ASX Announcement

Recce Pharmaceuticals
recce.com.au
ACN 124 849 065

Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- **Non-binding term sheet with leading publicly listed Middle Eastern pharmaceutical company with a multi-billion-dollar market capitalisation and distribution network spanning over 30 international markets**
- **HREC approval received to advance the Company's clinical trial of RECCE® 327 Topical Gel (R327G) in Australia to a pivotal Phase 3 trial for DFIs**
- **Comprehensive regulatory inspection successfully completed for Phase 3 clinical trial site for the treatment of Diabetic Foot Infections (DFI) by Indonesian National Agency of Drug and Food Control (Badan POM or BPOM) – no requests for any changes to the ongoing clinical trial**
- **Recce successfully raised A$4.0 million via an institutional placement at A$0.40 per share – placement was well supported by new and existing institutional, sophisticated and professional investors**
- **Post-quarter end, Share Purchase Plan was launched to provide eligible shareholders the opportunity to participate on the same terms as the placement**
- **Quarter end pro-forma cash position of ~A$33.1 million[1]**

SYDNEY, Australia, 21 July 2026: Recce Pharmaceuticals Ltd (**ASX:RCE**, **FSE:R9Q**) (**Recce** or the **Company**), a leading developer of a New Class of Synthetic Anti-Infectives, today released its Q4 FY2026 results and operational highlights.

Operational Highlights

Signed Term Sheet with a Leading Middle Eastern Pharmaceuticals Company

On 27 May 2026, Recce announced that it has entered into a non-binding term sheet with a leading Middle Eastern pharmaceutical company (**Licensee**) for an exclusive licensing arrangement covering the commercial sales and distribution of the Company's proprietary R327 Topical Gel (**R327G**) for the treatment of DFIs across the Middle East and North Africa (**MENA**) region (**the Announcement**).

[1] Includes proceeds from Capital Raise (before offer costs) and if debt component is drawn (subject to certain time limitations and the satisfaction of certain conditions)

The term sheet sets out the key commercial terms for a proposed 10-year exclusive licensing agreement. The parties are actively collaborating to finalise and execute a definitive agreement, which the parties are presently targeting for completion next quarter, subject to ongoing negotiations, due diligence by the Licensee, final agreement and customary approvals. The Licensee is recognised as one of the leading pharmaceutical companies in the MENA region.

With a strong sales portfolio of products across dermatology, endocrinology, infectious diseases and other therapeutic indications, established market access throughout the region, the Licensee is well positioned to accelerate the adoption and distribution of R327G across key MENA markets. Under the terms of the proposed 10-year licensing agreement, the Company intends to grant the Licensee the exclusive rights to register, market and distribute R327G for the treatment of DFIs in the Kingdom of Saudi Arabia (**KSA**), the Gulf Cooperation Council (**GCC**) countries (being the UAE, Kuwait, Oman, Bahrain and Qatar) as well as Egypt, Algeria and Morocco. Recce will be responsible for the manufacture and supply of R327G.

The proposed commercial terms provide that Recce is expected to receive:

- **An upfront signing fee, together with potential milestone payments, totalling up to USD $3.5 million (~A$5 million)**
- **30% of the net selling price, with an additional 6% annual royalty on net sales exceeding USD $50 million / year**
- **Proposed selling price of USD $1,500 per treatment**, subject to agreement with the KSA Regulatory Authority

Recce's existing clinical development pipeline is expected to provide a data package that will support a regulatory submission in KSA. In this regard, the Company continues to enrol patients in its Indonesian Registrational Phase III Clinical Trial for DFI with an approvable interim data readout following enrolment of 155 patients. Total enrolment will be 310 DFI patients randomised to receive either R327G or placebo, with expedited regulatory review for an anticipated commercial approval by year end. Subject to the outcome of the ongoing Phase 3 clinical trial in Indonesia, no additional clinical trials are anticipated for a marketing authorisation application in KSA.

The proposed agreement will contain customary terms and conditions for a transaction of this nature including but not limited to intellectual property, termination, representation and warranties, which remain subject to negotiation and final documentation between the parties.

