RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

Appendix 4E

Final Report for the financial year ended 30 June 2026

Current Reporting Period: **30 June 2026**

Previous Reporting Period: **30 June 2025**

Results for Announcement to the Market

	12 months to 30 June 2026 $	12 months to 30 June 2025 $	% Change
Revenue from ordinary activities	-	-	0%
Loss from ordinary activities after tax attributable to members	(14,961,430)	(21,428,089)	-30%
Net loss for the period attributable to members	(14,961,430)	(21,428,089)	-30%

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. Some of the highlights for the full year to 30 June 2026 were as follows:

- 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

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Final Report for the financial year ended 30 June 2026

- 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.

- Annual Report for the financial year ended 30 June 2025 was released.

- Cash refund of AUD $5.3m Research and Development (R&D) Tax Incentive rebate from the Australian Taxation Office for the financial year ending 30 June 2025.

- Entry into a Cooperative Research and Development Agreement (CRADA) with the United States Army Institute of Surgical Research (USAISR), the U.S. Army's leader in Combat Casualty Research and Burn Care, to evaluate R327G in reducing bioburden in burn wounds using the USAISR Walker-Mason rat model.

- Online Investor Webinar held on 19 March 2026, featuring presentations from experts across key program areas, including the Company's Registrational Phase 3 Clinical Trial for Diabetic Foot Infections in Indonesia and U.S. Department of War burn wound program.

- Brazilian National Institute of Industrial Property (INPI) formally granted a Family 4 patent for RECCE® Anti-Infectives in Brazil, expiring 2041, alongside Australia, Canada, China, Hong Kong, Israel and Japan.

- Successful completion of comprehensive routine regulatory inspection by the Indonesian National Agency of Drug and Food Control (Badan POM) of the Phase 3 clinical trial site in Indonesia, with no findings noted that prevent the study from continuing. The inspection represented a critical de-risking milestone for Recce's registrational Phase 3 clinical trial.

- Entry into a non-binding term sheet with a leading Middle Eastern pharmaceutical company for an exclusive 10-year licensing arrangement covering the commercial sales and distribution of R327G for the treatment of Diabetic Foot Infections across the Middle East and North Africa (MENA) region.

- Human Research Ethics Committee (HREC) approval received to advance the Australian Phase 3 clinical trial to a Pivotal Phase 3 trial, with protocol amendment expanding patient eligibility to include Mild and Moderate DFI, and expanding the trial to include infected ulcers below the knee in addition to infected foot ulcers.

- Announcement of capital raise of AUD $4.0 million via institutional placement at A$0.40 per share, with launch of Share Purchase Plan (SPP) to provide eligible shareholders the opportunity to subscribe for up to AUD $4.0 million of shares on the same terms.

Appendix 4E

Final Report for the financial year ended 30 June 2026

Financial Report

The operating loss has decreased to $14,961,430 (2025: loss of $21,428,089) as a result of decreased expenditure on research and development. The annual loss was after a R&D tax incentive of $8,878,182 (2025: $6,738,274).

The loss per share has decreased during the year to 5.17 cents (2025: 9.04 cents).

The Group's focus is on progressing RECCE® 327 into human clinical trials.

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 year and has not declared a dividend since the end of the financial year.

Net Tangible Assets per Security

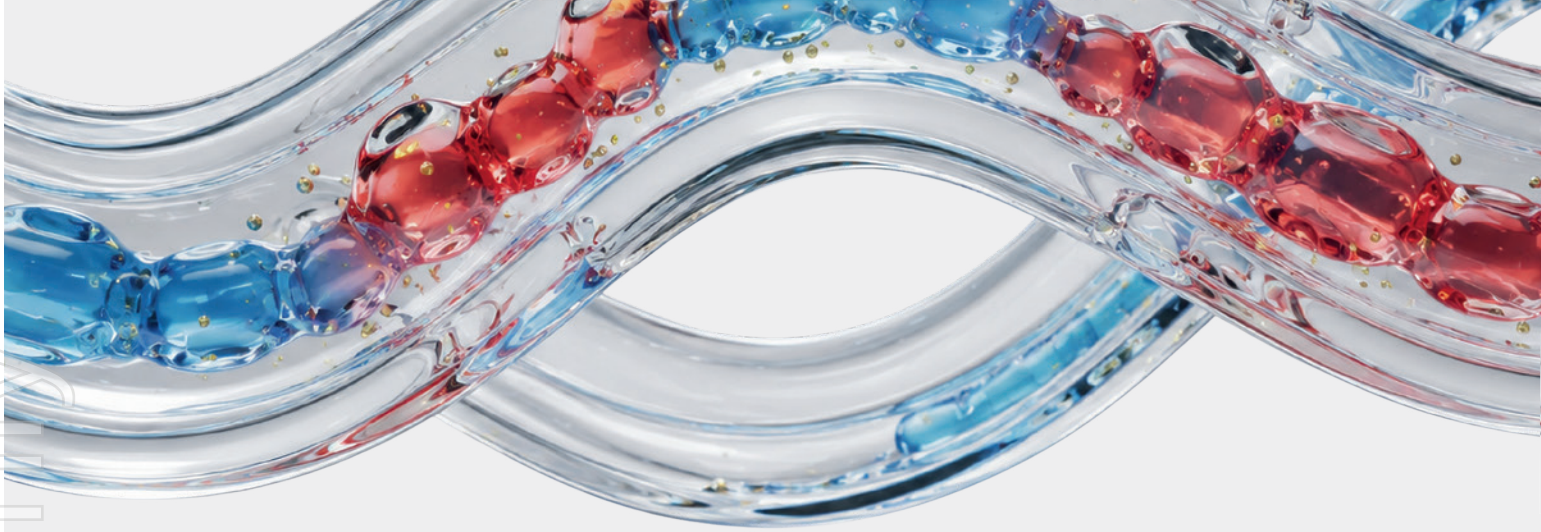
As at 30 June 2026 (cents)	(5.78)
As at 30 June 2025 (cents)	(1.06)

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

Recce Pharmaceuticals

Annual Report 2026

ASX: **RCE,** FSE: **R9Q**



About Us

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.

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; 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 and viruses 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 FDA granted R327 Qualified Infectious Disease Product designation under the Generating Antibiotic Incentives Now (GAIN) Act, providing Fast Track Designation and 5 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 its automated manufacturing, supporting current clinical trials. Recce's anti-infective pipeline aims to address synergistic, unmet medical needs by leveraging its unique technologies.

Contents

Business Highlights

Listed below are the main corporate developments for the 2026 Financial Year.

Clinical and Preclinical

Diabetic Foot Infections - Registrational Phase 3 Clinical Trial in Indonesia

- Patient dosing commenced in the Registrational Phase 3 Clinical Trial for the treatment of Diabetic Foot Infections (DFI) in Indonesia, with five clinical study sites activated across one of the world's largest DFI patient populations.
- The trial is one of the largest DFI studies in the world, with up to 310 patients randomised to receive either RECCE® 327 Topical Gel (R327G) or placebo, and an approvable interim data analysis at 155 patients.
- The Indonesian National Agency of Drug and Food Control (Badan POM) successfully completed a comprehensive routine regulatory inspection of a Phase 3 trial site with no findings that prevent the study from continuing.

Diabetic Foot Infections - Registrational Phase 3 Trial in Australia

- Human Research Ethics Committee (HREC) approval secured to accelerate Recce's global Phase 3 DFI strategy, including elevation of the Australian Acute Bacterial Skin and Skin-Structure Infections (ABSSSI) registrational trial, patient dosing commenced and expansion of the study protocol to include Moderate DFI patients.

U.S. Department of War Burn Wound Program

- Recce entered into a second Cooperative Research and Development Agreement (CRADA) with the U.S. Army Institute of Surgical Research, the U.S. Army's leader in Combat Casualty Research and Burn Care, to evaluate R327G for burn wound infections.
- Recce's first CRADA with the U.S. Army Medical Research Institute of Infectious Diseases and the Company's US$2 million Congressionally Directed Medical Research Program grant award.
- Statistically significant positive preclinical efficacy data for R327G against Methicillin-resistant *Staphylococcus aureus* (MRSA) and *Pseudomonas aeruginosa* in burn wound rat infection models. R327G's antimicrobial performance exceeded that of Soframycin, with statistically significant wound contraction demonstrated.

Preclinical - Inhaled R327 in Hospital/Ventilator-Acquired Pneumonia

- Positive preclinical data were reported from the ongoing research program conducted by Murdoch Children's Research Institute. The study investigated the therapeutic efficacy of RECCE® 327 (R327) in validated mice models of Hospital/Ventilator-Acquired Pneumonia (HAP/VAP) caused by carbapenem-resistant *Acinetobacter baumannii*.
- Nebulised R327 treatment resulted in a 4-log reduction, corresponding to >99.99% lower bacterial burden in the lungs, with bacterial counts approaching the lower limit of detection demonstrating potent local infection control.

Commercial and Operational

- Signed a non-binding Middle East licensing term sheet, covering 12 countries across the MENA region, for RECCE® 327.
- AUD$5.3 million R&D Tax Incentive Rebate received from the Australian Taxation Office for FY2025.
- Advanced Overseas Finding awarded for up to AUD$85 million for Synthetic Antibiotic Research & Development applicable expenditure by the Department of Industry, Science and Resources, Recce's R&D activities undertaken outside Australia are eligible for the 43.5% R&D Tax Incentive across a three-year period.
- Successful completion of a Placement and Share Purchase Plan (SPP) raising AUD$6.4 million (before costs), strengthening the Company's balance sheet to support continued clinical development.
- Key Opinion Leader Investor Webinar hosted, featuring updates on the Phase 3 Clinical Trial for Diabetic Foot Infections in Indonesia and the U.S. Department of War burn wound program.

Regulatory and Intellectual Property

- Family 4 patent granted for RECCE® Anti-Infectives in Hong Kong, expiring 2041 — the Company's sixth Family 4 patent.
- Family 4 patent granted for RECCE® Anti-Infectives in Brazil, expiring 2041, alongside Australia, Canada, China, Hong Kong, Israel, Japan and Vietnam*.
- Abstract and Poster Presentation accepted and delivered at the 2025 US Military Health System Research Symposium presenting data of RECCE® 327 demonstrating activity against multiple high-priority bioterrorism pathogens.

**announced post financial year.*

Letter from the Chairman

Dear Shareholders,

We are pleased to present Recce Pharmaceuticals' annual report for the financial year ended 30 June 2026. This has been a year defined by late-stage clinical momentum, further validation of our platform technology, and continued strengthening of our position at the forefront of the global fight against antimicrobial resistance.

> *Recce remains focused on delivering near-term clinical and commercial outcomes that we believe will create significant value for our shareholders and for the patients we are working to serve.*

Financial Year 2026 began with one of Recce's most significant milestones. We have expanded our global regulatory strategy with the addition of a pivotal Registrational Phase 3 Clinical Trial for Diabetic Foot Infections to be conducted in Australia. Moreover, our current ongoing Phase III trial in Indonesia now has five clinical sites activated, and with patient dosing well underway, the program is progressing toward the approvable interim data readout.

Of particular note is the recent successful completion of a comprehensive routine regulatory inspection by Indonesia's National Agency of Drug and Food Control (Badan POM), which further underscores the quality and integrity of our clinical operations. Regulatory approval in Indonesia would represent the Company's first commercial milestone and open the door to further approvals across the ASEAN region.

Expanding Our Global Footprint Through Strategic Licensing

During FY2026, in conjunction with Recce's clinical operations, the Company took an important step in our international commercialisation strategy with the signing of a non-binding term sheet with a leading Middle Eastern pharmaceutical company, an established pharmaceutical group with manufacturing and distribution presence across the Middle East. The proposed partnership covers 12 countries across the MENA region, anchored by Saudi Arabia and its surrounding markets.

This agreement reflects a deliberate extension of our approach: having built a regulatory and clinical foundation in Indonesia and Australia, we are now positioning RECCE® 327 for entry into a region defined by significant unmet need in infectious disease management, substantial healthcare investment, and regulatory pathways receptive to novel anti-infective therapies. Specifically, the Middle East and North Africa (MENA) region has the highest age-standardised diabetes prevalence of any region.

The MENA opportunity is consistent with our broader strategy of pursuing capital-efficient, partnership-led market expansion — leveraging our clinical data package and international designations to secure agreements with established regional operators, while Recce's internal resources remain focused on advancing our late-stage clinical programs in Indonesia, Australia and the United States. We look forward to progressing this relationship and see it as an important step for Recce to extend the reach of R327G into additional territories over time.

U.S. Government Collaborations

International recognition of Recce's technology continued to grow during the year, most notably through our expanding collaboration with the U.S. Government, which now represents a significant and growing second pillar of the Company's value.

