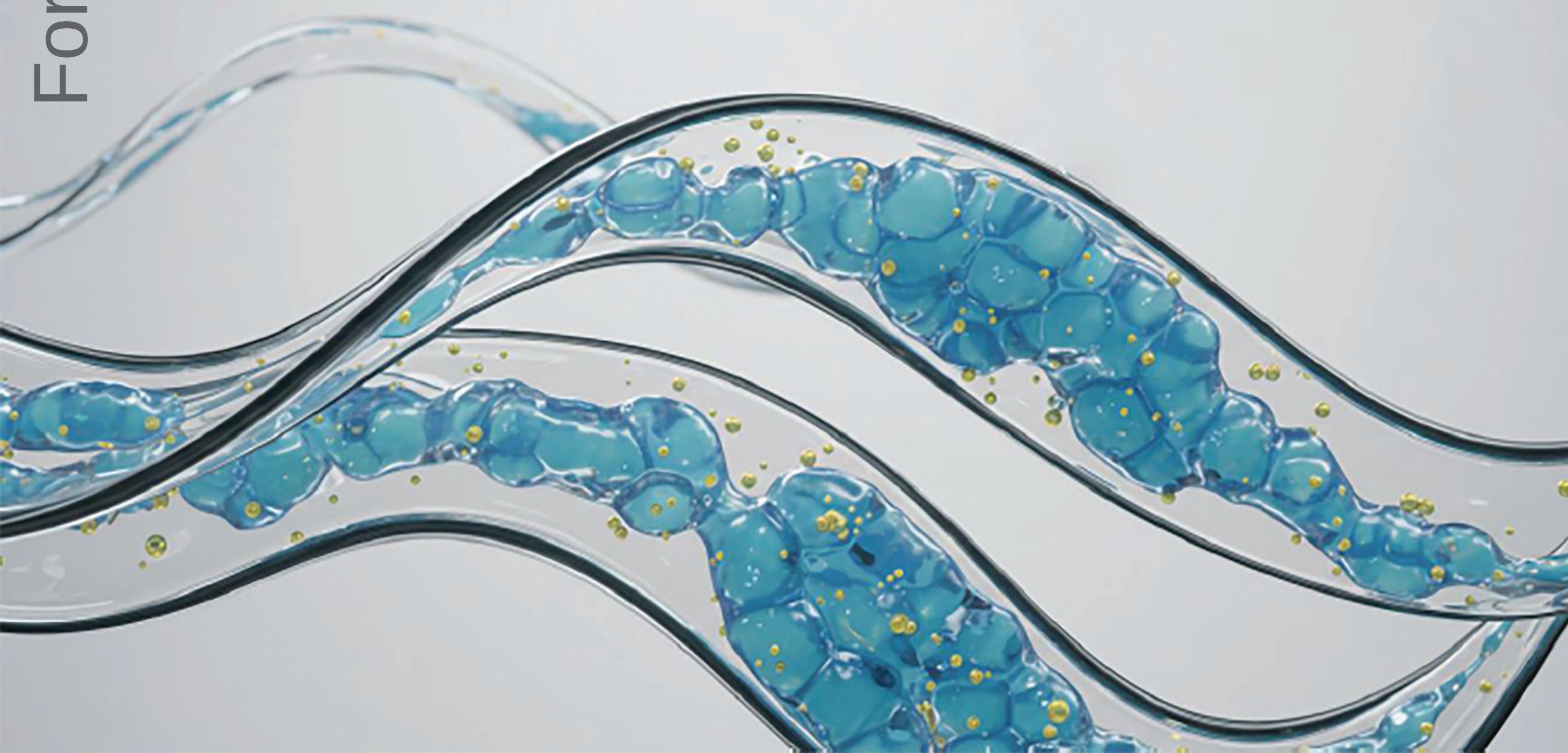
Recce
Pharmaceuticals
ASX: RCE, FSE: R9Q

2025 Annual Report



About Us

Recce Pharmaceuticals Ltd (ASX:RCE, FSE:R9Q) is an Australian late-stage clinical biotech company focused on the development and commercialisation of a new class of Synthetic Anti-infectives designed to address the urgent global health problem of antimicrobial resistant (AMR) superbugs.

Recce's lead candidate, RECCE® 327 (R327), is a patented, broad-spectrum synthetic anti-infective being developed in multiple formulations, including intravenous and topical. It is designed to treat serious bacterial infections, including those caused by drug-resistant Gram-positive and Gram-negative pathogens.