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Media and Investor Relations

Chief Executive Officer
James Graham
Recce Pharmaceuticals Ltd
james.graham@recce.com.au

Australia
Andrew Geddes
Seed Media
andrew@seedmedia.com.au

USA & Europe
Guillaume van Renterghem
LifeSci Advisors
gvanrenterghem@lifesciadvisors.com

The Company confirms:

1. that it does not consider the identity of the counterparty to be information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
2. that the Announcement contains all material information relevant to assessing the impact of the contract on the price or value of the Company's securities, and is not misleading by omission; and
3. the Announcement describes the counterparty as a leading publicly listed Middle Eastern pharmaceutical company with a multi-billion-dollar market capitalisation and a distribution network spanning over 30 international markets. As a major listed company, the counterparty's financial reports are publicly available and independently audited. The Company reviewed these reports as part of its standard commercial due diligence, which confirmed the counterparty's financial capacity to fulfil all payment obligations should the parties execute a definitive agreement following this non-binding term sheet.

HREC Approval Accelerates and Expands Recce Pharmaceuticals Global Regulatory Strategy for DFIs

Recce announced that the Human Research Ethics Committee (**HREC**) has approved a protocol amendment to the Company's Phase II clinical trial of R327G for the treatment of DFI, advancing the study to a pivotal Phase 3 clinical trial.

As a newly elevated Phase 3 study, all newly enrolled patients will enter under a revised Phase 3 protocol. The trial has treated 18 of a possible 200 total patients, with an interim data analysis performed when 50% of patients have completed treatment. The trial is being conducted to TGA and US FDA regulatory standards, with expected full enrolment by the end of 2027.
The HREC-approved protocol amendment expands eligibility to include Moderate DFI patients in addition to Mild DFI patients which represent approximately 80% of DFI presentations[2], significantly broadening the recruitment patient population for R327G.

Given R327G's favourable safety profile, the study has also been expanded to include infected ulcers below the knee, enabling an additional primary endpoint analysis at the individual ulcer level, increasing study power and enhancing the probability of success. The primary endpoint assesses clinical response according to the Lipsky Scale, with secondary endpoints evaluating total wound score and the safety profile of R327G.

[2] Lavery LA, Armstrong DG, Murdoch DP, Peters EJG, Lipsky BA. Validation of the Infectious Diseases Society of America's diabetic foot infection classification system. Clinical Infectious Diseases. 2007;44(4):562–565.

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Positive Outcome of Routine Regulatory Inspection of Indonesia Ph 3 Clinical Trial Site

Recce announced that the Indonesian National Agency of Drug and Food Control (Badan POM or BPOM) has successfully completed a comprehensive routine regulatory inspection of a Phase 3 clinical trial site in Indonesia.

The inspection formed part of BPOM's standard regulatory oversight of clinical studies and included a comprehensive review of trial conduct, site processes, data integrity, and compliance with applicable Good Clinical Practice (**GCP**) standards. The inspection was completed with no findings noted that prevent the study from continuing.

The outcome reflects the high quality of the Company's clinical operations in Indonesia and adherence to regulatory requirements. The BPOM inspection represents a critical de-risking milestone for Recce's registrational Phase 3 clinical trial in Indonesia for the treatment of DFIs and supports the pathway toward regulatory approval and commercialisation in Indonesia followed by other ASEAN countries. Patient dosing is progressing, with the study on track to produce interim data expected at 155 patients. Regulatory approval in Indonesia is anticipated in CY26 and represents a compelling near-term commercial opportunity.

Financial Update

The Company ended the quarter with a cash balance of AUD $2.9 million (before expected overseas R&D rebate). Net cash outflows from operating activities in Q4 FY26 were A$2.2 million, with Research and Development (A$1.6 million) being the largest item of expenditure supporting ongoing human clinical trials, and the advancement of pre-clinical studies. Payments to related parties (Executive & Director fees) were A$0.9 million.

Recce Raised A$4.0 million via Institutional Placement and Announces Share Purchase Plan

Recce announced it had successfully raised A$4.0 million (before costs) from sophisticated, professional, and institutional investors via a placement of 10.0 million new fully paid ordinary shares (**New Shares**) at an issue price of A$0.40 per New Share (**Placement**).

Post-quarter, the Company launched a Share Purchase Plan (**SPP**) to provide Eligible Shareholders an opportunity to subscribe for up to A$30,000 worth of new fully paid ordinary shares (**SPP Shares**) to raise up to an additional A$4.0 million (before costs) on the same terms as the Placement.