We entered into a second Cooperative Research and Development Agreement (CRADA) with the U.S. Army Institute of Surgical Research (USAISR), adding to our existing partnership with the U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID). Together with the USD $2 million Congressionally Directed Medical Research Program (CDMRP) grant, these agreements reflect accelerating interest from U.S. military and government institutions in R327G's potential as a next-generation anti-infective for both combat and civilian applications — and demonstrate that R327G is being taken seriously at the highest levels of U.S. military medical research as a potential solution for burn wound infections, one of the most challenging and drug-resistant infection types encountered in military and trauma settings. Critically, these agreements with the U.S. Department of War underscore its desire to secure an anti-infective with broad-spectrum activity that will not succumb to antimicrobial resistance.

Preclinical data published during the year reinforced this confidence: R327G demonstrated statistically significant reductions in bacterial load against MRSA and *Pseudomonas aeruginosa* in burn wound rat infection models, outperforming Soframycin on both antimicrobial efficacy and wound healing outcomes. R327G was applied once daily compared to twice-daily Soframycin — a meaningful advantage for patients, clinicians, and health economics.

The year also saw our team present research on R327G at the 2025 Military Health System Research Symposium, the premier U.S. military medical research meeting, further elevating Recce's global profile.

A Growing Preclinical Pipeline

Positive data from our Anti-Infective Research Unit at the Murdoch Children's Research Institute (MCRI) continue to expand the evidence base for R327 beyond its current clinical programs. During the year, nebulised R327 demonstrated a 4-log reduction (>99.99%) in bacterial burden in a validated lung infection model, approaching the lower limit of detection. This positions R327 to become a clinically relevant inhaled therapy with a meaningful practical advantage over other established therapies such as meropenem, the current standard of care, which cannot be effectively nebulised.

Looking Ahead

Despite challenging markets, Recce remains focused on delivering near-term clinical and commercial milestones that we believe will create significant value for our shareholders and for the patients we are working to serve. Our primary goals remain focused on delivering bold, science- and technology-driven solutions to address one of, if not, the most significant global challenges in healthcare.

On behalf of the Board, I thank our shareholders, clinical collaborators, and partners for their continued trust and support.

Sincerely,

Dr John Prendergast
Executive Chairman

Letter from the CEO

Dear Shareholders,

It is with great pleasure that I present the development and commercial initiatives undertaken by Recce Pharmaceuticals over the financial year ended 30 June 2026. This year has seen the Company transform into an active, late-stage clinical organisation with patients enrolled, data accruing, and our lead program progressing toward its first regulatory approval milestone.

> *Conducted to both TGA and US FDA regulatory standards, the Australian trial forms a core part of Recce's dual-market approval strategy, supporting future submissions in Australia and the United States.*

Two Phase 3 Clinical Programs Advancing Toward Approval

Recce is progressing two Registrational Phase 3 Clinical Trials for Diabetic Foot Infections (DFI), reinforcing the global development pathway for RECCE® 327 Topical Gel (R327G) across both the Indonesian and Australian regulatory markets.

In Indonesia, patient dosing is ongoing across five activated sites, with the trial on course to deliver its approvable interim data readout at 155 patients treated. The program uses the Lipsky Scale for clinical response assessment — an FDA-recognised method — and is supported by Indonesia's Expedited Regulatory Review pathway, designed to facilitate rapid approval of genuinely needed therapies. A major de-risking milestone was reached during the year when Indonesia's National Agency of Drug and Food Control government agency, Badan POM, completed a comprehensive routine regulatory inspection of a Phase 3 trial site with no adverse findings, reflecting the exceptional quality of our clinical operations and giving the Board and management strong confidence in the integrity of the data being generated.

In Australia, the Company received Human Research Ethics Committee (HREC) approval to elevate its registrational Phase 3 DFI trial, including an expansion of the study population to include Moderate DFI patients — who, together with Mild DFI, represent approximately 80% of all DFI presentations. Conducted to both TGA and US FDA regulatory standards, the Australian trial forms a core part of Recce's dual-market approval strategy, supporting future submissions in Australia and the United States.

Our Phase II clinical data remain compelling: R327G demonstrated a 93% primary efficacy endpoint over 14 days, with an 86% clinical response by day 7, and no serious adverse events. Both Phase 3 trials are designed to replicate these outcomes in larger, registrational settings, and we are encouraged by the consistency of progress across our global DFI program to date.

Funding and Financial Position

FY2026 has been a year of sound financial management. The receipt of A$5.3 million in R&D tax rebates, including a further A$3.7 million received on 2 July 2026, provides meaningful non-dilutive funding to accelerate our clinical development and commercial objectives.

The award of an AusIndustry Advanced Overseas Finding of up to AUD$85 million further underpins the long-term non-dilutive funding runway available to the Company, extending the 43.5% rebate to all qualifying R&D activities conducted globally over the next three years.

Complementing this non-dilutive support, the Company successfully finalised a Placement and Share Purchase Plan (SPP) to raise AUD$6.4 million (before costs), building on the AUD$15.8 million equity raising completed in FY25 and taking total equity capital raised across the two years to AUD$22.2 million. The Company also continues to hold its debt facility of up to ~AUD$30 million (US$20 million) with Avenue Capital Group, established in FY25, in support of our Phase 3 clinical trial activities, manufacturing, regulatory submissions and market launch preparation for R327G.
Continued support from institutional and retail shareholders, alongside our non-dilutive funding sources, strengthens our balance sheet and positions Recce to execute on its near-term clinical and commercial milestones while maintaining a prudent financial footing.

Intellectual Property and Global Recognition

Our patent portfolio reached new highs this year, with Family 4 patents granted in Hong Kong and Brazil, our sixth and seventh Family 4 patents respectively, extending Recce's commercial protection into South America's largest antibiotic market and a key Asia-Pacific financial hub. The portfolio now comprises over 40 patents and patent applications across four families in the world's major markets, with protection extending out to 2041.

R327 continues to be recognised at the highest international levels. Its listing in the World Health Organization 2025 Global Antibacterial Pipeline Report as the sole synthetic polymer antibiotic in clinical development, alongside its FDA Qualified Infectious Disease Product designation and Fast Track status, positions Recce uniquely in the global fight against antimicrobial resistance.

Tribute to Our Founder

This year we also lost our founder and inventor, Dr Graham JH Melrose. His extraordinary scientific curiosity gave rise to the RECCE® platform we continue to advance every day, and his mission to make antibiotic resistance history guides us still. Under his leadership, Recce grew from a bold concept into a publicly listed company recognised internationally for its unique anti-infective technologies, and his vision continues to shape the direction of everything we do. We are determined to honour his legacy by seeing R327 reach the patients who need it.

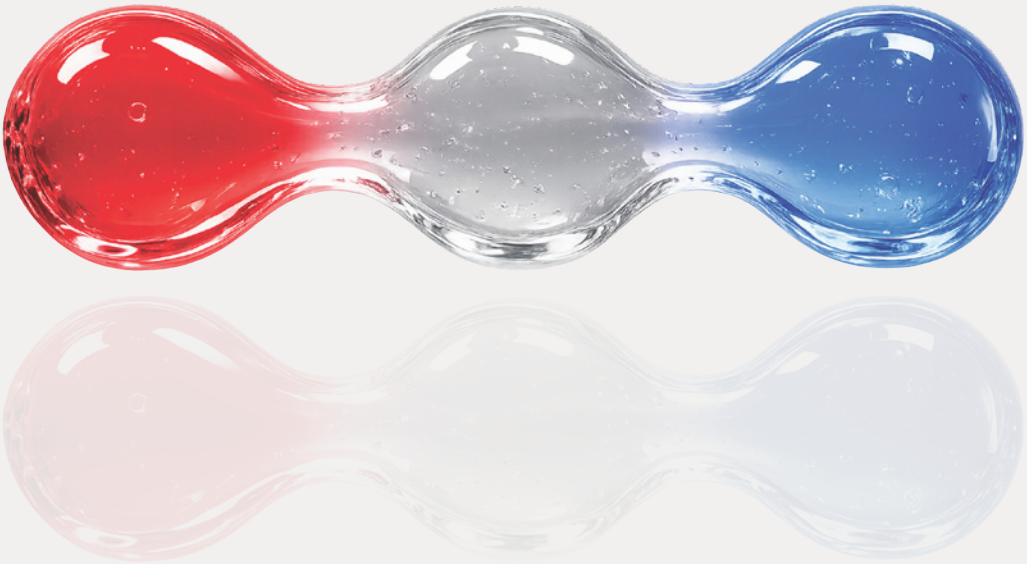
Looking Ahead

With the Phase 3 trials advancing, two active U.S. Government programs, a strengthening patent portfolio, and meaningful non-dilutive funding secured, Recce enters FY2027 with clear near-term value catalysts in sight. We are focused on delivering our interim data readout, pursuing our regulatory approval pathway in Indonesia, and progressing licensing negotiations that could further accelerate our path to commercial impact.

We are proud of what Recce has accomplished this year — as a clinical-stage innovator, as a financially disciplined organisation, and as a team committed to improving outcomes for patients suffering from some of the world's most difficult infections.

On behalf of the management team, I thank our shareholders, partners, and all those working alongside us for their continued support and belief in our mission.

James Graham
Managing Director & Chief Executive Officer



Overview of Company Activities

In FY2026, Recce Pharmaceuticals made strong progress across its clinical, preclinical, commercial, operational and intellectual property programs as it advances its pipeline of synthetic anti-infectives targeting serious, drug-resistant infections.

2
Ongoing Phase 3 Clinical Trials

12
Countries across MENA region

15
Patent Jurisdictions

AUD$
85M
Advanced Overseas Finding

Human Clinical Trials

R327 Topical Programs

Registrational Phase 3 Clinical Trial in Indonesia for Diabetic Foot Infections

Trial Overview

The trial is a randomised, double-blind, placebo-controlled study enrolling up to 310 DFI patients. The trial's primary objective is to assess the clinical response of the DFI according to the Lipsky Scale, the preferred and FDA-recognised method for evaluating DFI treatment outcomes. Secondary endpoints include total DFI wound score and the safety of R327G including clinical observations and adverse events.

TRIAL SNAPSHOT

Location: Indonesia

Program: Phase 3 Registrational

Target enrolment: Up to 310 patients

Interim readout: 155 patients

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) approved protocol includes a built-in interim analysis as well as Expedited Regulatory Review status.

Regulatory Inspection Milestone

During the year, Badan POM completed a comprehensive routine regulatory inspection of a Phase 3 trial site in Indonesia. The inspection covered trial conduct, site processes, data integrity, and compliance with Good Clinical Practice (GCP) standards. The outcome was the completion of the inspection with no findings noted that would prevent the study from continuing. This is a key regulatory milestone that reinforces the quality of Recce's clinical operations in Indonesia.

Clinical Foundation

The Phase 3 program builds directly on the strong results from Recce's Phase II ABSSSI clinical trial, which demonstrated a 93% primary efficacy endpoint over 14 days and an 86% clinical response by day 7, with no serious adverse events. R327G was shown to resolve infections in DFI patients, and the Phase 3 protocol was designed with minimal changes to replicate these outcomes in the registrational setting.

The Indonesian Opportunity

Indonesia ranks fifth in the world for diabetes prevalence, with over 20.9 million adults (approximately 11.3% of the adult population) living with the disease. In-hospital treatment costs for DFI patients average AUD ~$6,000 per patient, rising substantially for amputees. With approximately 60% of all diabetic foot ulcers developing infection, which can progress to sepsis, gangrene, amputation, and death, there is an urgent and large unmet medical need.

Regulatory approval in Indonesia is expected to support further approval pathways across ASEAN member states, including Malaysia, Thailand, Singapore, and the Philippines, representing a broader market opportunity of approximately US$1.5 billion.

- 5th in world for diabetes prevalence
- 20.9M adults living with diabetes
- ~60% develop an infected foot ulcer
- ~AUD$6,000 avg. treatment cost
- ~US$1.5B ASEAN opportunity

Registrational Phase 3 Clinical Trial in Australia for Diabetic Foot Infections

Recce Pharmaceuticals is also advancing a Registrational Phase 3 clinical trial of R327G for the treatment of DFI in Australia, conducted to both TGA and US FDA regulatory standards.

Trial Overview

The Australian Phase 3 for DFI was previously categorised as a randomised, double-blind, placebo-controlled study. The study protocol has now been amended to include a randomised, active-controlled non-inferiority study with patients treated with either R327G or 1 of 4 established physician-selected antibiotic treatment options used in the management of DFI.

In line with the Indonesian program, the primary objective is to assess the clinical response of the DFI according to the Lipsky Scale, with secondary endpoints covering total DFI wound score and the safety of R327G.