R327 as a Topical Gel (R327G) is currently undergoing Phase 3 clinical development, with a particular focus on addressing diabetic foot infections (DFIs), a major complication of diabetes and a significant global health burden. Recce is also advancing a broader portfolio of synthetic anti-infectives targeting a range of unmet medical needs across bacterial infections.

The Company's lead clinical program involves a registrational Phase 3 clinical trial of R327G for the treatment of DFIs, conducted in Indonesia. The Indonesian trial is designed to generate pivotal safety and efficacy data and serves as a potential gateway to broader regulatory and commercial opportunities across the ASEAN market.

The Company also has a Cooperative Research and Development Agreement with US Army Medical Research Institute of Infectious Diseases, to evaluate R327 against biothreat pathogens targeting burn wound infections.

Recce's fully owned, automated manufacturing facility in Australia supports ongoing clinical development and scale-up. With a strong global portfolio of patents protecting its intellectual property beyond 2040 and a focus on unmet medical needs in diabetic wound care, Recce is advancing a next-generation anti-infective platform poised for near-term commercialisation and global expansion.

Contents

Business Highlights

Listed below are the main company developments for the 2025 Financial Year.

Clinical and Preclinical

Diabetic Foot Infections (DFI)/Acute Bacterial Skin and Skin-Structure Infections (ABSSSI)

Phase 3 Registrational Clinical Trial for DFI in Indonesia

- Human Research Ethics Committee approval received for Registrational Phase 3 Clinical Trial for RECCE® 327 Topical Gel (R327G) in patients with DFI in Indonesia.
- Regulatory approval received for Registrational Phase 3 Clinical Trial for R327G.

Phase II ABSSSI Clinical Trial in Australia

- Phase II ABSSSI clinical trial patient dosing completed and positive patient data released.
- Phase II Clinical Trial data successfully demonstrated R327G achieving a 93% primary efficacy endpoint over 14-days, meeting all study endpoints.
- Phase II Clinical Trial receives approval for additional diabetic patients to be treated with R327G.

Urinary Tract Infection (UTI)/Urosepsis

- Recce is proceeding with plans for a proposed Phase II clinical trial in Australia to be launched in FY26.

Preclinical

- Positive Efficacy Data from Murdoch Children's Research Institute in Study against WHO Priority Pathogen *Acinetobacter baumannii.*
- R327 efficacy validated against Mycobacterium abscessus, a non-tuberculous mycobacteria (NTM) that causes lung infections in cystic fibrosis and immunocompromised patients.

U.S. Department of Defense Burn Wound Program

- U.S. Department of Defense Grants Recce Pharmaceuticals US$2 million to accelerate development of RECCE® 327 Gel (R327G) for acute treatment of burn wound infections and downstream bacteria complications such as sepsis in military setting.
- Recce Enters into Defense Threat Reduction Agency (DTRA) Backed Cooperative Research & Development Agreement with United States Army Medical Research Institute of Infectious Diseases (USAMRIID) to test RECCE® 327 (R327) against highly hazardous pathogens of biodefense concern in USAMRIID under high biocontainment conditions.

Commercial and Operational

- Successful A$15.8 million capital raise - all from existing shareholders.
- Non-Dilutive Financing via debt facility of up to ~A$30 million with Avenue Capital Group.
- Canadian Scientific Research & Experimental Development Rebate of US$175,122 (A$271,987) from the Canadian Government received.

Regulatory

- Family 3 patent granted for RECCE® Anti-Infectives in **Australia**, **expiring in 2037.**
- Family 4 patent granted for RECCE® Anti-Infectives in **Japan**, **expiring in 2041**.
- Family 4 patent granted for RECCE® Anti-Infectives in **China**, **expiring in 2041.**

Letter from the Chairman

Dear Shareholders,

We are pleased to present Recce Pharmaceuticals' annual report for the financial year ended June 2025. This year has been one of progress across clinical, regulatory, and strategic fronts, reflecting the strength of our synthetic anti-infective platform and the dedication of our team, and placing Recce at the forefront of the anti-infective market. These developments strengthen our position as a leader in the fight against antimicrobial resistance, coinciding with renewed and significant interest highlighted by some notable acquisitions over the last 12 months.

