

Appendix 4D

Current Reporting Period: 31 December 2025

Previous Reporting Period: 31 December 2024

Results for Announcement to the Market

		Percentage Change	31 Dec 2025 \$	31 Dec 2024 \$
Revenue from ordinary activities	-	0.00% to	-	-
Loss from ordinary activities after tax attributable to members	up	114.08% to	(16,559,726)	(7,735,160)
Net loss for the period attributable to members	up	114.08% to	(16,559,726)	(7,735,160)

Brief explanation of Results

Operational Report

During the reporting period, significant advances were made in support of the development of the Company's anti-infective portfolio. Highlights for the half year to 31 December 2025 included:

- Research Abstract and Poster presentation at the 2025 Military Health System Research Symposium (MHSRS). The abstract presents expanded data of RECCE® 327 demonstrating activity against multiple high-priority bioterrorism pathogens in laboratory testing.
- Statistically significant positive efficacy data against two clinically significant antibiotic-resistant pathogens, including wound healing/wound contraction data for burn wounds in rat infection models. The study assessed the efficacy of R327G against Methicillin-resistant Staphylococcus aureus (MRSA) and Pseudomonas aeruginosa (P. aeruginosa), two clinically significant antibiotic-resistant pathogens. R327G achieved a statistically significant reduction in bacterial load compared to untreated control groups, with bacterial counts reduced substantially by Day 4 and highly significant reductions observed by Day 8.
- Patient dosing underway for Registrational Phase 3 clinical trial for Diabetic Foot Infections (DFI), with five (5) clinical study sites now activated across Indonesia, one of the world's largest DFI patient populations. Based on the approved statistical plan the Company expects to meet a highly statistically significant positive endpoint after dosing approximately 155 patients. The approved protocol has a built-in interim analysis as well as Expedited Regulatory Review status.
- Passing of Recce Pharmaceuticals founder and the inventor of Recce's technology platform, Dr Graham JH Melrose BSc (Hons), PhD, MBA, FRACI, CChem and FAICD. Dr Melrose founded Recce in 2007, drawing upon both his business and scientific expertise as the original inventor of the Company's technology platform.

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- 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. Nebulised R327 treatment resulted in a 4-log reduction, corresponding to >99.99% lower bacterial burden in the lungs.
- Hong Kong Special Administrative Region formally granted Patent Family 4 for Recce's Anti-Infectives, expiry 2041.
- Advanced Overseas Finding received for up to A\$85 million for Synthetic Antibiotic Research & Development (R&D) applicable expenditure by Department of Industry, Science and Resources.
- The 2025 Annual Report for the financial year was released.

Financial position

The Company expects to receive a cash inflow of approximately \$3.6M in April 2026, representing the final portion of the Company's total FY25 R&D tax rebate of \$8.9M, of which \$5.3M has already been received.

This inflow, together with other fundraising activities, will support the Company's ongoing operations.

Financial Report

The half-year operating loss for the period was \$16,559,726 (2024: loss of \$7,735,160) with a significant amount spent on R&D.

The loss per share for the period was 5.73 cents (2024: 3.38 cents).

Dividends	Amount per Security	Percentage Franked
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
Date the Dividend is Payable:	N/A	N/A
Record Date for determining entitlements to the Dividends:	N/A	N/A

The Company did not declare a dividend during the financial period and has not declared a dividend since the end of the financial period.

Net Tangible Assets per Security

As at 31 December 2025 (cents)	-6.44
As at 31 December 2024 (cents)	-2.15

The half year report is based on accounts that have been subject to an audit review and there is no dispute or qualification with the auditors in relation to these accounts.

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RECCE PHARMACEUTICALS LTD

ABN 73 124 849 065

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

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DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

The Directors present their report together with the interim consolidated financial report of Recce Pharmaceuticals Ltd (the "Company") and controlled entities (the "Group") for the half-year ended 31 December 2025.

Directors

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

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

Principal Activity

The Group is pioneering the development and commercialisation of a new class of Synthetic Anti-Infectives designed to address the urgent global health problems of antibiotic-resistant superbugs and emerging viral pathogens. Patented lead candidate RECCE® 327 as an intravenous therapy is being developed for treatment of serious and potentially life-threatening infections including sepsis due to Gram-positive and Gram-negative bacteria and their superbug forms.