Expanded Patient Population

During the year, the Company received Human Research Ethics Committee (HREC) approval for a protocol amendment expanding the trial to include Moderate DFI patients, in addition to Mild DFI. Mild and Moderate DFI together represent approximately 80% of all DFI presentations, broadening the pool of eligible patients and reinforcing the commercial relevance of the trial's design.

TRIAL SNAPSHOT

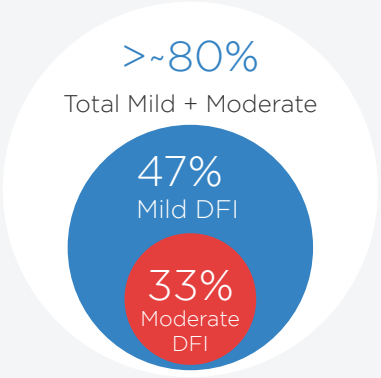
Location: Australia

Program: Phase 3 Registrational

Regulatory standards: TGA and US FDA

Dual-Market Regulatory Strategy

The Australian trial forms a core part of Recce's global development pathway for R327G, working in parallel with the Indonesian program to support submissions to both the TGA and US FDA. Additional registrational clinical trials and data are planned through 2027 to support AUS/US approval, with R327G registration in Australia and the US targeted for 2028.



HREC approval significantly expands DFI patient pool

R327 Intravenous (I.V.)

Following the successful completion of its Phase I and Phase I/II clinical trials, Recce Pharmaceuticals continues to advance the development of RECCE® 327 (R327) in intravenous (I.V.) formulation for the treatment of urinary tract infections (UTIs) and urosepsis, a serious and often life-threatening complication.

Completed Phase I/II Foundation

The Phase I trial demonstrated that R327 was safe and well tolerated at escalating doses up to 6,000 mg delivered via one-hour infusion, with no serious adverse events reported. Pharmacokinetic analyses confirmed that R327 concentrates in the urinary tract, with urine levels up to 20 times higher than in plasma, supporting its application as a targeted therapy for urinary infections.

The Phase I/II trial further validated the compound's safety and rapid bactericidal activity. In *ex vivo* studies, R327-treated urine from trial participants effectively and irreversibly eliminated *Escherichia coli*, a common cause of UTIs and sepsis.

Pathway to Phase II UTI/Urosepsis

Building on this foundation, Recce is advancing plans for a full-scale Phase II clinical trial in UTI/Urosepsis. This trial will assess the therapeutic efficacy of R327 in patients with complicated UTIs and early-stage urosepsis.

R327 has also achieved FDA Qualified Infectious Disease Product (QIDP) designation under the Generating Antibiotic Incentives Now (GAIN) Act, providing Fast Track Designation and 5 years of market exclusivity post-approval.

> Pharmacokinetic analyses confirmed that R327 concentrates in the urinary tract, with urine levels up to **20 times higher than in plasma**, supporting its application as a targeted therapy for urinary infections.

U.S. Department of War Burn Wound Program

Recce continued to advance its U.S. Department of War burn wound program during FY2026, which is supported by a US$2 million Congressionally Directed Medical Research Program (CDMRP) grant and two active Cooperative Research and Development Agreements (CRADAs) with U.S. Army research institutions.

Second CRADA

U.S. Army Institute of Surgical Research (USAISR)

During the year, Recce entered into a second CRADA with the U.S. Army Institute of Surgical Research (USAISR), located at Joint Base San Antonio-Fort Sam Houston, Texas — the U.S. Army's premier laboratory for combat casualty care research. USAISR will evaluate R327G in their validated Walker-Mason rat model of burn wound infection, a model developed to mimic battlefield injuries and study systemic responses to burns and subsequent infections.

The study will assess whether R327G can significantly reduce bacterial burden in infected burn wounds specifically against MRSA (ATCC43300) and *Pseudomonas aeruginosa* (ATCC27853) — two major pathogens frequently isolated from burn patients.

This agreement builds on Recce's first CRADA with USAMRIID, together representing a broadening and deepening of the Company's U.S. Government research partnerships.

Preclinical Burn Wound

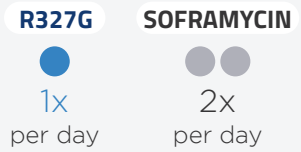
Efficacy Data

Statistically significant positive preclinical efficacy data for R327G were announced during the financial year from studies in rat burn wound infection models. R327G achieved a statistically significant reduction in bacterial load compared to untreated control groups against both MRSA and *Pseudomonas aeruginosa*:

Against MRSA:
approximately **2-log (99%) reduction by Day 4** and **3-log (99.9%) by Day 8**

Against *Pseudomonas aeruginosa:*
approximately **3-log (99.9%) reduction by Day 4** and **4-log (99.99%) by Day 8**

The antimicrobial performance of R327G consistently exceeded that of Soframycin, the standard comparator antibiotic used in topical wound care. Additionally, wounds treated with R327G exhibited statistically significant accelerated wound contraction throughout the treatment period — superior to both untreated and Soframycin-treated groups.



R327G was applied once daily compared to twice-daily for Soframycin

Notably, R327G was applied once daily compared to twice-daily for Soframycin, presenting potential advantages for patients, clinicians, and health economics. R327G was well tolerated throughout the study, with no adverse clinical signs or adverse effects on body weight.

R327G is being developed as a next-generation gel wound dressing, offering practical utility for frontline deployment in military field kits as well as potential application in clinical settings and post-operative care.

Preclinical Programs

Recce continues to expand its anti-infective pipeline through strategic preclinical research targeting WHO-listed priority pathogens. Key studies conducted in collaboration with the Murdoch Children's Research Institute (MCRI) have provided strong evidence for the broad-spectrum potential of R327 in addressing serious, drug-resistant infections.

Inhaled R327 in Hospital/Ventilator-Acquired Pneumonia (HAP/VAP)

The Company reported significant positive preclinical data from an ongoing research program at MCRI investigating the therapeutic efficacy of R327 in a validated model of Hospital/Ventilator-Acquired Pneumonia (HAP/VAP) caused by carbapenem-resistant *Acinetobacter baumannii* (CRAB), a WHO critical-priority pathogen.

In the study, 40 female mice were assigned to treatment groups receiving either R327, placebo, saline, or meropenem by intranasal drops or nebulisation.

Preclinical Study - Inhaled R327
HAP/VAP model - MCRI Anti-Infective Unit

Pathogen	*A. baumannii*
Subjects	40 female mice
Treatment groups	R327 | Placebo | Saline | meropenem
Route	Intranasal & Nebulised
Primary Result	4-log reduction >99.99% (nebulised)

Key findings:

- Both intranasal and nebulised R327 achieved strong bacterial clearance compared to untreated and placebo groups.
- Nebulised R327 treatment resulted in a 4-log reduction, corresponding to >99.99% lower bacterial burden in the lungs.
- The nebulised R327 group achieved bacterial counts approaching the lower limit of detection — demonstrating potent local infection control.
- R327 can be effectively nebulised; by contrast, meropenem cannot be effectively nebulised due to solubility constraints, limiting its practical use in inhalation therapy.
- Preliminary reductions in key pro-inflammatory indicators were observed in R327-treated groups.

These results validate the versatility of R327 as an inhaled formulation with significant real-world advantages in hospital settings, including intensive care and emergency environments. The data will contribute to formulation optimisation, dose-response modelling, and regulatory support for R327's future inhaled development pathway.

Mechanism of Action

Peer-reviewed Publication

The Company anticipates the publication of a peer-reviewed Mechanism of Action (MoA) paper for RECCE® 327 in CY2026. This publication will provide the scientific and medical community with a rigorous, independently reviewed explanation of how R327 exerts its broad-spectrum anti-infective activity — an important milestone for the Company's credibility in the global AMR research community and a key tool in supporting partnering, licensing, and regulatory discussions. A peer-reviewed MoA publication is a foundational piece of scientific infrastructure that supports the long-term development of the entire RECCE® platform.

Conference Engagement

Key Events with Investors, Key Opinion Leaders, and Global Conferences

The Company continued its active engagement across investor, clinical, and scientific communities during FY2026, maintaining a global presence consistent with its late-stage clinical profile and growing international recognition.

Military Health System Research Symposium
MHSRS 2025 | Kissimmee, Florida

MHSRS 2025

Dates	4–7 August 2025
About the Meeting	Premier U.S. military and select civilian meeting
Attendees	~4,000
Focus	Medical needs of the Warfighter
Session Theme	Medical readiness, MHS resilience & biodefence
Format	Research Abstract + Poster
Presentation Title	*"RECCE® 327: A Novel Countermeasure for High-Priority Bioterrorism Pathogens"*
Abstract Overview	The abstract presented expanded data of RECCE® 327 demonstrating activity against multiple high-priority bioterrorism pathogens — including *Bacillus anthracis* (Anthrax), *Francisella tularensis* (Tularemia), *Burkholderia mallei* (Glanders), *Burkholderia pseudomallei* (Melioidosis), and *Yersinia pestis* (Plague), all classified as Category A and B bioterrorism threats by the U.S. Centers for Disease Control and Prevention (CDC). These findings reinforce R327's potential as a broad-spectrum anti-infective of strategic relevance to military and public health biodefence preparedness.

Key Opinion Leader Investor Webinar — 19 March 2026

Speakers: Dr Alan W Dunton, David Lasseter, Ryan Kane, Dr Jane Olivia Lorens, Dr John Prendergast, Michele Dilizia, Nathan Tirtana

Topics Included

- Registrational Phase 3 Clinical Trial for DFI — Indonesia
- U.S. Department of War Burn Wound Program
- Broader anti-infective portfolio updates — spanning clinical and pre-clinical programs

A recording of the webinar is available on the Company's website.

The Company continued to actively engage with investors, analysts, and the healthcare investment community to communicate its clinical progress and commercial pipeline, as part of its strategy to expand awareness among healthcare-focused and international investors.

In Memoriam

Vale Dr Graham JH Melrose

BSc (Hons), PhD, MBA, FRACI, FAIM, CChem and FAICD

Recce Pharmaceuticals acknowledges with deep sadness the passing of Dr Graham JH Melrose, the founder of Recce Pharmaceuticals and original inventor of the Company's technology platform.

Dr Melrose founded Recce in 2007, bringing together his business acumen and scientific expertise to pursue a mission that was both bold and necessary: to address the global health threat of antibiotic resistance. His pioneering contributions to polymer chemistry and infectious diseases laid the intellectual and scientific foundation upon which the RECCE® portfolio of new class anti-infectives has been built, a foundation that continues to guide the Company's mission and innovation today.

A recognised pioneer and veteran of the biotechnology industry, Dr Melrose's distinguished career spanned decades of research and peer-reviewed publication.

He served as Executive Director and Head of Research at Johnson & Johnson (Asia Pacific) for some eight years, and held academic positions including Senior Lecturer in the Department of Applied Organic Chemistry at the University of New South Wales.

He also served as a visiting research scientist at both Oxford and Munich Universities.

Under Dr Melrose's leadership, Recce grew from a bold concept into a publicly listed company recognised internationally for its unique anti-infective technologies. He guided the Company through its formative years, during which more than 40 patents were granted across the world's largest pharmaceutical markets. Having established that foundation, Dr Melrose retired from the Board in 2021, though he remained a dedicated supporter of the Company's mission and its largest individual shareholder until his passing.

Dr Melrose was known for his vision, integrity, and scientific curiosity. His legacy endures through the breakthrough technology he created and through the many people he inspired. Recce Pharmaceuticals remains deeply grateful for his life, his leadership, and his lasting contribution to global health.

Board of Directors and Key Management Personnel

Dr John Prendergast

Executive Chairman

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

Based in the US, Dr Prendergast is the current Chairman and Co-founder of Palatin Technologies, Inc. (NYSE: PTN) and Lead Director of Nighthawk Biosciences (NYSE: HHWK). With extensive experience in the international commercialisation of pharmaceutical technologies, Dr Prendergast has been responsible for the approval of three new drug applications.

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 has served on Recce's Board of Directors for six years 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 (Mkting), BA (Journ), GAICD, MASM

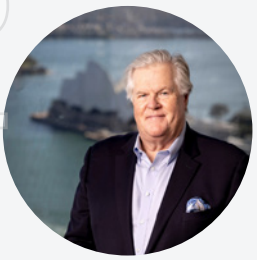
Ms Dilizia is a co-inventor and qualified medical scientist with a specialisation in medical microbiology and regulatory affairs. She successfully co-led the research and development of Recce's suite of anti-infective compounds, resulting in a portfolio of granted patents across the globe, including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

Dr Justin Ward

Executive Director and Principal Quality Chemist

BSc (Chem), PhD (Chem), MRACI, CChem

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.



