Company's sixth Family 4 patent, alongside Australia, Canada, Israel, Japan and China, with further Patent Cooperation Treaty (PCT) submissions in respective stages of review/allowed. The Hong Kong pharmaceutical market is valued at around US$2.5 billion and projected to grow at a 6.5% CAGR from 2025 to 2030.[4]

Recce continues to progress its Phase 3 clinical trial in Indonesia, as it seeks further approval pathways across ASEAN and Middle Eastern markets beyond. The strengthening of its intellectual property portfolio in nations such as Hong Kong, further supports this regional strategy, enabling market entry opportunities in territories where demand for next-generation anti-infectives continues to grow.

Honoured the legacy of Dr Graham Melrose – visionary founder and pioneering inventor who laid the foundation for Recce's ongoing innovation

The Company announced with sadness the passing of its founder and inventor of Recce's technology platform, Dr Graham JH Melrose BSc (Hons), PhD, MBA, FRACI, CChem and FAICD.

[4] https://healthcareasiamagazine.com/healthcare/news/hong-kong-pharmaceutical-market-be-valued-3b-2028

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Dr Melrose founded Recce Pharmaceuticals, drawing upon both his business and scientific expertise as the original inventor of the Company's technology platform. His pioneering work in polymer chemistry and infectious diseases laid the foundation for the RECCE® portfolio of new class anti-infectives and continues to guide the Company's mission and innovation today.

Recce Pharmaceuticals expresses its deepest gratitude for Dr Melrose's life, leadership and lasting contributions to global health. His contributions to science and innovation will be long remembered and celebrated.

Financial Update

The Company ended the quarter with a cash balance of AUD $0.4 million (noting an AUD $5.3 million R&D rebate outlined below was received post quarter end and a further ~AUD $3.5 million expected to follow this quarter). Net cash outflows from operating activities were AUD $2.6 million, with Research and Development (AUD $2.1 million) being the largest item of expenditure supporting ongoing human clinical trials, and the advancement of pre-clinical studies. Payments to related parties (Executive & Director fees) were AUD $0.28 million.

AUD $5.3 million R&D Rebate Received – Post Quarter (AUD $3.5 million to follow)

Post quarter, the Company announced a cash refund of AUD $5.3 million Research and Development (R&D) Tax Incentive rebate from the Australian Taxation Office for the financial year ending 30 June 2025.

The AUD $5.3 million reflects R&D activities undertaken locally and overseas, provided to the Company in cash, without caveat. The Australian Government's 43.5% Research & Development Tax Incentive rebate, supports Australian innovation, providing expanded benefit to the Company by allowing it to capture 43.5% of the Company's R&D applicable activities, undertaken anywhere in the world.

The Company expects a further cash refund of approximately AUD $3.5 million, which would complete the Company's FY25 R&D rebate and provide additional non-dilutive funding.

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Recce Awarded AusIndustry Advanced Overseas (R&D) Finding for up to AUD $85 million for Synthetic Anti-Infective Development Program

Recce received an Advanced Overseas Finding for up to AUD $85 million for Synthetic Antibiotic Research & Development (R&D) applicable expenditure by Department of Industry, Science and Resources.

The Advanced Overseas Finding provides confirmation that Recce's R&D activities undertaken outside Australia are eligible and qualify for the 43.5% R&D Tax Incentive, extending the rebate beyond domestic activities for a three-year period. This finding does not constitute a grant, or an upfront payment of the amount awarded.

R&D Tax Incentive: Advance and Overseas Finding Assessment Report

Case Details

Company Name	RECCE PHARMACEUTICALS LTD
ABN	73124849065
Project Title	Development and testing of a new synthetic antibiotic against superbugs
Project Value	$84,921,710.00
Finding Type	Finding for Overseas R&D Activities (s28A & s28C of the IR&D Act)
Income years of application for finding	2024-2025 2025-2026 2026-2027

The Australian Government extends the R&D cash rebate to the Company capturing its local and overseas R&D activities, for a period of three years. This Finding covers Recce's domestic and overseas activities, including its Phase 3 Diabetic Foot Infection (DFI) clinical trial in Indonesia and further overseas R&D programs conducted throughout the Company's infectious disease portfolio.

Looking Ahead

The receipt of the AUD $5.3 million R&D Rebate from the Australian Government enhances Recce's balance sheet strength and supports the accelerated delivery of its clinical and commercial objectives. These funds underpin key value-driving programs, including the Phase 3 clinical trial in Indonesia for R327 Topical Gel (R327G) and continued progress under the U.S. Department of Defense Burn Wound Program. With these initiatives advancing in parallel, Recce is actively pursuing regulatory, partnering, and potential market entry opportunities aimed at unlocking near-term shareholder value. Supported by strong financial momentum, advancing clinical data, and growing global recognition, Recce enters the coming quarters well positioned to capitalise on multiple commercial and strategic catalysts.

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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	Dec 2025

Consolidated statement of cash flows		**Current quarter**	**Year to date (6 months)**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) research and development	(2,138,463)	(7,442,541)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(15,289)	(310,833)
	(d) leased assets	-	-
	(e) staff costs	(484,976)	(1,489,265)
	(f) administration and corporate costs	(30,904)	(688,305)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7,325	28,828
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	217,809
1.8	Other	93,396	195,000
1.9	**Net cash from / (used in) operating activities**	**(2,568,912)**	**(9,489,308)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(3,507)	(26,990)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	202,280	152,973
2.6	**Net cash from / (used in) investing activities**	**198,773**	**125,983**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(87)	(2,603)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(370,279)	(743,477)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(370,366)**	**(746,080)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,165,096	10,533,995
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,568,912)	(9,489,308)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	198,773	125,983
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(370,366)	(746,080)

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**424,591**	**424,591**

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	424,591	3,165,096
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)**	**424,591**	**3,165,096**

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	277,998
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	30,550,000	11,488,425
7.2	Credit standby arrangements	Nil	Nil
7.3	Other (please specify)	2,925,000	150,000
7.4	**Total financing facilities**	33,475,000	11,638,425

7.5	**Unused financing facilities available at quarter end**	21,836,575

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.

Loan
The loan is from Avenue Venture Opportunity Fund II L.P. For full details, interest rate, maturity date and security, refer to ASX Announcement dated 17 June 2025.

Other
The Company entered into an At-the-Market Subscription Agreement ("ATM") (also referred to as a Controlled Placement Agreement) in November 2018 with Acuity Capital (see previous announcements on 1 November 2018, 15 February 2019, 30 August 2019, 11 September 2019, 31 July 2020 and 30 January 2023).

The ATM has an expiry date of 31 January 2031.

To date the Company has utilised the ATM to raise a total of $150,000. The remaining standby equity capital available under the ATM is currently 4.5m shares which has been marked to market in this cash flow report as $2,925,000.

There is no guarantee that the Company will be able to execute a utilisation under the Agreement, which is subject to, for example, market conditions and the prevailing share price. The Company retains control of all aspects of the placement process. There are no requirements on the Company to utilise the facility and it may terminate the Agreement at any time, without cost or penalty.

8.	**Estimated cash available for future operating activities**	
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,568,912)
8.2	Cash and cash equivalents at quarter end (item 4.6)	424,591
8.3	Unused finance facilities available at quarter end (item 7.5)	21,836,575
8.4	Total available funding (item 8.2 + item 8.3)	22,261,166
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	8.67

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:

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

Answer:

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

Answer:

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: 30/01/2026

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.