> *Our work remains focused on delivering bold, science-driven solutions to address this challenge for those who need it most.*

Clinical and Preclinical Milestones Achieved

Recce's pipeline of synthetic anti-infective compounds continues to advance rapidly, with key achievements across multiple programs in 2025.

A standout achievement was the approval we received for our Phase 3 Registrational Clinical Trial for R327G in Diabetic Foot Infections (DFI) in Indonesia. This included receiving Human Research Ethics Committee approval and full regulatory clearance to proceed from Indonesia's National Agency of Drug and Food Control (Badan POM), marking a critical step toward potential market registration of R327G in CY2026.

In parallel, our Phase II Acute Bacterial Skin and Skin Structure Infections (ABSSSI) clinical trial reached a major milestone with the successful completion of patient dosing and release of strong clinical data. Indeed, R327G demonstrated a 93% primary efficacy endpoint over 14 days, meeting all predefined study endpoints. Notably, the trial also received approval to include additional diabetic patients, further extending the clinical scope and real-world application of R327G.

Further international recognition came through the commencement of our collaboration with the U.S. Department of Defense (DoD). Recce was not only awarded a USD$2 million grant under the DoD's Burn Wound Program, but we also entered a Cooperative Research and Development Agreement (CRADA) with the U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID). Both represent a significant endorsement of Recce's technology platform and underscore the potential of its critical role in future military and civilian infection control efforts.

In preclinical development, promising results came from Recce's Anti-Infective Research Unit at Murdoch Children's Research Institute, yielding positive efficacy data against the WHO-priority pathogen *Acinetobacter baumannii* and *Mycobacterium abscessus* in a respiratory tract infection model. These pathogenic bacteria are a major global health threat and Recce's results continue to validate the broad-spectrum potential of our compounds in treating drug-resistant infections.

Global Recognition and the Urgency of Addressing AMR

Recce's leading position in the global infectious disease landscape continues to be recognised at the highest levels. The World Health Organization (WHO) included our lead compound, R327, in its Antibacterial Agents in Clinical and Preclinical Development report endorsing the significance and unique aspects of R327 since it is the only compound in the report categorised as an energy production disruptor (adenosine triphosphate (ATP)), highlighting both the novelty of our approach and the critical need it addresses.

This recognition underscores the global urgency surrounding antimicrobial resistance (AMR), as it continues to pose a growing threat to health systems worldwide. Our work at Recce remains steadfastly focused on delivering bold, science-driven solutions to address this challenge for those who need it most.

Manufacturing and Operational Readiness

Recce's manufacturing infrastructure remains robust and highly scalable. We continue to build on our achievement of producing 5,000 GMP-grade doses per week. Our manufacturing process is proprietary, expandable in a fast and economical manner, and well-positioned to meet the large-scale supply demands of our current and upcoming clinical trials.

Our People and the Road Ahead

Our team continues to grow in both talent and capability. We have top-tier clinical, scientific, and operational experts whose experience and commitment are instrumental as we transition into late-stage development and potential commercial readiness.

With a diversified clinical pipeline, global recognition and sufficient manufacturing capacity, Recce is confident of achieving success for its immediate milestones. FY26 is set to be another transformative year as we push forward with our mission to redefine infection treatment globally.

On behalf of the entire Recce team, I would like to take this opportunity to express my gratitude and to thank our shareholders, global clinical collaborators, business partners, and dedicated team for their continued support and belief in our shared vision.

Sincerely,

Dr John Pendergast
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 ending 30 June 2025.

> *We are proud of what Recce has accomplished this year, not only as a clinical-stage innovator, but as a financially disciplined, commercially focused organisation.*

In support of our strong clinical momentum, FY25 was a year of meaningful progress across funding, regulatory approvals, intellectual property, and strategic partnerships, each vital to building Recce into a globally recognised anti-infective company.

Funding and Financial Support

Towards the end of the financial year the Company concluded a successful A$15.8 million capital raise (all from existing shareholders). The Company also went on to secure ~A$11.49 million in non-dilutive funding. This strong financial position with the benefit of retaining the FY25 rebate of ~A$8.5 million (expected November 2025) sees an effective ~A$39.63 million cash runway.