Dr Alan Dunton

Chief Medical Advisor & Non-Executive Director

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

Based in the US, Dr Dunton is Director of Palatin Technologies. He has over three decades of senior pharmaceutical experience including as President and MD of Janssen Research Foundation (Johnson & Johnson). Dr Dunton has advanced approximately 20 blockbuster drugs through regulatory review and commercialisation at Fortune 500 companies including Roche.

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 pilot plant to full-scale international production under FDA standards.

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 developing expertise as an Outsourced Financial Controller.

Alistair McKeough

Non-Executive Director (Prandium)

Mr McKeough is an experienced executive and solicitor. Before being appointed as a non-executive director in 2022, Alistair served as Recce's company secretary and he has been involved with the company since 2017. Alistair has extensive experience in a variety of private and listed corporations across many sectors, including professional services, technology, financial services, charities, health, biotech, childcare and education. Recent roles include Managing Director of a legal practice specialising in equity capital markets and advice to listed companies and as part of the senior leadership team at share registry, Automic Group.

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.

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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 2026

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2026

Your Directors present their report on Recce Pharmaceuticals Ltd (the 'Company') and controlled entities (the 'Group') for the year ended 30 June 2026.

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 Head of Chemistry
Dr Alan Dunton	Non-Executive Director & Chief Medical Officer
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 Executive Chairman of Angis Bio, a privately held company focused on developing new small format protein drug conjugates for cancer.

He was previously Lead Director of Nighthawk Biosciences, Inc., a publicly traded, clinical stage immunomodulatory company, a cofounder and member of the board of the life science companies, Avigen, AVAX Technologies, MediciNova Inc and 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
357,955 Ordinary Shares
2,650,000 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)

Mr James Graham
Director (Executive) and Chief Executive Officer

Qualifications
BCom (Entrepreneurship), GAICD

Experience
Mr Graham is the Chief Executive Officer of Recce Pharmaceuticals. He brings extensive experience in marketing, business development, and the commercialisation of early-stage technologies with global potential. With a proven track record of growing globally focused companies, Mr Graham has applied his expertise to Recce, including serving on its Board of Directors. He has participated in nearly every capital raise to date, demonstrating a strong commitment to expanding Recce's commercial opportunities and clinical programs.

Interest in Shares and Options
Direct ownership
3,000,000 Unlisted Options

Indirect ownership
6,801,076 Ordinary Shares

Special Responsibilities
Member of the Audit & Risk Management Committee

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 across retail, industrial, service and education sectors.

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

Interest in Shares and Options
Direct ownership
2,724,937 Ordinary Shares
1,600,000 Unlisted Options

Special Responsibilities
Nil

Directorships held in other listed entities during the last three years
Nil

Dr Justin Ward
Director (Executive) and Head of Chemistry

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

Experience
Dr Ward is a 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, product introduction and release of all drugs of the company with the TGA.

Interest in Shares and Options
Direct ownership
351,684 Ordinary Shares
1,000,000 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
136,288 Ordinary Shares
2,250,000 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: CRMD)

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
30,287 Ordinary Shares
2,125,000 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
Tissue Repair Ltd (ASX: TRP)

Chief Financial Officer
Justin Reynolds

Experience
Justin Reynolds is a Partner at Pitcher Partners Sydney.

Mr Reynold's 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 Reynold's 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 experienced corporate lawyer and company secretary who holds a Graduate Diploma of Applied Corporate Governance. Working closely with boards of listed and unlisted public companies across a range of industries, she provides practical, commercially focused advice on corporate governance, regulatory compliance and corporate matters, supporting boards and management in meeting their governance and strategic objectives.

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 life threatening bacterial infections.

Review of Operations

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

On 12 August 2025 the Company reported 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 is underway for its Registrational Phase 3 clinical trial in Indonesia with clinical trial sites now 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 has formally granted Patent Family 4 for Recce's Anti-Infectives, expiry 2041.

On 16 December 2025 the Company announced it has 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.

On 14 January 2026 the Company announced receipt of cash refund of AUD $5.3m Research and Development (R&D) Tax Incentive rebate from the Australian Taxation Office for the financial year ending 30 June 2025.

On 2 February 2026 the Company announced entry into a Cooperative Research and Development Agreement (CRADA) with the United States Army Institute of Surgical Research (USAISR) to evaluate R327G in reducing bioburden in burn wounds using the validated Walker-Mason rat model.

On 17 March 2026 the Company announced a live online Investor Webinar scheduled for 19 March 2026 featuring presentations from experts across key program areas, including the Registrational Phase 3 Clinical Trial for Diabetic Foot Infections in Indonesia and U.S. Department of War burn wound program.

On 24 March 2026 the Company announced that the Brazilian National Institute of Industrial Property (INPI) has formally granted a Family 4 patent for Recce's Anti-Infectives, expiry 2041, alongside Australia, Canada, China, Hong Kong, Israel, Japan and Vietnam with further Patent Cooperation Treaty (PCT) submissions in respective stages of review.

Review of Operations (Continued)

On 21 April 2026 the Company announced successful completion of a comprehensive routine regulatory inspection by the Indonesian National Agency of Drug and Food Control (Badan POM) of a Phase 3 clinical trial site in Indonesia, with no findings noted that prevent the study from continuing.

On 27 May 2026 the Company announced entry into a non-binding term sheet with a leading Middle Eastern pharmaceutical company for an exclusive 10-year licensing arrangement for R327G across the Middle East and North Africa (MENA) region.

On 22 June 2026 the Company announced receipt of Human Research Ethics Committee (HREC) approval to advance the Australian Phase 3 clinical trial to a Pivotal Phase 3 trial, with protocol amendment expanding patient eligibility to include both Mild and Moderate DFI.

On 26 June 2026 the Company announced it has received firm commitments from sophisticated, professional, and institutional investors to raise AUD $4.0 million via placement of 10.0 million new fully paid ordinary shares at AUD $0.40 per share, with launch of Share Purchase Plan to raise up to an additional AUD $4.0 million on the same terms.

The operating loss has decreased to $14,961,430 (2025: loss of $21,428,089) as a result of decreased expenditure on research and development. The annual loss was after a R&D tax incentive of $8,878,182 (2025: $6,738,274).

The loss per share has decreased during the year to 5.17 cents (2025: 9.04 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 (2025: 14,190,000) options to acquire ordinary shares in the Company at exercise prices and dates as disclosed in Note 19 to the consolidated financial statements.

Significant Changes in State of Affairs

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

Environmental Regulations

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 applications for marketing approval in Indonesia and Investigational New Drug (IND) status with the U.S. Food and Drug Administration (FDA).

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

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

On 2 July 2026, the Group received a Research and Development tax incentive refund of $3,667,428 relating to the year ended 30 June 2025, comprising a refundable tax offset of $3,571,601 and interest of $95,827.

Prior to 30 June 2026, the Company received $3,940,000 in subscription proceeds for the issue of 9,850,000 ordinary shares. As the shares had not been allotted as at 30 June 2026, the proceeds were recognised as Equity Pending Allotment at reporting date. The shares were subsequently allotted on 1 July 2026, at which time the balance was transferred to contributed equity.

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

(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 Head of Chemistry

(ii) Other 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.

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) Short-term incentives – Remuneration may include cash bonuses, where targets and awards are subject to achievement of milestones and evaluation by the Nominations and Remuneration Committee and the Board.

(c) 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

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.

(B) Service Agreements

Name	Base Salary	Performance Based Incentives	Term	Notice Period
Dr John Prendergast[1]	-	Nil	No fixed term	6 months
Ms Michele Dilizia	$350,000 pa	Nil	No fixed term	3 months
Mr James Graham	$550,000 pa	Nil	No fixed term	3 months
Dr Justin Ward[2]	$280,000 pa	Nil	No fixed term	6 months
Mr Arthur Kollaras[3]	-	Nil	No fixed term	4 weeks
Dr Alan Dunton[4]	-	Nil	No fixed term	6 months
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 via consulting and services fees 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 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 via consulting fees of US$468.75 per hour plus a fixed monthly consultant fee of $6,250.

[5] Entered into a director agreement with the Company effective 1 September 2022. Remunerated monthly via director 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 2026

Name	Short-term benefits, cash salary and other fees $	Accrued/Paid Long Service Leave $	Superannuation (post-employment benefit) $	Termination payments $	Bonus $	Share based payments $	Total $	Percentage Performance Related %
Directors								
M Dilizia	361,109	17,152	30,000	-	-	115,440	523,701	-
J Graham[1]	660,707	32,103	30,000	-	-	216,450	939,260	-
J Prendergast	368,730	-	-	-	-	202,722	571,452	-
J Ward	280,000	7,661	33,600	-	-	72,150	393,411	-
A Dunton	75,000	-	-	-	-	172,123	247,123	-
A McKeough	81,250	-	-	-	-	76,499	157,749	-
Executives								
A Kollaras	525,920	10,205	63,110	-	-	43,104	642,339	-
	2,352,716	67,121	156,710	-	-	898,488	3,475,034	

[1] In addition to the disclosed base salary, the executive received additional remuneration in 2025 and 2026. This included $96,915 (2025: Nil) for cashed-out long service leave, which was not paid in cash but was offset against a loan; $31,420 in 2025 for cashed-out annual leave; and $110,122 (2025: $91,285) paid as additional salary in lieu of superannuation contributions exceeding the statutory cap.

Year ended 30 June 2025

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	345,340	6,441	28,025	-	-	74,641	454,447	-
J Graham[2]	572,705	10,657	28,878	-	540,000	139,951	1,292,191	46.8%
J Prendergast	387,153	-	-	-	-	370,872	758,025	-
J Ward	280,000	7,439	32,200	-	-	46,651	366,290	-
A Dunton	75,000	-	-	-	-	314,891	389,891	-
A McKeough	81,250	-	-	-	-	139,951	221,201	-
Executives								
A Kollaras	629,280	16,287	72,367	-	-	27,870	745,804	-
	2,370,728	40,824	161,470	-	540,000	1,114,827	4,227,849	

[2] Mr Graham received a bonus of $270,000 in each of the years ended 30 June 2024 and 30 June 2025. These bonuses were not paid in cash but were offset against a loan and were awarded at the discretion of the Board.

(D) Share-Based Remuneration

Year ended 30 June 2026

(i) Issue of ordinary shares
There were no ordinary shares issued to KMP as part of their compensation during the year ended 30 June 2026.

(ii) Issue / Expiry of options
No options were granted to key management personnel during the year ended 30 June 2026.

The following options previously issued on 22 February 2021 as part of remuneration arrangements expired during the year without being exercised:

Name	Options Granted
Directors	No.
A Dunton	1,125,000
J Graham	2,250,000
J Prendergast	2,175,000
J Ward	600,000
M Dilizia	1,500,000
	7,650,000
Executives	
A Kollaras	400,000
Total	8,050,000

The fair value of the 8,050,000 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: $1.56;
- grant date 9 October 2020;
- grant date share price: $1.115;
- value per option at grant date: $0.6098;
- issue date: 22 February 2021;
- 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: 77.0%; and
- expected life of the Share Option: five years; and

(iii) Issue of performance shares
There were no performance shares issued to KMP as part of their compensation during the year ended 30 June 2026.

Year ended 30 June 2025

(i) Issue of ordinary shares

There were no ordinary shares issued to KMP as part of their compensation during the year ended 30 June 2025.

(ii) Issue of options

The following options were granted on 6 November 2024 to KMP as part of remuneration under a share based payment.

Name	Options Granted
Directors	No.
A Dunton	2,250,000
A McKeough	1,000,000
J Graham	3,000,000
J Prendergast	2,650,000
J Ward	1,000,000
M Dilizia	1,600,000
	11,500,000
Executives	
A Kollaras	500,000
Total	12,000,000

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 and the Options issued to Dr John Prendergast, Dr Alan Dunton and Mr Alistair McKeough will vest each month after the date of issue in equal tranches over a one year period all subject to continued employment or contract with the Company, or in a capacity as agreed by the board.

The fair value of the 500,000 Share Options granted to Arthur Kollaras 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%; and
- expected life of the Share Option: five years.

(iii) Issue of performance shares

There were no performance shares issued to KMP as part of their compensation during the year ended 30 June 2025.

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 2026 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 2025	Net Change Other	Share-based Payment	Balance at 30 June 2026
Directors				
M Dilizia	2,724,937	-	-	2,724,937
J Graham	6,801,076	-	-	6,801,076
J Prendergast	357,955	-	-	357,955
J Ward	351,684	-	-	351,684
A Dunton	146,288	-	-	146,288
A McKeough	30,287	-	-	30,287
Executives				
A Kollaras	107,514	-	-	107,514
	10,519,741	-	-	10,519,741

(b) Performance Shares

There are no performance shares outstanding as at 30 June 2026.