Review of Operations

On 5 August 2025, the Company announced it was presenting a research Abstract and Poster at the 2025 Military Health System Research Symposium (MHSRS).

On 12 August 2025, the Company announced statistically significant positive efficacy against two clinically significant antibiotic resistant pathogens, including statistically significant wound healing/wound contraction data for burn wounds in rat infection models.

On 25 September 2025, the Company announced that patient dosing was underway for its Registrational Phase 3 clinical trial in Indonesia with clinical trial sites activated.

On 14 November 2025, the Company announced with sadness the passing of its founder and the inventor of Recce's technology platform, Dr Graham JH Melrose BSc (Hons), PhD, MBA, FRACI, CChem and FAICD.

On 26 November 2025, the Company reported further positive preclinical data from an ongoing research program conducted by Murdoch Children's Research Institute (MCRI).

On 27 November 2025, the Company announced the Hong Kong Special Administrative Region had formally granted Patent Family 4 for Recce's Anti-Infectives, expiry 2041.

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

On 16 December 2025, the Company announced it had received an Advanced Overseas Finding for up to A\$85 million for Synthetic Antibiotic Research & Development (R&D) applicable expenditure by the Department of Industry, Science and Resources.

Results of Operations

The half-year operating loss for the period was \$16,559,726 (2024: loss of \$7,735,160). The increase was a result of increased R&D related costs and share based payments and loan transaction costs. The Group's current focus is on progressing RECCE® 327 into human clinical trials.

Events Subsequent to Reporting Period

On 14 January 2026, the Company received a cash receipt of A\$5,339,203 in relation to the Research and Development Tax Incentive rebate from the Australian Tax Office for the year ending 30 June 2025.

Other than the above, no matters or circumstances have arisen since the end of the financial period, 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 periods.

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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

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



Dr John Prendergast
Executive Chairman
27 February 2026

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

As lead auditor for the review of Recce Pharmaceuticals Ltd for the half-year ended 31 December 2025, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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
27 February 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025	31 December 2024
		\$	\$
Revenue		-	-
Other income			
Research and Development ("R&D") tax incentive		-	6,738,274
Interest income		40,723	78,251
Other Income		412,039	208,115
		<u>452,762</u>	<u>7,024,640</u>
Expenses			
Laboratory expenses		(7,631,547)	(8,298,749)
Employee benefits expenses		(3,354,422)	(2,809,154)
Depreciation and amortisation expenses		(30,733)	(36,601)
Share based payments expense	17	(769,313)	(384,084)
Travel expenses		(260,549)	(225,409)
Patent related costs		(90,915)	(92,109)
Rental outgoing expenses		(298,452)	(248,770)
Finance costs		(3,480)	(4,813)
Professional services		(861,991)	(1,042,019)
Other expenses		(414,300)	(834,391)
Amortisation: Leases		(36,316)	(49,890)
Interest expense: Leases		(30,845)	(28,106)
Interest expense: Other		(853,054)	(705,705)
Fair value movement in derivatives	13	(2,376,571)	-
		<u>(17,012,488)</u>	<u>(14,759,800)</u>
Loss before income tax		(16,559,726)	(7,735,160)
Income tax expense		-	-
Loss for the period after income tax		(16,559,726)	(7,735,160)
Other comprehensive income		-	-
Total comprehensive loss for the period		(16,559,726)	(7,735,160)
		Cents	Cents
Loss per share:			
Basic loss per share for the period	6	(5.73)	(3.38)
Diluted loss per share for the period	6	(5.73)	(3.38)
Dividends per share for the period	7	-	-

The accompanying condensed notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	31 December 2025	30 June 2025
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	365,256	10,448,808
Trade and other receivables		27,930	435,268
Other current assets	9	474,840	502,193
TOTAL CURRENT ASSETS		868,026	11,386,269
NON-CURRENT ASSETS			
Plant and equipment	10	390,021	393,763
Right of Use Asset	11	783,505	634,465
TOTAL NON-CURRENT ASSETS		1,173,526	1,028,228
TOTAL ASSETS		2,041,552	12,414,497
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	5,840,154	2,968,982
Provisions for employee benefits		701,240	634,723
Other financial liabilities	13	4,621,096	2,301,805
Current lease liabilities		253,148	223,769
TOTAL CURRENT LIABILITIES		11,415,638	6,129,279
NON-CURRENT LIABILITIES			
Non-current lease liabilities		553,196	319,462
Provisions for employee benefits		282,095	419,220
Other financial liabilities	13	8,408,544	8,598,539
TOTAL NON-CURRENT LIABILITIES		9,243,835	9,337,221
TOTAL LIABILITIES		20,659,473	15,466,500
NET ASSETS/(NET LIABILITIES)		(18,617,921)	(3,052,003)
EQUITY			
Share capital	14	81,726,251	81,501,669
Reserves	15	7,719,600	6,950,287
Accumulated losses		(108,063,772)	(91,503,960)
TOTAL EQUITY/(DEFICIENCY IN EQUITY)		(18,617,921)	(3,052,003)