Recce remains a highly efficient company fully benefiting from the advantageous 43.5% Australian Research and Development (R&D) Tax Incentive rebate that provided us with A$6.75 million of non-dilutive funding for FY24. Additionally, a Canadian Scientific Research & Experimental Development rebate of US$175,122 (A$271,987) was received from the Canadian Government to help fund our international research initiatives. The Company was also pleased to be awarded US$2 million from the US Department of Defense, accelerating the development of R327G and evaluating it as a gel-based treatment to rapidly resolve burn wound infections.

These initiatives reflect the confidence of both institutional and retail investors in our technology, progress, and path ahead.

Intellectual Property and Global Recognition

Recce's intellectual property portfolio continues to grow, protecting our innovation in key global markets. During the reporting period, we achieved the granting of patents for RECCE® anti-infectives in Australia (Family 3), China (Family 4) and Japan (Family 4). These milestones further solidify our international protection and extend the commercial runway of our synthetic anti-infective platform beyond 2040.

Strategic Partnerships and Collaborations

Recce remains committed to building a global ecosystem of partners to support both clinical execution and eventual commercial scale. Among the most notable milestones this year was our Memorandum of Understanding (MoU) with PT Etana Biotechnologies in Indonesia. Etana is a prominent player in Southeast Asia's biopharmaceutical landscape and a key contributor to Indonesia's national health agenda. This collaboration represents a major step toward commercial readiness in one of the world's most populous and rapidly developing healthcare markets.

We also continued to deepen relationships with clinical research organisations and hospital networks across Australia, supporting the scale-up of our clinical trials and study coordination efforts.

Our ongoing collaboration with the Murdoch Children's Research Institute in Melbourne resulted in the establishment of a dedicated anti-infective research unit. Preclinical studies conducted here have already yielded promising data against WHO-priority drug-resistant pathogens, reinforcing the broad potential of our synthetic antibiotics.

We are proud of what Recce has accomplished this year, not only as a clinical-stage innovator, but as a financially disciplined, commercially focused organisation. Our funding pipeline is strong, our global presence is expanding, and our technology is increasingly recognised for the impact it can have on one of the greatest public health challenges of our time.

On behalf of the management team, I would like to thank our shareholders, partners, and dedicated employees for their continued support and belief in Recce's mission. We look forward to delivering further progress in FY26 and beyond.

James Graham
Managing Director & Chief Executive Officer

Overview of Company Activities

In FY25, Recce Pharmaceuticals made strong progress across its clinical, preclinical as it advances its pipeline of synthetic anti-infectives targeting serious, drug-resistant infections.

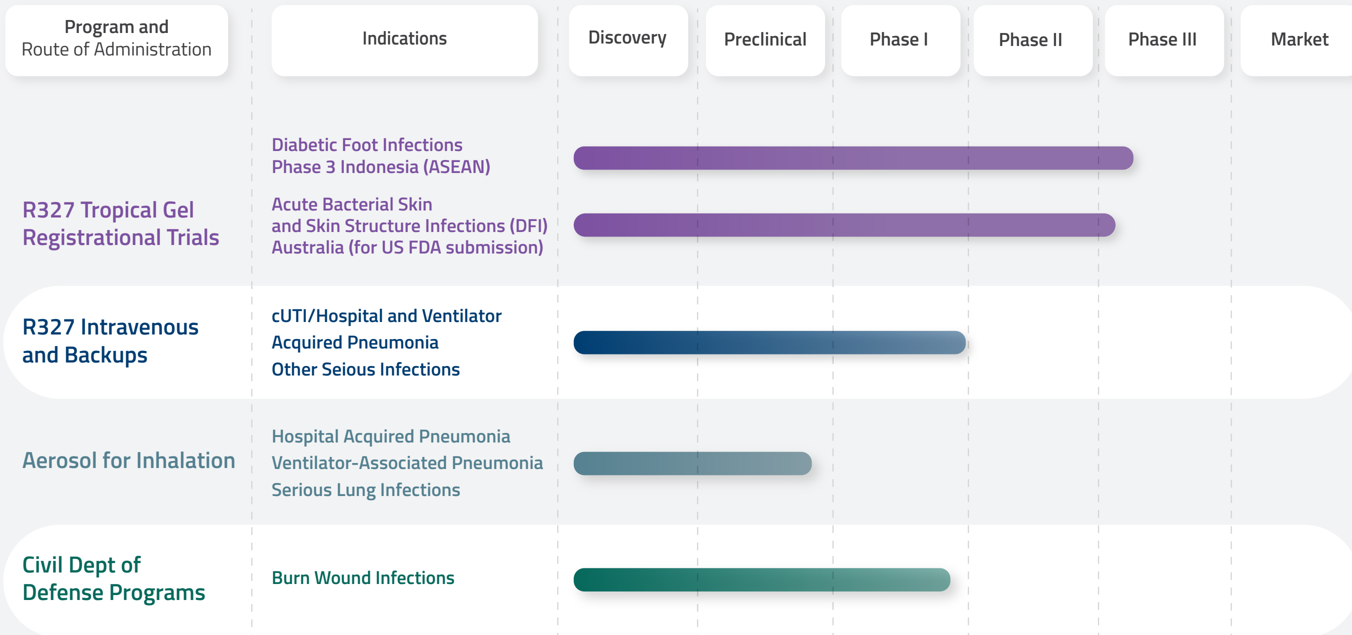
To support its pipeline, Recce secured A$15.8 million in new equity capital and a secured ~A$11.49 million in non-dilutive funding, ensuring a strong financial foundation to pursue near-term regulatory and commercial milestones.