(c) Options

The movement of the number of options in the Company for the year ended 30 June 2026 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 2025	Options Issued/(Expired)	Balance at 30 June 2026	Options Vested and Exercisable
Directors				
J Graham	5,250,000	(2,250,000)	3,000,000	-
M Dilizia	3,100,000	(1,500,000)	1,600,000	-
A Dunton	3,375,000	(1,125,000)	2,250,000	2,250,000
J Prendergast	4,825,000	(2,175,000)	2,650,000	2,650,000
J Ward	1,600,000	(600,000)	1,000,000	-
A McKeough	2,125,000	-	2,125,000	2,125,000
Executives				
A Kollaras	1,100,000	(400,000)	700,000	200,000
	21,375,000	(8,050,000)	13,325,000	7,225,000

(E) Other Transactions with KMP

During the financial year, consulting fees for technical services totalling $888,987 (2025: $1,184,499) were paid to an entity associated with Mr A Dunton. 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

The unsecured loan balance owing by Mr James Graham was fully repaid during the year (2025: $139,659). Accordingly, no amount was outstanding at reporting date (2025: $186,668). The loan was interest bearing at a rate of 8.77% per annum. Interest accrued on the loan amounted to $12,767 (2025: $35,239).

	Loan Movement
Opening director loan balance	186,668
Advances during the year	66,189
Business expenses reclassified from director loan account	(70,531)
Repayments during the year	(195,094)
Interest accrued on loan	12,767
Closing director loan balance	-

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.

Board and Committee Meeting Attendance

Board Meetings		Meetings Attended	Meetings Eligible to Attend
Chair	Dr John Prendergast – Executive Director	5	5
Member	James Graham – Managing Director and Chief Executive Officer	5	5
Member	Michele Dilizia – Executive Director	5	5
Member	Dr Justin Ward – Executive Director	5	5
Member	Dr Alan Dunton – Independent Non-executive Director	5	5
Member	Alistair McKeough - Independent Nonexecutive Director	4	5

A&RC Meetings		Meetings Attended	Meetings Eligible to Attend
Chair	Alistair McKeough - Independent Nonexecutive Director	4	4
Member	Dr John Prendergast – Executive Director	4	4
Member	Dr Alan Dunton – Independent Non-executive Director	4	4

R&NC Meetings		Meetings Attended	Meetings Eligible to Attend
Chair	Dr Alan Dunton – Independent Non-executive Director	5	5
Member	Dr John Prendergast – Executive Director	5	5
Member	Alistair McKeough - Independent Nonexecutive Director	4	5

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

The Corporations Act 2001 (Cth) (the 'Corporations Act') 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, the Company must have a minimum of three Directors at all times. The Corporations Act, 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 2025, the Company received a 'For' vote of 19.32% on its Remuneration Report for the financial year ended 30 June 2025 (FY25), compared with 74.41% in the prior year. As more than 25% of the votes cast on this resolution were against the adoption of the FY25 Remuneration Report, the Company received a 'first strike' for purposes of the Corporations Act.

This first strike followed the Company receiving a second strike at its 2024 Annual General Meeting. As the subsequent spill resolution was not passed by shareholders, no spill meeting was required and the two-strikes process recommenced at the 2025 Annual General Meeting.

While the Group did not receive any specific remuneration related feedback from shareholders at the meeting, the Company subsequently engaged with certain shareholders who voted against the Remuneration Report to better understand the underlying concerns.

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 2026/183, 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
31 August 2026

AUDITOR'S INDEPENDENCE DECLARATION

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

As lead auditor of Recce Pharmaceuticals Limited for the year ended 30 June 2026, 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 Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit Pty Ltd

Perth

31 August 2026

CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out the Company's 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 31 August 2026 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		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.		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	YES	The Company Secretary position is directly accountable to the Board through the Chairperson on all matters relevant to the

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
	board, through the chair, on all matters to do with the proper functioning of the board.		proper functioning of the Board. The Company Secretary is accessible to all Directors.
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		(b) The Diversity Policy: (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. A copy of the Diversity Policy is available on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.
(c)	disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: 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		(c) As at 30 June 2026, the Company's gender composition on the Board, in Senior Executive positions and across the whole organisation are set out below: (i) Board: 5 male and 1 female; (ii) Senior Executives: 62% male and 38% female; and (iii) Total workforce (including Board): 61% male and 39% female. Senior Executives are defined as the Executive Directors and those with a direct report into the CEO.

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
	defined in and published under that Act. 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.		
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
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: (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		The Company has established a Nomination and Remuneration Committee with Dr Alan Dunton, an independent Director, as Chair of the Committee. The Committee has three members, who are: (a) Dr Alan Dunton – Independent Non-executive Director; (b) Dr John Prendergast – Executive Director; and (c) Mr Alistair McKeough – Independent Non-executive Director.

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
	committee met throughout the period and the individual attendances of the members at those meetings; or		The Committee met 5 times during the FY26 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 – 4. 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.
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: • 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;

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
			• 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 Alistair McKeough. The Board does not currently consider an independent majority of the Board to be appropriate given: (a) the magnitude of the Company's operations; and (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.
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.
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.	YES	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. 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. 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
3.	Instill a culture of acting lawfully, ethically and responsibly		
3.1	A listed entity should articulate and disclose its values.	YES	The Company values are: (a) Integrity; (b) Inclusivity; (c) Innovation; (d) Respect; and (e) Accountability.

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
			The Company values are published on the Company's website at: https://www.recce.com.au/index.php/company/corporate-governance.
3.2	A listed entity should:	YES	
(a)	have and disclose a code of conduct for its directors, senior executives and employees; and		(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.
(b)	ensure that the board or a committee of the board is informed of any material breaches of that code.		(b) The Company ensures that the Board is informed of any material breaches under the Code of Conduct Policy.
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.
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 Alistair McKeough, an independent Director,

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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		as Chair of the Committee. The Committee has three members, who are: (a) Alistair McKeough – Independent Non-executive Director; (b) Dr Alan Dunton – Independent Non-executive Director; and (c) Dr John Prendergast –Executive Director. The Committee met 4 times during the FY26 financial reporting period and the attendance of each member at those meetings is as follows: (a) Mr Alistair McKeough – 4; (b) Dr Alan Dunton – 4; (c) Dr John Prendergast – 4 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.
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	YES	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. 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.

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
			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: • 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. 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.
5.	Make timely and balanced disclosure		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	YES	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.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	YES	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.
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.	YES	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.
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	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. The Company will regularly update the website and contents therein as deemed necessary.
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	YES	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

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
			range of ways in which information is communicated to shareholders. 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.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	YES	The Company encourages shareholder participate at the Company's general meetings through various means including: (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. Traditionally, the key forum for two-way communication between the Company and its shareholders is its AGM.
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	Shareholders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders can also elect to receive electronic communications via the Company's registry, Automic Registry Services.
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: (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	YES	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: (a) Mr Alistair McKeough – Independent Non-executive Director; (b) Dr Alan Dunton – Independent Non-executive Director; and (c) Dr John Prendergast –Executive Director. The Committee met 4 times during the FY26 financial reporting period and the attendance of each member at those meetings is as follows: (a) Mr Alistair McKeough – 4;

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
	attendances of the members at those meetings; or		(b) Dr Alan Dunton – 4; (c) Dr John Prendergast – 4. 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 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		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. 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. In addition, the Company has a number of other policies that directly or indirectly serve to reduce and/or manage risk, including: (a) Continuous Disclosure Policy; (b) Code of Conduct; and (c) Trading Policy.
(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.		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.

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
			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. 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
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 (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		The Company has established a Nomination and Remuneration Committee with Dr Alan Dunton, an independent Director, as Chair of the Committee. The Committee has three members, who are: (a) Dr Alan Dunton – Independent Non-executive Director; (b) Mr Alistair McKeough - Independent Non-executive Director; and (c) Dr John Prendergast – Independent Nonexecutive Director. The Committee met 5 times during the FY26 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 – 4. 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 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.	N/A	

ASX PRINCIPLES AND RECOMMENDATIONS		COMPLY (Yes/No)	EXPLANATION
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.	YES	The structure and details of Directors' remuneration is disclosed in the 2026 Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should:	YES	
(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		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.
(b)	disclose that policy or a summary of it.		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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMES

AS AT 30 JUNE 2026

	Note	2026 $	2025 $
OTHER INCOME	**5**	9,939,158	7,704,668
EXPENSES			
Laboratory expenses		(7,966,635)	(10,242,877)
Employee benefits expenses	**6**	(6,345,885)	(6,500,621)
Share based payments expense	**23**	(1,066,162)	(1,336,897)
Depreciation and amortisation expenses on PP&E	**13**	(69,153)	(71,852)
Travel expenses		(472,336)	(432,708)
Patent related costs		(184,685)	(140,325)
Rental outgoings expenses		(448,857)	(447,174)
Finance costs (excluding lease interest)	**6**	(1,601,788)	(1,150,276)
Other expenses	**6**	(5,583,199)	(7,177,434)
Amortisation: Leases	**14**	(287,252)	(284,305)
Interest expense: Leases		(56,951)	(109,983)
Advertising and marketing		(817,685)	(1,238,305)
		(24,900,588)	(29,132,757)
LOSS BEFORE INCOME TAX		**(14,961,430)**	**(21,428,089)**
Income tax expense	**8**	-	-
LOSS FOR THE YEAR		**(14,961,430)**	**(21,428,089)**
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(14,961,430)**	**(21,428,089)**
		Cents	**Cents**
LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF RECCE PHARMACEUTICALS:			
Basic loss per share for the year	**9**	(5.17)	(9.04)
Diluted loss per share for the year	**9**	(5.17)	(9.04)

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 2026

	Note	30 June 2026 $	30 June 2025 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**10**	2,694,474	10,448,808
Trade and other receivables	**11**	3,872,976	435,268
Other current assets	**12**	548,198	502,193
TOTAL CURRENT ASSETS		**7,115,648**	**11,386,269**
NON-CURRENT ASSETS			
Plant and equipment	**13**	772,581	393,763
Right of use asset	**14**	639,878	634,465
TOTAL NON-CURRENT ASSETS		**1,412,459**	**1,028,228**
TOTAL ASSETS		**8,528,107**	**12,414,497**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**15**	12,567,740	2,968,982
Other financial liabilities	**16**	2,676,412	2,301,805
Provisions for employee benefits	**17**	846,380	634,723
Lease Liabilities	**18**	231,536	223,769
TOTAL CURRENT LIABILITIES		**16,322,068**	**6,129,279**
NON-CURRENT LIABILITIES			
Provisions for employee benefits	**17**	192,829	319,462
Lease Liabilities	**18**	435,259	419,220
Other financial liabilities	**16**	8,300,727	8,598,539
TOTAL NON-CURRENT LIABILITIES		**8,928,815**	**9,337,221**
TOTAL LIABILITIES		**25,250,883**	**15,466,500**
NET LIABILITIES		**(16,722,777)**	**(3,052,004)**
EQUITY			
Share capital	**19**	81,726,251	81,501,669
Reserves	**20**	2,871,107	6,950,287
Accumulated losses		(101,320,135)	(91,503,960)
TOTAL DEFICIENCY IN EQUITY		**(16,722,777)**	**(3,052,004)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	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 year	-	-	(21,428,089)	(21,428,089)
Other comprehensive loss	-	-	-	-
	-	-	(21,428,089)	(21,428,089)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issuance of shares (net of cash-settled share issue costs)	26,544,926	-	-	26,544,926
Options issued to KMPs and employees	-	1,236,897	-	1,236,897
Shares issued to employees and consultants (net of costs)	118,030	-	-	118,030
	26,662,956	1,236,897	-	27,899,853
BALANCE AT 30 JUNE 2025	81,501,669	6,950,287	(91,503,960)	(3,052,004)
BALANCE AT 1 JULY 2025	81,501,669	6,950,287	(91,503,960)	(3,052,004)
COMPREHENSIVE INCOME:				
Loss for the year	-	-	(14,961,430)	(14,961,430)
Other comprehensive loss	-	-	-	-
	-	-	(14,961,430)	(14,961,430)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issuance of shares (net of cash-settled share issue costs)	-	-	-	-
Options issued to KMPs and employees	-	1,066,162	-	1,066,162
Options expired during the year	-	(5,145,342)	5,145,342	-
Shares issued to employees and consultants (net of costs)	224,582	-	-	224,582
Performance share buy-back	-	-	(87)	(87)
	224,582	(4,079,180)	5,145,256	1,290,658
BALANCE AT 30 JUNE 2026	**81,726,251**	**2,871,107**	**(101,320,135)**	**(16,722,777)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Australian Taxation Office		5,306,581	6,738,274
Payments to suppliers and employees		(16,191,207)	(27,958,185)
Interest received		108,561	71,855
Other income		884,379	705,953
NET CASH USED IN OPERATING ACTIVITIES	**21**	**(9,891,686)**	**(20,442,103)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment		(61,967)	(26,347)
Investment in term deposits		(1,104)	(236,631)
Repayments/(advances) to directors	**24**	186,668	(180,924)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		**123,597**	**(443,902)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(287,252)	(284,305)
Proceeds from issue of equity securities		3,940,000	28,350,213
Proceeds from borrowings		58,000	12,224,125
Repayment of borrowings		(1,426,115)	(11,632,803)
Transaction costs related to issues of equity or convertible securities		(270,879)	(1,737,602)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**2,013,754**	**26,919,628**
Net (decrease)/increase in cash and cash equivalents held		(7,754,334)	6,033,623
Cash and cash equivalent at the beginning of the year		10,448,808	4,415,185
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**10**	**2,694,474**	**10,448,808**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

NOTE 1: CORPORATE INFORMATION

The consolidated financial statements of Recce Pharmaceuticals Ltd ("the Company") together with its controlled entities ("the Group") for the year ended 30 June 2026.