The accompanying condensed notes form part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Share Capital \$	Reserves \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2024	54,838,713	5,713,390	(70,075,871)	(9,523,768)
COMPREHENSIVE INCOME:				
Loss for the period	-	-	(7,735,160)	(7,735,160)
	-	-	(7,735,160)	(7,735,160)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issuance of shares (net of cash-settled share issue costs)	11,870,059	-	-	11,870,059
Options issued to Directors and employees	-	284,084	-	284,084
Share-based payments	118,030	-	-	118,030
	11,988,089	284,084	-	12,272,173
BALANCE AT 31 DECEMBER 2024	66,826,802	5,997,474	(77,811,031)	(4,986,755)
BALANCE AT 1 JULY 2025	81,501,669	6,950,287	(91,503,960)	(3,052,003)
COMPREHENSIVE INCOME:				
Loss for the period	-	-	(16,559,726)	(16,559,726)
	-	-	(16,559,726)	(16,559,726)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Options issued to Directors and employees	-	769,313	-	769,313
Share-based payments	224,582	-	-	224,582
Performance share buy-back	-	-	(86)	(86)
	224,582	769,313	(86)	993,809
BALANCE AT 31 DECEMBER 2025	81,726,251	7,719,600	(108,063,772)	(18,617,921)

The accompanying condensed notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	31 December 2025	31 December 2024
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(9,735,944)	(13,778,419)
Interest received	28,828	69,359
Interest and other costs of finance paid	-	(54,670)
Government grants and tax incentives	217,809	6,839,871
NET CASH USED IN OPERATING ACTIVITIES	(9,489,307)	(6,923,860)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of plant and equipment	(26,990)	(17,947)
Other related payments	178,825	(389,973)
NET CASH PROVIDED/(USED IN) INVESTING ACTIVITIES	151,835	(407,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loans	-	(7,109,658)
Proceeds from issue of equity securities	(2,603)	12,530,005
Interest paid on loans	(743,477)	-
Transaction costs related to issues of equity or convertible securities	-	(559,945)
NET CASH PROVIDED/(USED IN) FINANCING ACTIVITIES	(746,080)	4,860,402
Net (decrease) in cash and cash equivalents held	(10,083,552)	(2,471,378)
Cash and cash equivalent at the beginning of the period	10,448,808	4,415,184
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	365,256	1,943,806

The accompanying condensed notes form part of these consolidated financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

NOTE 1: GENERAL INFORMATION

The consolidated financial report of Recce Pharmaceuticals Ltd (the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2025 was authorised for issue in accordance with a resolution of the Directors on 27 February 2026.

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

NOTE 2: ACCOUNTING POLICIES

(a) Basis of preparation of the consolidated financial report

These financial statements are general purpose financial statements for the half year ended 31 December 2025 have been prepared in accordance with Australian Accounting Standards 134 Interim Financial Reporting and the Corporations Act 2001.

The half year consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. Accordingly, the half-year consolidated financial report should be read in conjunction with the annual report for the year ended 30 June 2025 and considered together with any public announcements made by the Company during the half year ended 31 December 2025 in accordance with the continuous disclosure obligations of the ASX Listing Rules and the Corporations Act 2001.

Historical Cost Convention

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Adoption of new and revised standards

The Group has reviewed all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. The Group has also reviewed all standards and interpretations that have been issued but are not yet effective for the half-year ended 31 December 2025. As a result of this review, the Directors have determined that there is no material impact on the Group and, therefore no material change is necessary to Group accounting policies.

(c) 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 report have been rounded to the nearest dollar.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, 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 judgments and estimates will seldom equal the related actual results.