The Company received regulatory approvals for a Registrational Phase III trial in Indonesia for R327G in Diabetic Foot Infections, with an interim analysis planned which could allow for expedited commercialisation should the interim read-out meet pre-specified safety and efficacy conditions.

Preparations are also underway to begin a Phase 3 trial with R327G in ABSSSI in Australia, reinforcing Recce's global regulatory strategy. This follows the positive efficacy and safety data in a Phase II trial for ABSSSI.

Recce's intravenous program has completed its intravenous Phase I and I/II trials, with a Phase II trial for UTI/urosepsis on track to begin in FY26.

Recce continued to progress its U.S. Department of Defense burn wound program, with biopathogen focused R&D work underway, furthermore Recce has been selected for abstract presentation at the 2025 Military Health System Research Symposium (MHSRS).



Human Clinical Trials

R327 Topical Gel Programs

Registrational Phase 3 Clinical Trial in Indonesia for Diabetic Foot Infections

Recce Pharmaceuticals has initiated its Registrational Phase 3 clinical trial of R327G for the treatment of Diabetic Foot Infection (DFI) in Indonesia, following regulatory clearance from the Indonesian Drug and Food Authority, Badan POM. This pivotal study is a randomised, double-blind, placebo-controlled trial, enrolling patients across leading Indonesian hospitals, with two-thirds receiving R327G and one-third receiving placebo.

TRIAL SNAPSHOT

Location: Indonesia

Program: Phase 3

Target: 300 patients

Interim analysis: after 100 patients

Goal: Accelerated approval H1 2026

The trial includes a protocol approved interim analysis after approximately 100 patients have been treated, designed to assess early efficacy signals and support potential accelerated approval. This analysis reflects confidence in the clinical performance of R327G, informed by strong results from the completed Phase II study where 93% of patients achieved primary efficacy outcomes.

The trial is expected to conclude within a 12-month timeframe, with a view to obtaining regulatory approval and commercial launch in Indonesia in the first half of calendar year 2026. Success in this trial is anticipated to support further filings across ASEAN member states, including Malaysia, Thailand, Singapore, and the Philippines, where diabetic complications and antimicrobial resistance represent urgent public health challenges.

In addition to the Indonesian program, the Company is planning to initiate another Phase 3 clinical trial of R327G in DFI in Australia, conducted to a US FDA regulatory standard for intended submission. Reinforcing the product's global development pathway and supporting future submissions to major international regulators.

Delegates from the Indonesia Food and Drug Authority (Badan POM), Indonesia Ministry of Health, Austrade, Investment NSW, Department of Foreign Affairs & Trade and Recce Pharmaceuticals.

Phase II Acute Bacterial Skin and Skin Structure Infections (ABSSSI) Clinical Trial

During FY25, Recce Pharmaceuticals successfully completed a Phase II clinical trial of its R327G for the treatment of ABSSSI, including cases of DFI. The study demonstrated compelling efficacy results, achieving a 93% primary efficacy endpoint at day 14 and 86% clinical response by day 7, with no serious adverse events reported. These results exceeded all study objectives and reinforced R327G's safety and rapid-acting antibacterial properties.

Achieving a 93% efficacy endpoint at day 14 with no serious adverse events.