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).

NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION

(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 material 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) Other Income 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 Tax Incentives

The Group may be entitled to R&D tax incentives from the government (both Australian and overseas) in respect of eligible research and development expenditure. A receivable in respect of an R&D tax incentive claim is recognised when the entitlement can be measured reliably and it is probable that the economic benefits associated with the claim will be received. Where sufficient information is not available at the reporting date to reliably measure the amount recoverable, no asset is recognised. In such circumstances, the potential entitlement is disclosed as a contingent asset when an inflow of economic benefits is considered probable. Contingent assets are assessed at each reporting date and recognised as an asset when the recognition criteria are satisfied.

NOTE 2: MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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) Other Financial Liabilities

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 a right to defer settlement of the liability for at least 12 months after the end of the reporting year. Derivatives are initially recognised at fair value and subsequently measured at fair value through profit or loss.

Derivatives are initially and subsequently measured at fair value. The movement in fair value is taken to the profit or loss statement.

NOTE 2: MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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 the 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.

(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 not yet assessed the impact of these standards and has not early adopted 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 2026/183* , the amounts in the consolidated financial statements have been rounded to the nearest dollar.

NOTE 2: MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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 the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. For more information refer to note 23. 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.

Derivative Liabilities

The derivative liabilities have been measured using a Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. Refer to note 22 for more information.

(n) Equity Instruments to be Issued

Where the Group has a present obligation at the reporting date to issue equity instruments and the arrangement does not meet the criteria for equity classification under AASB 132 at that date, the obligation is recognised as a financial liability. The liability is initially recognised and subsequently measured in accordance with the applicable requirements of AASB 9. Upon the issue of the equity instruments, the liability is derecognised and the corresponding amount is recognised in equity.

(o) Other Government Grants

Government grants are recognised where there is reasonable assurance that the Group will comply with the conditions attaching to the grant and that the grant will be received. Grants relating to research and development activities are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related expenses that the grants are intended to compensate.

Amounts received in advance of satisfying the associated grant conditions are recognised as deferred income within liabilities until the conditions have been met. Government grant income is presented within other income in the consolidated statement of profit or loss and other comprehensive income.

The Group receives funding from the United States Department of Defense in support of specified research programs. Funding is recognised as grant income when the relevant eligible expenditure has been incurred and any material performance obligations under the funding arrangement have been satisfied.

NOTE 3: GOING CONCERN

For the year ended 30 June 2026 the Group recorded a loss of $14,961,430 (2025: $21,428,089) and had net cash outflows from operating activities of $9,891,686 (2025: $20,442,103). As at 30 June 2026, the Company had a deficiency of total assets to total liabilities of $16,722,777 (2025: $3,052,004) and a deficiency in working capital of $9,206,420 (2025: $5,256,990). 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 at year end, the Company has approximately USD $12.5M (AUD $18.4M) in unused financing facilities under its Avenue Capital debt facility. The availability of the remaining funding is subject to the satisfaction of specified drawdown conditions, including the achievement of positive Phase 3 clinical data for R327 in diabetic foot infections in Indonesia, dosing of the first patient in the U.S. Phase 3 study for R327 in diabetic foot infections, and completion of equity financings resulting in gross proceeds of at least USD $10 million. Management has assessed these conditions and considers the achievement of the drawdown milestones to be reasonable based on the current status of the clinical programs and funding initiatives;
– 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 R&D tax rebates for R&D expenditure incurred in Australia and overseas.

NOTE 3: GOING CONCERN (CONTINUED)

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.

NOTE 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	
	2026	2025	2026	2025
	$	$	$	$
Australia	7,359,927	5,293,799	(4,905,650)	(8,522,348)
USA	1,974,451	1,650,729	(483,357)	(2,049,124)
UK	43,453	26,839	(28,963)	(43,207)
Central Administration	561,326	733,301	(9,543,460)	(10,813,411)
	9,939,158	**7,704,668**	**(14,961,430)**	**(21,428,089)**

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	
	2026	2025	2026	2025
	$	$	$	$
Australia	1,379,455	987,166	666,795	543,231
Central Administration	7,148,652	11,427,331	24,584,088	14,923,269
	8,528,107	**12,414,497**	**25,250,883**	**15,466,500**

There are no assets or liabilities in other countries.

(d) Segment net assets / (liabilities)

	2026	2025
	$	$
Australia	712,660	443,935
Central Administration	(17,435,436)	(3,495,939)
	(16,722,776)	**(3,052,004)**

NOTE 5: REVENUE AND OTHER INCOME	2026 $	2025 $
Other Income:		
- Research and Development ("R&D") tax incentive	8,878,182	6,738,274
- Interest income	108,561	107,095
- Rental income (sublease)	364,909	88,664
- Other income	71,127	166,824
- Laboratory hire income	16,729	370,719
- US defence grant	499,650	233,092
Total other income	**9,939,158**	**7,704,668**

NOTE 6: EXPENSES

Employee Benefits Expenses:		
- Salaries and wages	5,348,308	5,650,998
- Superannuation expenses	554,082	511,080
- Long service leave expenses	129,821	82,912
- Payroll taxes	313,674	255,631
Total employee benefit expenses	**6,345,885**	**6,500,621**
Finance Costs:		
- Interest from short-term borrowings	1,542,013	1,099,664
- Bank fees and charges	59,775	50,612
Total finance costs	**1,601,788**	**1,150,276**
Other Expenses:		
- Audit and review fees	61,000	56,507
- Communication and internet expenses	16,668	6,387
- Computer maintenance and consumables	73,392	63,196
- Consulting fees to KMP (Note 24)	1,413,967	1,184,499
- Consulting fees	2,452,564	4,188,687
- Fair value movement in derivatives	531,662	-
- Insurance expenses	122,345	112,307
- Legal expenses	77,326	304,294
- Listing and regulatory fees	74,549	83,436
- Overseas listing and regulatory fees	72,416	70,045
- Printing and stationery expenses	26,804	33,689
- Roadshows and conferences	9,780	199,097
- Foreign exchange gains/losses	(452,039)	(131,556)
- Sundry expenses	1,102,765	1,006,846
Total other expenses	**5,583,199**	**7,177,434**

NOTE 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	**61,000**	**56,507**

NOTE 8: INCOME TAX EXPENSE	2026 $	2025 $
Loss before income tax	(14,961,430)	(21,428,089)
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% (2025: 30%)	(4,488,429)	(6,428,427)
Add:		
- Non-allowable items:		
- Share-based payments expense	319,849	401,069
- Expenses subject to R&D tax incentive	-	5,742,742
- Other non-allowable items	115	(20,188)
Less:		
- Non assessable income	(2,663,455)	(2,021,482)
- Tax losses and deferred tax not recognised	6,831,920	2,326,286
Income tax attributable to the Group	-	-
Deferred tax attributable to the Group		
Tax losses carried forward	17,381,489	11,202,554
Accruals and provisions	85,687	248,704
Blackhole expenses	385,668	542,669
	17,852,844	**11,993,926**

Tax losses carried forward at 30 June 2026 total approximately $57,938,296 (2025: $34,381,852). 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.

NOTE 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	(14,961,430)	(21,428,089)
Weighted average number of shares		
Weighted average number of ordinary shares used in calculating basic losses per share	289,154,455	236,975,348
	289,154,455	**236,975,348**
Loss per share (cents per share):		
Basic loss for the year attributable to the members of the Company	(5.17)	(9.04)
Diluted loss for the year attributable to the members of the Company	(5.17)	(9.04)

NOTE 10: CASH AND CASH EQUIVALENTS	**2026**	**2025**
	$	**$**
Cash at bank	2,694,474	10,448,808
	2,694,474	**10,448,808**

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.

NOTE 11: TRADE AND OTHER RECEIVABLES

CURRENT		
Sundry debtors	85	28,660
R&D receivable	3,571,601	-
Net GST receivable	63,555	169,977
Term Deposits	237,735	236,631
	3,872,976	**435,268**

Refer to Note 22 for additional risk exposure analysis.

NOTE 12: OTHER CURRENT ASSETS

Prepayments	524,888	294,025
Rental deposits	23,310	21,500
Director loans (Note 24)	-	186,668
	548,198	**502,193**

NOTE 13: PLANT AND EQUIPMENT

Laboratory machinery and equipment		
- at cost	1,121,774	681,729
- accumulated depreciation	(416,807)	(365,551)
	704,967	**316,178**
Office furniture and equipment		
- at cost	77,476	77,476
- accumulated depreciation	(57,219)	(54,696)
	20,257	**22,780**
Computer equipment		
- at cost	116,754	108,828
- accumulated depreciation	(104,011)	(90,553)
	12,743	**18,275**
Office improvements		
- at cost	78,646	78,646
- accumulated depreciation	(44,469)	(42,664)
	34,177	**35,982**
Library		
- at cost	4,379	4,379
- accumulated depreciation/amortisation	(3,946)	(3,838)
	433	**541**
Website Development		
- at cost	2,797	2,797
- accumulated depreciation/amortisation	(2,793)	(2,790)
	4	**7**
Total plant and equipment	**772,581**	**393,763**

NOTE 13: PLANT AND EQUIPMENT (CONTINUED)

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 improve-ments	Library and website costs	Total
2026	**$**	**$**	**$**	**$**	**$**	**$**
Beginning of the year	316,178	22,780	18,275	35,982	548	393,763
Additions	440,045	-	7,926	-	-	447,971
Depreciation	(51,256)	(2,523)	(13,458)	(1,805)	(111)	(69,153)
End of the year	**704,967**	**20,257**	**12,743**	**34,177**	**437**	**772,581**
2025						
Beginning of the year	351,307	20,686	28,677	37,909	689	439,268
Additions	5,771	6,996	13,580	-	-	26,347
Depreciation	(40,900)	(4,902)	(23,982)	(1,927)	(141)	(71,852)
End of the year	**316,178**	**22,780**	**18,275**	**35,982**	**548**	**393,763**

NOTE 14: RIGHT OF USE ASSETS	**2026 $**	**2025 $**
Land and buildings - right-of-use	927,130	918,770
Less: Current year amortisation	(287,252)	(284,305)
	639,878	**634,465**

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.

NOTE 15: TRADE AND OTHER PAYABLES

CURRENT		
Unsecured liabilities		
Trade payables	8,200,902	2,182,712
Employee related payables	64,889	294,216
Sundry creditors	361,949	492,054
Equity pending allotment	3,940,000	-
	12,567,740	**2,968,982**

NOTE 16: OTHER FINANCIAL LIABILITIES

	2026 $	2025 $
Current		
Conversion Option Derivative	490,290	317,557
Warrant Derivative	712,283	457,530
Loan - Avenue Capital Group	1,473,839	1,526,718
	2,676,412	2,301,805
Non-current		
Loan - Avenue Capital Group	8,300,727	8,598,539
	8,300,727	**8,598,539**
Total other financial liabilities	**10,977,139**	**10,900,344**

In the prior year, the Company secured a debt facility of up to approximately A$28.5 million (US$20 million) from Avenue Capital Group, with approximately A$10.7 million (US$7.5 million) drawn at present and a further A$17.8 million (US$12.5 million) available until 31 December 2027, subject to drawdown conditions. The facility is secured by a charge over the Company's assets and carries a variable interest rate, being the greater of 12.75% per annum or the Prime Rate plus 5.25%, payable monthly in advance. Repayments include an initial interest-only period followed by monthly principal and interest payments, with the facility maturing on 1 June 2028 and carrying an effective interest rate (EIR) of 20.43%.