The judgments, 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.

NOTE 4: GOING CONCERN

For the half-year ended 31 December 2025 the Group recorded a loss of \$16,559,726 (2024: \$7,735,160) and had net cash outflows from operating activities of \$9,489,307 (2024: \$6,923,860).

The ability of the Company to continue as a going concern and being able to fund its operating activities is dependent on securing additional funding through share placements 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 Company'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 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:

– 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 4: GOING CONCERN (Continued)

- Management is currently progressing initiatives to strengthen the Group’s funding position, including evaluating available funding options;
- 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

NOTE 5: SEGMENT INFORMATION

(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 segments being Australia, Europe and the USA.

(b) Segment results

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

	Segment revenue and other income for the period		Segment loss after tax for the period	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	\$	\$	\$	\$
Australia	-	5,363,831	(7,562,260)	(1,999,731)
USA	217,809	1,451,176	(1,368,065)	(401,550)
Europe	-	24,863	(37,388)	(9,270)
Central Administration	234,953	184,769	(7,592,013)	(5,324,442)
	452,762	7,024,639	(16,559,726)	(7,734,993)

The segment revenue and other income above comprises bank interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 5: SEGMENT INFORMATION (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the Group's 30 June 2025 notes to the consolidated financial statements. 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 period		Segment liabilities at end of the period	
	31 December 2025	30 June 2025	31 December 2025	30 June 2025
	\$	\$	\$	\$
Australia	1,135,817	987,166	806,344	543,231
USA	-	-	-	-
Europe	-	-	-	-
Central Administration	905,735	11,427,331	19,853,129	14,923,269
	2,041,552	12,414,497	20,659,473	15,466,500
			31 December 2025	30 June 2025
Segment Net Liabilities			\$	\$
Australia			329,473	443,935
USA			-	-
Europe			-	-
Central Administration			(18,947,394)	(3,495,938)
			(18,617,921)	(3,052,004)

NOTE 6: LOSS PER SHARE

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

Loss for the period attributable to the members of the parent	(16,559,726)	(7,735,160)
Weighted average number of shares:		
Weighted average number of ordinary shares used in calculating basic loss per share	289,126,119	228,997,291
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share	-	-
	289,126,119	228,997,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 6: LOSS PER SHARE (Continued)

	31 December 2025	31 December 2024
Loss per share (cents per share):	\$	\$
Basic loss per share for the period	(5.73)	(3.38)
Diluted loss per share for the period	(5.73)	(3.38)

NOTE 7: DIVIDENDS PAID AND PROPOSED

The Company has not declared any dividends during and/or since the end of the half-year 31 December 2025 (31 December 2024: \$nil).

NOTE 8: CASH AND CASH EQUIVALENTS

	31 December 2025	30 June 2025
	\$	\$
Cash at bank	365,256	10,448,808
Cash on hand	-	-
	365,256	10,448,808

NOTE 9: OTHER CURRENT ASSETS

Prepayments	191,409	294,025
Rental Deposits	21,500	21,500
Staff Advances & Other Assets	2,200	-
Director Loans	21,997	186,668
Term Deposits	237,734	-
	474,840	502,193

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 10: PLANT AND EQUIPMENT

	31 December 2025	30 June 2025
	\$	\$
NON-CURRENT		
Laboratory plant and equipment		
At cost	702,952	681,729
Less accumulated depreciation	(386,200)	(365,551)
	<u>316,752</u>	<u>316,178</u>
Office furniture and equipment		
At cost	77,476	77,476
Less accumulated depreciation	(56,100)	(54,696)
	<u>21,376</u>	<u>22,780</u>
Computer equipment		
At cost	114,595	108,828
Less accumulated depreciation	(98,267)	(90,553)
	<u>16,328</u>	<u>18,275</u>
Office improvements		
At cost	78,646	78,646
Less accumulated depreciation	(43,574)	(42,664)
	<u>35,072</u>	<u>35,982</u>
Library and website costs		
At cost	7,176	7,176
Less accumulated depreciation	(6,683)	(6,628)
	<u>493</u>	<u>548</u>
Total Plant and Equipment	<u><u>390,021</u></u>	<u><u>393,763</u></u>

Reconciliations

Movement in the carrying amounts of the plant and equipment between the beginning and the end of the current financial period.