In response to the strong outcomes and positive engagement from clinical investigators, the trial received Human Research Ethics Committee (HREC) approval to extend patient enrolment for the treatment of DFI. Up to 20 additional DFI patients will be treated under the same open-label protocol, enabling further data collection without delaying the initiation of Recce's parallel Phase 3 trials in Indonesia and Australia.

The decision to expand access to R327G was driven by medical need and the high recurrence rate of DFI, with up to 40% of diabetic ulcers recurring within the first year after healing. Investigators cited R327G's ability to deliver targeted topical treatment without the side effects associated with systemic antibiotics, positioning it as a promising alternative for difficult-to-treat infections.

Together, the results from this Phase II study and its ongoing extension support Recce's accelerated commercialisation pathway and provide a robust clinical foundation as the Company advances toward registrational trials in high-burden infection markets.

Successful clinical response

GLOBAL CHALLENGES

The rise of antibiotic-resistant bacteria, **particularly methicillin-resistant** *Staphylococcus aureus* (**MRSA**), complicates treatment strategies, **underscoring the need for the development of new broad-spectrum antibiotics**.

Department of Defence Burn Wound Program

In FY25, Recce Pharmaceuticals has significantly progressed its U.S. Department of Defense collaboration under the Military Burn Research Program, focused on the development of R327G for the treatment of burn wound infections in military settings. Recce was awarded a peer-reviewed USD$2M grant, one of only 3 recipients and the only non-US entity to receive this grant in the funding round and is advancing a series of preclinical efficacy studies in rat and pig thermal wound infection models, designed to support future clinical deployment.

PROTECT · PROJECT · SUSTAIN

U.S. Army Medical Research and Materiel Command

R327G is also being evaluated in hydrogel dressing formats, offering an alternative to conventional antimicrobial wound care by providing broad-spectrum, synthetic anti-infective action without the risk of resistance. This approach aligns with the U.S. military's need for fast-acting, field-deployable therapeutics to manage trauma-related infections and prevent complications such as sepsis.

Efficacy against high-priority biothreat pathogens

In parallel, Recce has entered into an active research partnership with the U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID) to test R327 against high-priority biothreat pathogens, reinforcing the platform's dual-use potential in both combat and biodefense contexts.

Highlighting the growing recognition of its innovation, Recce was also accepted for a poster presentation and abstract at MHSRS 2025 (Military Health System Research Symposium), the premier U.S. forum for military medical research. This milestone marks further validation of R327G's potential to transform infection control in military medicine.

R327 has demonstrated significant activity against multiple high-priority bioterrorism pathogens.

BIOTERRORISM PATHOGENS IDENTIFIED BY THE CDC

Bacillus anthracis
Disease: (Anthrax)

Francisella tularensis
Disease: (Tularemia)

Burkholderia mallei
Disease: (Glanders)

Burkholderia pseudomallei
Disease: (Melioidosis)

Yersinia pestis
Disease: (Plague)

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 R327 in I.V. formulation for the treatment of urinary tract infections (UTIs) and urosepsis, a serious and often life-threatening complication.

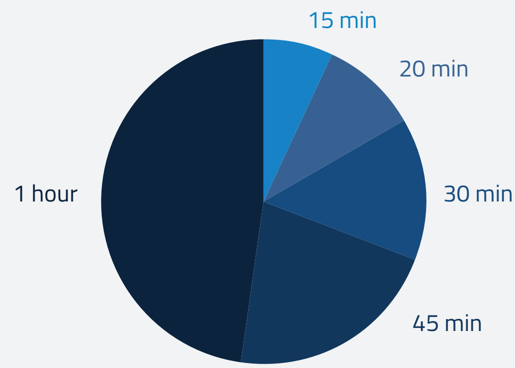
The Phase I trial demonstrated that R327 was safe and well tolerated at escalating doses up to 6,000 mg delivered via 1-hour infusion, with no serious adverse events reported. Pharmacokinetic analyses confirmed that R327 concentrates in the urinary tract, with urine levels up to 20 times higher than in plasma, supporting its application as a targeted therapy for urinary infections.

Clinical Trial Complete – Phase I/II

Assessment	Assessing R327 at faster administration rates (<1 hour)
Endpoint	Trial aimed at positioning **R327 as first patient presentation** 'fast-infusion' **designed to stop any bacterial infection** in its tracks in any medical setting
Subjects	**Male and female** subjects dosed
Initial Indication	Results from trial paves the way for **R327 as a potential first-line treatment for patients suffering from UTI/Urosepsis**
US FDA Status	**Qualified Infectious Disease Product designation** - awarded by the US FDA in 2017 for R327 bacteraemia (broad-spectrum bacterial sepsis).