As part of the loan arrangement, warrants were issued to the lender and a conversion option, at the lenders option, was granted to convert up to A$1.42M (US $1M) of the current tranche to ordinary shares of the Company, and a further A$1.42M (US $1M) upon the drawdown of Tranche 2. These are accounted for as derivative liabilities and the fair value measurement details are included in note 22. The derivatives have been classified as current liabilities as they can be converted at any time. The portion of the loan that relates to the conversion derivative has also been classified as a current liability.

NOTE 17: PROVISIONS FOR EMPLOYEE BENEFITS

	2026	2025
CURRENT	$	$
Unsecured liabilities		
Annual leave	698,471	634,723
Long service leave	147,909	-
	846,380	**634,723**
NON-CURRENT		
Long service leave	**192,829**	**319,462**

NOTE 18: LEASE LIABILITIES

CURRENT		
Lease liability	**231,536**	**223,769**
NON-CURRENT		
Lease liability	**435,259**	**419,220**

NOTE 19: SHARE CAPITAL

Movements in ordinary shares on issue:

	2026		2025	
	No.	**$**	**No.**	**$**
Opening balance	288,372,360	81,501,669	203,987,244	54,838,713
Shares issued during the year:				
- shares issued to employees and consultants[1]	-	-	262,289	118,030
- new shares issued from placement (net of costs)[2]	811,061	224,582	84,122,827	26,544,926
	811,061	224,582	84,385,116	26,662,956
Total[3]	**289,183,422**	**81,726,251**	**288,372,360**	**81,501,669**

[1] Refer to Note 23 for a summary of shares issued to consultants and employees during the period.
[2] On 2 July 2024, the Company issued 17,777,778 ordinary shares, raising $8,000,000 (before capital raising costs). Total capital raising costs were $559,945. A further 10,106,585 ordinary shares were issued on 6 August 2024, raising $4,430,000. On 14 April 2025, the Company issued 17,857,143 ordinary shares, raising $5,000,000 (before capital raising costs). On 15 May 2025, the Company issued 12,273,033 ordinary shares, raising $3,436,452 (before capital raising costs). A further 26,370,567 ordinary shares were issued, raising $7,383,759 (before capital raising costs). Total capital raising costs associated with the FY2025 capital raisings were $1,145,340. During FY2026, the Company issued 811,061 ordinary shares, raising $224,582 net of share issue costs.
[3] At 30 June 2026, 289,183,422 ordinary shares on issue were quoted on the ASX.

NOTE 19: SHARE CAPITAL (CONTINUED)

Options from shares issued

The following options remain outstanding at each respective reporting date:

Particulars	Issue Date	Exercise Date	Exercise Price (cents)	Expiry Date	2026 No	2025 No
Options	22-Feb-21	22-Feb-26	156.00	22-Feb-26	-	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
Options	07-Nov-24	07-Nov-29	56.00	07-Nov-29	2,493,332	2,690,000
Options	14-Nov-24	14-Nov-29	80.00	14-Nov-29	11,500,000	11,500,000
					15,553,332	**24,165,000**

NOTE 20: RESERVES	Note	2026 $	2025 $
Options reserve	**20(a)**	2,871,107	6,950,287
		2,871,107	**6,950,287**

(a) Options reserve

The options reserve is used to recognise the fair value of options granted to employees, directors, or other parties as part of compensation arrangements.

Movements of options reserve		
Balance at the beginning of the year	6,950,287	5,713,390
Options issued to KMPs and employees[1]	1,066,162	1,236,897
Options expired during the year	(5,145,342)	-
Balance at the end of year	**2,871,107**	**6,950,287**

[1]Refer to Note 23.

NOTE 21: CASH FLOW INFORMATION

Reconciliation of loss after income tax to net cash flow from operating activities:

Loss for the year	(14,961,430)	(21,428,089)
Adjustments and non-cash items:		
- Depreciation and amortisation	69,153	71,852
- Share-based payments expense	1,066,162	1,336,897
- Accounting for lease assets and liabilities	287,252	284,305
- Fair value movement in derivatives	531,662	-
Change in operating assets and liabilities		
- Increase in trade and other receivables	(3,436,604)	275,840
- Decrease in other current assets	(46,005)	(59,666)
- Increase/(Decrease) in trade and other payables	5,735,553	(525,441)
- Increase in provisions for employee benefits	85,024	183,849
- Increase/(Decrease) in other provisions	777,548	(581,650)
Net cash outflow from operating activities	**(9,891,686)**	**(20,442,103)**

NOTE 21: CASH FLOW INFORMATION (CONTINUED)
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 Avenue Capital loan and lease liabilities are summarised below:

	Avenue Capital	EndPoints Capital	Lease liabilities
Carrying amount at 1 July 2024	-	9,689,139	811,191
Net cash flow during the year	11,488,425	(9,689,139)	(284,305)
New lease arrangements	-	-	116,104
Carrying amount at 30 June 2025	**11,488,424**	**-**	**642,989**
Net cash flow during the year	-	-	(287,252)
New lease arrangements	-	-	311,058
Carrying amount at 30 June 2026	**11,488,424**	**-**	**666,795**

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 $311,058 and corresponding lease liabilities of $311,058 (2025: $116,104).
b) The Group issued shares to employees and consultants as disclosed note 23.
c) The Group issued options to employees as disclosed in note 23.
d) A warrant was issued to the lender requiring the issue of up to 4,634,303 ordinary shares on payment of the relevant exercise price. Further details of the warrants are disclosed in Note 22.

NOTE 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 the Group's financial instruments are as follows:

	2026 $	2025 $
Financial Assets		
At amortised cost		
Director loan		
Cash and cash equivalents	-	186,668
Trade and other receivables	2,694,474	10,448,808
	3,872,976	435,268
	6,567,450	**11,070,744**
Financial Liabilities		
At amortised cost		
Trade payables and sundry creditors	8,562,851	2,674,766
Loan - Avenue Capital Group	9,774,566	10,125,257
Equity pending allotment	3,940,000	-
At fair value		
Derivative financial liabilities	1,202,573	775,087
	23,479,990	**13,575,110**

(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 and Indonesia to perform numerous laboratory tests and clinical trials as well as use the services of expert consultants in the USA that will result in approximately USD $8,984,253 in expenditure.

The carrying amount of foreign currency denominated monetary assets and liabilities at reporting date are:

	Monetary Assets		Monetary Liabilities	
	2026	2025	2026	2025
USD	58,230	6,825,913	(6,632,043)	(6,632,043)
AUD equivalent	84,572	10,450,806	(9,774,566)	(10,125,256)

If FX rates were to increase or decrease by 5% from the rates prevailing at reporting date, assuming all other variables remain constant, then the impact on the profit or loss and equity would not be material.

(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 borrowings. At the end of the reporting year, the Group had the following interest-bearing financial instruments:

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)	2026		2025	
	Weighted average	Balance $	Weighted average	Balance $
Cash and cash equivalents	0.56%	2,694,474	0.14%	10,448,808
Director loan receivable	8.77%	-	8.77%	186,668
Avenue Capital loan	12.75%	(9,774,566)	12.75%	(10,125,257)

No other financial assets or financial liabilities are exposed to interest rate risk.

(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:

		2026	2025
Deposits held with BankWest Bank	AA-	100,000	100,000
Cash and deposits held with Commonwealth Bank	AA-	2,894,689	10,660,300
Cash held with American Express	N/A	(103,096)	(76,953)
Cash held with Corpay	N/A	40,616	2,093
		2,932,209	10,685,440

The Group's primary banker is Commonwealth Bank. The Board considers the use of this financial institution, which has a rating of AA- from Standards and Poor's, 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, R&D advances, loans and lease liabilities incurred in the normal course of the business. Trade payables were non-interest bearing and were settled within the normal 30-60 day term of creditor payments.

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 2026	$	$	$	$	$
Trade payables	8,200,902	-	-	8,200,902	8,200,902
Employee related payables	64,889	-	-	64,889	64,889
Sundry creditors	361,949	-	-	361,949	361,949
Lease liability	135,093	135,591	467,460	738,144	666,795
Loan - Avenue Capital[1]	660,233	656,611	13,089,991	14,406,834	9,774,566
Equity pending allotment	3,940,000	-	-	3,940,000	3,940,000
	13,348,312	**777,529**	**13,264,948**	**27,390,789**	**23,009,101**

[1] The current portion of this loan as disclosed in Note 16 relates to the lenders conversion option of A$1.42M (US$1M). This is included over the 12 month category.

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity Risk

Contractual maturities of financial liabilities	<6 months	>6-12 months	>12 months	Total contractual cash flows	Carrying amount
30 June 2025	**$**	**$**	**$**	**$**	**$**
Trade payables	2,182,712	-	-	2,182,712	2,182,712
Employee related payables	294,216	-	-	294,216	294,216
Sundry creditors	492,054	-	-	492,054	492,054
Lease liability	130,619	131,110	454,661	716,390	642,989
Loan - Avenue Capital[2]	461,592	688,589	15,108,480	16,258,661	10,125,257
	3,561,193	**819,699**	**15,563,141**	**19,944,033**	**13,737,228**

[2] The current portion of this loan as disclosed in Note 16 relates to the lenders conversion option of A$1.53M (US$1M). This is included over the 12 month category.

(d) Fair Value Hierarchy

Other than derivatives the fair value of assets and liabilities approximates carrying value given their short term nature and the loan at market terms and conditions.

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

The following table provides the fair value classification of those assets and liabilities held by the Group that are measured at fair value on either a recurring or non-recurring basis.

30 June 2026	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial liabilities				
- Conversion Derivative	-	-	490,290	490,290
- Warrant Derivative	-	-	712,283	712,283
	-	-	1,202,573	1,202,573

The Level 3 derivatives are recurring fair value measurements that are required at the end of each reporting period. There were no transfers between any other levels during the year.

The valuation model used to value the derivatives was the Black Scholes Method using the following inputs:

	Conversion option	Warrants
Risk free rate	4.10%	4.10%
Dividend yield	0%	0%
Volatility	53.30%	53.30%
Exercise price AUD ($)	0.3960	0.3300
Term (yrs)	1.92	1.92
Share price AUD ($)	0.4050	0.4050

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2025	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial liabilities				
- Conversion Derivative	-	-	317,557	317,557
- Warrant Derivative	-	-	457,530	457,530
	-	-	775,087	775,087

The Level 3 derivatives are recurring fair value measurements that are required at the end of each reporting period. There were no transfers between any other levels during the year.

The valuation model used to value the derivatives was the Black Scholes Method using the following inputs:

	Conversion option	Warrants
Risk free rate	3.69%	3.69%
Dividend yield	0%	0%
Volatility	53.20%	53.20%
Exercise price AUD ($)	0.3979	0.3316
Term (yrs)	2.92	2.92
Share price AUD ($)	0.6556	0.6556

The following provides a reconciliation of recurring fair value measurements:

	30 June 2026	30 June 2025
Carrying amount at the beginning of the year	775,087	-
Additions/Subtractions	(121,881)	931,263
Net loss/(gain) arising from changes in fair value recognised in profit or loss	531,662	(153,346)
FX gain/(loss)	(23,545)	(2,829)
Carrying amount at the end of the year.	1,161,323	775,088

The valuation of the Level 3 derivatives is most sensitive to the changes in the share price which impacts the volatility factor.

NOTE 23: SHARE-BASED PAYMENTS	2026 $	2025 $
Share-based payments expense recognised during the financial year:		
Issue of 2,250,000 options to Alan Dunton[2]	172,123	314,891
Issue of 1,000,000 options to Alistair McKeough[2]	76,499	139,951
Issue of 3,000,000 options to James Graham[2]	216,450	139,951
Issue of 2,650,000 options to John Prendergast[2]	202,722	370,872
Issue of 1,000,000 options to Justin Ward[2]	72,150	46,651
Issue of 1,600,000 options to Michele Dilizia[2]	115,440	74,641
Issue of 500,000 options to Arthur Kollaras[3]	43,104	27,870
Issue of 2,190,000 options to employees[3]	167,673	122,070
Issue of 222,222 shares to employee[1]	-	100,000
	1,066,162	1,336,897
Issue of 40,067 shares to Kardos Scanlan Pty Ltd[1]	-	18,030
Total share-based payments recognised through P&L	1,066,162	1,354,927
Less listing fees	-	-
	1,066,162	**1,354,927**

[1] Issued 222,222 shares on 26 September 2024 to an employee 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.

Fair value of share options granted to executive and employees

[2] The fair value of the 11,500,000 Share Options granted to directors in the prior year 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%;

NOTE 23: SHARE-BASED PAYMENTS (CONTINUED)

- 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 and the Options issued to Dr John Prendergast, Dr Alan Dunton and Mr Alistair McKeough will vest each month after the date of issue in equal tranches over a one year period 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

[3] The fair value of the 2,690,000 Share Options granted to Arthur Kollaras and employees in the prior year 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.