	\$
Opening balance, 1 July 2025	393,763
Additions	26,990
Depreciation expense	(30,732)
Ending balance, 31 December 2025	<u><u>390,021</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 December 2025	30 June 2025
NOTE 11: NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS	\$	\$
Land and buildings - right-of-use	819,821	918,770
Less: Accumulated depreciation	(36,316)	(284,305)
	783,505	634,465
NOTE 12: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities		
Trade payables	5,632,501	2,182,712
Employee related payables	3,933	294,216
Sundry creditors	203,720	492,054
	5,840,154	2,968,982
NOTE 13: OTHER FINANCIAL LIABILITIES		
CURRENT		
Secured liabilities		
Loan – Avenue Capital Group	1,492,983	1,526,718
Conversion Option Derivative ¹	1,332,454	317,557
Warrant Derivative ¹	1,795,659	457,530
	4,621,096	2,301,805
NON-CURRENT		
Secured liabilities		
Loan – Avenue Capital Group	8,408,544	8,598,539
	8,408,544	8,598,539
	13,029,640	10,900,344

¹The movement in the conversion option and warrant derivative liabilities during the period primarily relates to the fair value remeasurement of these instruments, with a loss of \$2.3M recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 14: SHARE CAPITAL

	31 December 2025		30 June 2025	
	No.	\$	No.	\$
Issued and fully paid ordinary shares	289,183,421	81,726,251	288,372,360	81,501,669
Collateral shares issued in trust	-	-	-	-
	289,183,421	81,726,251	288,372,360	81,501,669

Movements in ordinary shares on issue

Opening balance	288,372,360	81,501,669	203,987,244	54,838,713
Shares issued during the period:				
- shares issued to employees and consultants (net of costs)	811,061	224,582	262,289	118,030
- new shares issued from placement				
- new shares issued from placement (net costs)	-	-	84,122,827	26,544,926
	811,061	224,582	84,385,116	26,662,956
Transfer from reserves to share options	-	-	-	-
	-	-	-	-
Total	289,183,421	81,726,251	288,372,360	81,501,669

Options on issue

Particulars	Issue Date	Exercise Date	Exercise Price cents	31 December 2025 No.	30 June 2025 No.
Options	22-Feb-21	22-Feb-26	156.00	8,415,000	8,415,000
Options	11-Feb-22	11-Feb-27	156.00	435,000	435,000
Options	15-Nov-22	15-Nov-27	156.00	1,125,000	1,125,000
Options	07-Nov-24	07-Nov-29	56.00	2,690,000	2,690,000
Options	14-Nov-24	14-Nov-29	80.00	11,500,000	11,500,000
				24,165,000	24,165,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 15: RESERVES

	31 December 2025	30 June 2025
	\$	\$
Options reserve	7,719,600	6,950,287
	<u>7,719,600</u>	<u>6,950,287</u>

Movements in reserves

	Options Reserve \$
Opening balance	6,950,287
Options issued during the period	
- Options issued to KMP and employees	769,313
	<u>7,719,600</u>

NOTE 16: COMMITMENTS AND CONTINGENCIES

The Company is not aware of any commitments, contingent liabilities or contingent assets as at 31 December 2025.

NOTE 17: SHARE BASED PAYMENTS EXPENSE

	31 December 2025	30 June 2025
Share-based payments expense recognised during the year:		
Issue of 2,250,000 options to Alan Dunton ¹	172,122	314,891
Issue of 1,000,000 options to Alistair McKeough ¹	76,499	139,951
Issue of 3,000,000 options to James Graham ¹	108,225	139,951
Issue of 2,650,000 options to John Prendergast ¹	202,722	370,872
Issue of 1,000,000 options to Justin Ward ¹	36,075	46,651
Issue of 1,600,000 options to Michele Dilizia ¹	57,720	74,641
Issue of 500,000 options to Arthur Kollaras ²	21,552	27,870
Issue of 2,190,000 options to employees ²	94,398	122,070
Issue of 222,222 shares to employee ³	-	100,000
Issue of 40,067 shares to Kardos-Scanlan Pty Ltd ³	-	18,030
	<u>769,313</u>	<u>1,354,927</u>
Issue of 357,143 shares to Spark Plus Pte Ltd ⁴	100,000	-
Issue of 125,347 shares to Kardos-Scanlan Pty Ltd ⁴	35,097	-
Issue of 78,571 shares to Kardos-Scanlan Pty Ltd ⁴	22,000	-
Issue of 250,000 shares to LDU Pty Ltd ⁴	70,000	-
Less listing fees	(2,515)	-
TOTAL SHARE-BASED PAYMENTS RECOGNISED THROUGH P&L	<u>993,895</u>	<u>1,354,927</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 17: SHARE BASED PAYMENTS EXPENSE (Continued)