Assuming that the SPP is fully subscribed, or any shortfall is placed, funds raised under the Placement and SPP (**Offer**) will be used for the following activities:

- A$3.2 million – Strengthen the balance sheet for commercial licensing with leading Middle Eastern Pharmaceutical Company including initiatives to support the commercial agreement
- A$2.0 million – Clinical trials (significant, unmet medical needs) including:
    - Completion of Phase 3 DFI Registrational Topical Clinical Trial in Indonesia
    - Phase 3 DFI Registrational Topical Clinical Trial in Australia (for US FDA)
    - Continuance of US Department of War Burn Wound Program
- A$2.0 million – Activities enabling Investigational New Drug application to FDA & the Indonesia FDA (BPOM); and
- A$0.8 million – General working capital (operational costs delivering above) and Offer costs.

AUD $3.7M Income Tax Refund Received

Post-quarter, the Company also announced the receipt of an A$3,667,427 income tax refund from the Australian Taxation Office (**ATO**) for the financial year ending 30 June 2025. The refund comprises an A$3,571,600 R&D tax incentive rebate and A$95,826 in interest paid by the ATO in respect of the FY2025 period.

Looking Ahead

The Company expects the receipt of further non-dilutive funds and capital raise proceeds, which extends Recce's pro-forma cash position of ~A$33.1 million[1] remaining well placed to achieve upcoming Phase 3 clinical trial milestones. Recce remains focused on executing multiple value-driving initiatives across its clinical and commercial programs. Key near-term priorities include advancing its Registrational Phase 3 clinical trials in Indonesia and Australia, while progressing discussions towards a definitive licensing agreement with a leading Middle Eastern pharmaceutical company, targeted for completion in Q4 CY26. Together, these milestones are expected to further strengthen Recce's commercialisation strategy and reinforce the potential of its synthetic anti-infective platform to address the significant global burden of diabetic-related infections and antimicrobial resistance.

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Appendix 4C

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

Name of entity	
Recce Pharmaceuticals Ltd	
ABN	**Quarter ended ("current quarter")**
73 124 849 065	June 2026

Consolidated statement of cash flows		**Current quarter**	**Year to date (12 months)**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) research and development	(1,550,984)	(11,659,449)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(21,474)	(483,320)
	(d) leased assets	-	-
	(e) staff costs	(593,792)	(2,780,924)
	(f) administration and corporate costs	(242,164)	(1,400,334)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	29,857	108,561
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	111,683	5,807,722
1.8	Other	92,404	383,736
1.9	**Net cash from / (used in) operating activities**	**(2,174,470)**	**(10,024,008)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(61,685)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	9,365	162,195
2.6	**Net cash from / (used in) investing activities**	**9,365**	**100,510**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,940,000	3,940,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(276,730)	(279,333)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(349,955)	(1,432,436)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	58,000	58,000
3.10	**Net cash from / (used in) financing activities**	**3,371,315**	**2,286,231**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,690,518	10,533,995
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,174,470)	(10,024,008)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	9,365	100,510
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,371,315	2,286,231

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,896,729**	**2,896,729**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter	Previous quarter
5.1	Bank balances	2,896,729	1,690,518
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Trust Account	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,896,729**	**1,690,518**

6.	Payments to related parties of the entity and their associates	Current quarter
6.1	Aggregate amount of payments to related parties and their associates included in item 1	861,551
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil

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

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end**	**Amount drawn at quarter end**
7.1	Loan facilities	30,550,000	11,488,425
7.2	Credit standby arrangements	Nil	Nil
7.3	Other (please specify)	1,822,500	150,000
7.4	**Total financing facilities**	32,372,500	11,638,425

7.5	**Unused financing facilities available at quarter end**	20,734,075

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

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

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

The ATM has an expiry date of 31 January 2031.

To date the Company has utilised the ATM to raise a total of $150,000. The remaining standby equity capital available under the ATM is currently 4.5m shares which has been marked to market in this cash flow report as $1,822,500.

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

8.	**Estimated cash available for future operating activities**	
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,174,470)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,896,729
8.3	Unused finance facilities available at quarter end (item 7.5)	20,734,075
8.4	Total available funding (item 8.2 + item 8.3)	23,630,804
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	10.87

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

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

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

Answer:

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

Answer:

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

Answer:

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

Compliance statement

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

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

Date: 21 July 2026

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

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

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

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

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

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