NOTE 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 25.

	2026 $	2025 $
Key management personnel compensation		
- Short-term employee benefits	2,352,716	2,370,728
- Post-employment benefits	223,831	202,294
- Bonus	-	540,000
- Share-based payments	898,488	1,114,827
	3,475,034	**4,227,849**
The following transactions occurred with related parties:		
Superannuation contributions		
Contributions to superannuation funds on behalf of employees	**156,710**	**161,470**

Loans to key management personnel

The unsecured loan balance owing by Mr James Graham was fully repaid during the year. The opening balance of $186,668 was increased by further advances of $66,189 and interest accrued of $12,767. During the year, $70,531 of business expenses previously charged to the director loan account were reclassified back to the Company, and repayments totalling $195,094 were made. As a result, no amount was outstanding at the reporting date (2025: $186,668). The loan was interest-bearing at a rate of 8.77% per annum. Interest accrued on the loan during the year amounted to $12,767 (2025: $35,239).

Other transactions with key management personnel

During the financial year, consulting fees for technical services totalling $1,413,967 (2025: $1,184,499) were paid to entities associated with Mr A Dunton, Mr A McKeough and Mr J Prendergast. All payments were made on normal commercial terms and conditions. There were no other related party transactions during the financial year.

NOTE 25: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Recce Pharmaceuticals Ltd, as at 30 June 2026. The information presented hereto has been prepared using accounting policies consistent with those presented in Note 2.

	2026 $	2025 $
(a) Summarised statement of financial position		
Current assets	7,179,302	11,443,886
Non-current assets	1,412,459	1,028,228
Total assets	**8,591,761**	**12,472,114**
Current liabilities	16,322,068	6,129,279
Non-current liabilities	8,928,815	9,337,221
Total liabilities	**25,250,883**	**15,466,500**
Share capital	81,726,251	81,501,669
Reserves	2,871,107	6,950,287
Accumulated losses	(101,256,481)	(91,446,342)
Net Assets / (Liabilities)	**(16,659,122)**	**(2,994,385)**
(b) Summarised consolidated statement of profit or loss and other comprehensive income		
Loss for the year	(14,897,776)	(21,387,732)
Total comprehensive loss for the year	**(14,897,776)**	**(21,387,732)**

NOTE 26: INTEREST IN SUBSIDIARIES

		Percentage Owned	
		2026	2025
	Country of Incorporation	%	%
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	100

NOTE 27: EVENTS SUBSEQUENT TO REPORTING PERIOD

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

On 2 July 2026, the Group received a research and development tax incentive refund of $3,667,428 relating to the year ended 30 June 2025, comprising a refundable tax offset of $3,571,601 and interest of $95,827.

Prior to 30 June 2026, the Company received $3,940,000 in subscription proceeds for the issue of 9,850,000 ordinary shares. As the shares had not been allotted as at 30 June 2026, the proceeds were recognised as Equity Pending Allotment at reporting date. The shares were subsequently allotted on 1 July 2026, at which time the balance was transferred to contributed equity.

NOTE 28: COMMITMENTS AND CONTINGENCIES

There were no commitments and contingent liabilities as at 30 June 2026.

Contingent Asset

As at 30 June 2026, the Group was in the process of compiling and assessing the information necessary to support an R&D tax incentive claim for the year ended 30 June 2026. Due to the stage of completion of this process, management has concluded that there is insufficient reliable information available at the reporting date to determine the amount of any potential claim with the degree of certainty required for recognition as an asset. Accordingly, no receivable has been recognised in the financial statements in respect of the potential 2026 R&D tax incentive claim. Management considers it probable that economic benefits may arise from the eventual lodgement and assessment of the claim, however the amount of any benefit cannot presently be measured reliably. The potential entitlement has therefore been disclosed as a contingent asset and will be recognised when the relevant recognition criteria are met.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2026

Name of entity	Type of entity	% of share capital held	Country of incorporation	Australian tax resident or foreign tax 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.

At the end of the financial year, no other entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Determination of Tax Residency

Section 295 (3A) of the Corporations Act 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

FOR THE YEAR ENDED 30 JUNE 2026

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 52 to 78, are in accordance with the *Corporations Act 2001, including:*

    a. complying with Accounting Standards and the *Corporations Regulations 2001* ; and other mandatory reporting requirements;

    b. give a true and fair view of the financial position as at 30 June 2026 and of the performance for the year ended on that date of the Group; and

    c. complying with International Financial Reporting Standards as issued by the International Accounting Standards Board;

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 subject to the matters disclosed in note 3.

4. In the directors' opinion, the consolidated entity disclosure statement required by subsection 295(3A) of the Corporations Act 2001 is true and correct.

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

John Prendergast
Executive Chairman
31 August 2026

ADDITIONAL SHAREHOLDER INFORMATION

The additional information required by the Australian Securities Exchange Listing Rules and not shown elsewhere in this report, is set out below and is based on information as at 20 August 2026:

(a) Distribution of Equity Security Holders

The number of holders of each class of equity securities and the distribution of holders and the total percentages of securities held in each category as at 20 August 2026 are set out below:

	Ordinary Shares			Unlisted Warrants ($0.33, Exp 30/07/30)		
Holdings Ranges	**Holders**	**Number of Shares**	**%**	**Holders**	**Number of Warrants**	**%**
1 - 1,000	801	489,527	0.16%	-	-	-
1,001 - 5,000	1,315	3,500,549	1.14%	-	-	-
5,001 - 10,000	622	5,011,951	1.64%	-	-	-
10,001 - 100,000	1,271	43,426,532	14.20%	-	-	-
100,001 – and over	345	253,341,512	82.85%	1	4,634,304	100.00%
Total	**4,354**	**305,770,071**	**100.00%**	**1**	**4,634,304**	**100.00%**

	Unlisted Options ($1.56, Exp 11/02/27)			Unlisted Options ($1.56, Exp 15/11/27)		
Holdings Ranges	**Holders**	**Number of Options**	**%**	**Holders**	**Number of Options**	**%**
1 - 1,000	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-
10,001 - 100,000	4	235,000	54.02%	-	-	-
100,001 – and over	1	200,000	45.98%	1	1,125,000	100.00%
Total	**5**	**435,000**	**100.00%**	**1**	**1,125,000**	**100.00%**

	Unlisted Options ($0.56, Exp 07/11/29)			Unlisted Options ($0.80, Exp 14/11/29)		
Holdings Ranges	**Holders**	**Number of Options**	**%**	**Holders**	**Number of Options**	**%**
1 - 1,000	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-
10,001 - 100,000	9	513,750	21.01%	-	-	-
100,001 – and over	7	1,931,250	78.99%	6	11,500,000	100.00%
Total	**16**	**2,445,000**	**100.00%**	**6**	**11,500,000**	**100.00%**

(b) Twenty Largest Shareholders

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

Name	Number of Shares	%
MR GAVIN WILLIAM BROWN	40,195,981	13.15%
MR GRAHAM JOHN HAMILTON MELROSE & MS OLGA MARY MELROSE	28,353,311	9.27%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,563,934	8.03%
BUTTONWOOD NOMINEES PTY LTD	10,765,714	3.52%
THINK PINK PTY LTD <RAINBOW A/C>	9,075,000	2.97%
PEJAY PTY LIMITED	4,800,209	1.57%
MR JOHN JAMES LIDDELOW <JOHN LIDDELOW A/C>	4,700,000	1.54%
ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	4,500,000	1.47%
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	4,225,729	1.38%
MR ARTHUR NICHOLAS VELISS & MR MARK ANTHONY ROGERS <ARTMARK SUPER FUND A/C>	3,875,000	1.27%
ACEWOOD INVESTMENTS PTY LTD <CHIVERS SUPER FUND A/C>	3,387,101	1.11%
CITICORP NOMINEES PTY LIMITED	3,381,435	1.11%
SENESCHAL (WA) PTY LTD <WINSTON SCOTNEY FAMILY S A/C>	3,175,000	1.04%
LDU PTY LTD <VESTY SUPER FUND A/C>	2,941,302	0.96%
MS MICHELE KERYN DILIZIA	2,724,937	0.89%
MR GRAHAM MELROSE & MS OLGA MELROSE	2,475,000	0.81%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,370,960	0.78%
HAULTRANS MANAGEMENT PTY LIMITED <SUCCESSFUL SUPER FUND A/C>	2,000,000	0.65%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,806,195	0.59%
MR NIKOLAI SHIROBOKOV & MRS SVETLANA SHIROBOKOV	1,753,639	0.57%
Totals	**161,070,447**	**52.68%**

(c) Substantial Shareholders

The names of substantial holders in the Company and the number of shares in which each has a relevant interest, as disclosed in substantial holding notices given to the Company, are set out below:

Name	Number of Shares[(a)]	%[(b)]
MR GAVIN WILLIAM BROWN	39,561,800	13.68%
MR GRAHAM JOHN HAMILTON MELROSE & MS OLGA MARY MELROSE	38,428,311	22.11%
FIL LIMITED	24,705,816	8.57%

Note: *(a) Based on the last substantial holding notice lodged with ASX.*

(b) Voting percentages reflect the holder's interest at the time of their last statutory lodgement. Due to changes in the Company's share capital structure, these holdings represent 12.94%, 12.57% and 8.08%, respectively, of total shares on issue as at 20 August 2026.

(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 Warrants on issue.

(e) Share Buyback

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

(f) Unmarketable Parcels

Based on the Company's closing share price on 20 August 2026 of $0.375, there were 1,001 holders holding less than a marketable parcel of ordinary shares, totaling 720,458 shares in aggregate.

(g) Restricted Securities

The Company does not have any restricted securities on issue.

(h) Unquoted Equity Securities

The number of unquoted equity securities on issue, total number of holders and details of persons holding 20% or more of an unquoted class of equity securities as at 20 August 2026 are set out below:

ASX Code	Class Description	Number on Issue	Number of Holders	Holder Name (≥20%)	Number Held
RCEAW	Unlisted Options ($1.56, Exp 11/02/27)	435,000	5	N/A[(a)]	—
RCEAU	Unlisted Options ($1.56, Exp 15/11/27)	1,125,000	1	N/A[(a)]	—
RCEAO	Unlisted Options ($0.56, Exp 07/11/29)	2,445,000	16	N/A[(a)]	—
RCEAP	Unlisted Options ($0.80, Exp 14/11/29)	11,500,000	6	N/A[(a)]	—
RCEAQ	Unlisted Warrants ($0.33, Exp 30/07/30)	4,634,304	1	Avenue Venture Opportunities Fund II, LP	4,634,304

Note: *(a) Holder names are not required to be disclosed as these securities were issued under an employee incentive scheme pursuant to ASX Listing Rule 4.10.16.*

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INDEPENDENT AUDITOR'S REPORT

To the members of Recce Pharmaceuticals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Recce Pharmaceuticals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, 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 2026 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 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 audits of the financial report of public interest entities 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.

Valuation of debt facility

Key audit matter	How the matter was addressed in our audit
During the prior year, the Group entered into a debt facility agreement with Avenue Capital Group for up to US$20 million. The facility includes features that require management to estimate the fair value of the debt facility and related financial instruments, including warrants and embedded derivative features arising from the terms of the agreement. The valuation of the debt facility was considered a key audit matter due to the complexity of the valuation methodology applied and the judgement involved in determining key assumptions, including discount rates, expected timing of cash flows, share price volatility, foreign exchange inputs and other market-based assumptions. Small changes in these assumptions may have a material impact on the fair value of the financial liability recognised. The Group's accounting policies and significant accounting estimates relating to the debt facility are disclosed in Note 2, and the related financial liability disclosures are included in Note 16 of the financial report.	Our procedures included, but were not limited to: • Reviewing the executed debt facility agreement and related warrant documentation to understand the key terms relevant to the valuation; • Assessing management's valuation approach for consistency with the terms of the debt facility and the requirements of Australian Accounting Standards; • Assessing the competence, capabilities and objectivity of management's independent valuation expert; • Engaging our valuation specialists to evaluate the appropriateness of the valuation methodology and key assumptions used in determining the fair value of the debt facility and related instruments; • Testing the mathematical accuracy of the valuation model and agreeing key inputs to supporting documentation or observable market data, where available; and • Assessing the adequacy of the related disclosures in the financial report, including the significant judgements and estimates associated with the valuation.

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 2026, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report and the annual report, which is expected to be available to us after that date.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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 (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.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 10 to 18 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Recce Pharmaceuticals Limited, for the year ended 30 June 2026, 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

Jarrad Prue

Director

Perth, 31 August 2026

Corporate Directory

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