Fair value of share options granted to executive and employees

¹ The fair value of the 11,500,000 Share Options granted to directors was calculated using the Black-Scholes model.

The assumptions used in calculating the fair value of Share Options, were:

- exercise price: \$0.80
- grant date 6 November 2024
- grant date share price: \$0.465
- fair value per option at grant date \$0.2165
- 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;
- expected volatility derived from the share volatility of compatible listed companies over five years, to align with the term of the options: 70%;
- expected life of the Share Option: five years; and
- the Options issued to Mr James Graham, Ms Michele Dilizia and Dr Justin Ward will vest on the anniversary of the date of issue in equal tranches over a three year period. The Options issued to Dr John Prendergast, Dr Alan Dunton and Mr Alistair McKeough have fully vested as at the reporting date, all subject to continued employment or contract with the Company, or in a capacity as agreed by the Board.

Fair value of share options granted to Arthur Kollaras and employees

² The fair value of the 2,690,000 Share Options granted to Arthur Kollaras and employees was calculated using the Black-Scholes model. The assumptions used in calculating the fair value of Share Options, were:

- exercise price: \$0.56
- grant date 6 November 2024
- grant date share price: \$0.465
- fair value per option at grant date \$0.2586
- 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;
- expected volatility derived from the share volatility of compatible listed companies over five years, to align with the term of the options: 70%;
- expected life of the Share Option: five years.

³ Issued 222,222 shares on 26 September 2024 to an employee in pursuant to an employment agreement and 40,067 fully paid ordinary shares in lieu of fees owed for professional services provided by Kardos Scanlan Pty Ltd. Fair value was based in accordance with the terms of an employment agreement.

⁴ On 14 July 2025, the Company issued 357,143 shares to Spark Plus Pte Ltd in lieu of cash for corporate advisory services and 250,000 shares to LDU Pty Ltd in lieu of cash for investor relations services. An additional 203,919 shares were issued in partial satisfaction of fees for legal services provided by Kardos Scanlan Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 18: RELATED PARTY TRANSACTIONS

Loans to key management personnel

During the period various amounts were advanced and repaid by Mr Graham. In addition, in August 2025, Mr Graham received bonuses totalling \$540,000, of which \$320,584 was applied directly against the loan balance, resulting in a reduction in the amount outstanding. The amount outstanding at reporting date including accrued interest was \$21,997. (2025: \$186,668). The loan is interest bearing at the rate of 8.62% per annum. Interest accrued on the loan amounted to \$11,895 (2025: \$35,239). The loan is repayable within 12 months of reporting date.

Share based payments to key management personnel

Refer to note 17 for share based payments made to key management personnel including the amount and fair value calculation.

NOTE 19: EVENTS SUBSEQUENT TO REPORTING PERIOD

On 14 January 2026, the Company received a cash receipt of A\$5,339,203 in relation to the Research and Development Tax Incentive rebate from the Australian Tax Office for the year ending 30 June 2025.

Other than the above, no matters or circumstances have arisen since the end of the financial period, 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 periods.

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

The Directors of the Company declare that:

1. The condensed consolidated financial statements and notes to the financial statements of the Group are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements ; and
 - b. give a true and fair view of the consolidated financial position as at 31 December 2025 and of its performance for the half-year ended on that date.
2. Subject to the matters disclosed in note 4 there are reasonable grounds to conclude that at the time of the directors' declaration, the entity will be able to pay its debts as and when they fall due. The directors have modified their solvency statement to reflect the uncertainty, and this is appropriate.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.303(5) of the *Corporations Act 2001* and is signed for and behalf of the Directors by:



Dr John Prendergast
Executive Chairman
27 February 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Recce Pharmaceuticals Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Recce Pharmaceuticals Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 4 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO



Jarrad Prue

Director

Perth, 27 February 2026