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

R327 has achieved multiple 'fast infusion' time stamps in line with intended future regulatory submissions.



Building on this robust clinical and pharmacological foundation, Recce is preparing for the initiation of a full scale Phase II clinical trial in UTI/Urosepsis, anticipated to commence in FY26. This trial will assess the therapeutic efficacy of R327 I.V. in patients with complicated UTIs and early-stage urosepsis, where rapid treatment is critical.

The Company views this upcoming trial as a major step forward in expanding R327's utility beyond topical applications and into systemic infections, aligning with global priorities to address the growing threat of antimicrobial resistance in hospital and emergency care settings.

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 R327 in addressing serious, drug-resistant infections.

Acinetobacter baumannii (A. baumannii)

Study Details: A recent study conducted at Recce's Anti-Infective Research Unit within MCRI demonstrated significant intracellular bactericidal activity of R327 against multidrug-resistant *Acinetobacter baumannii*, a WHO critical-priority pathogen.

Results: R327 achieved a >6.5 log reduction (99.9999%) in intracellular bacterial burden in human skin cells within 1 hour, reducing bacteria to below the limit of quantification (BLOQ).

Mycobacterium abscessus (M. abscessus)

Study Details: Recce also validated R327's potential against *Mycobacterium abscessus*, a non-tuberculous mycobacteria (NTM) known for causing lung infections in cystic fibrosis and immunocompromised patients.

Results: In preclinical models, R327 demonstrated greater efficacy than clarithromycin, the current standard treatment, and showed no cytotoxicity to host cells. R327 was successfully delivered via nebulisation in a mouse lung infection model, showing strong efficacy without adverse effects.

These results position R327 as a promising therapeutic for NTM-related lung and skin infections, offering a shorter, safer alternative to current multi-drug regimens, which are often prolonged and poorly tolerated.

Conference Engagement

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

The Company continued its presence at global conferences and interactions with Key Opinion Leaders to increase investment opportunities and engagement within the sepsis and antimicrobial resistance community.

Attending global investor and industry events has allowed the Company to expand its business development programs and network with potential partners as well as broaden its investor base to healthcare focused investors and international investors.

Recce Pharmaceuticals

@reccepharma

See below the conferences and key media coverage the Company participated in throughout the financial year.

Dr Graham Melrose

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

Acknowledgment of Recce Pharmaceuticals Founder

Recce Pharmaceuticals wishes to acknowledge the contributions of Dr Graham Melrose, founder of Recce's technology and a key figure in the company's mission to combat the global threat of antibiotic resistance.

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Specialising in the fields of polymer chemistry and infectious diseases, Dr Melrose has been influential in impacting the global biotechnology landscape. He founded Recce Pharmaceuticals in 2006, bringing with him a vision to develop next-generation anti-infectives capable of addressing antimicrobial resistance. As the inventor of RECCE® platform technology of synthetic polymer anti-infectives, his scientific insight and vision laid the foundation for the company's continued innovation and success.

Dr Melrose's credentials include: BSc (Hons), PhD, MBA, FRACI, CChem and FAICD. Prior to founding Recce, he served as Executive Director and Head of Research at Johnson & Johnson (Australia) for eight years, overseeing global responsibilities across the Asia-Pacific region. He also held academic positions, including Senior Lecturer in the Department of Applied Organic Chemistry at the University of New South Wales, and served as a visiting research scientist at both Oxford and Munich Universities.

While Dr Melrose has formally stepped back from day-to-day involvement, the legacy of his scientific ingenuity and visionary leadership continues to shape Recce's trajectory.

We extend our appreciation for Dr Graham Melrose and his unparalleled contribution to Recce Pharmaceuticals and the wider biotech community.

Board of Directors and Management Personnel

Dr John Prendergast

Executive Chairman

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

Dr Prendergast, based in the US, is a renowned executive in the pharmaceutical industry. Currently serving as the Chairman and Co-founder of Palatin Technologies, Inc. (NYSE: PTN) and the Lead Director of Nighthawk Biosciences (NYSE: HHWK), he brings over three decades of expertise in the commercialisation of pharmaceutical technologies.

Dr Prendergast has led the approval of three new drug applications and played a pivotal role in the successful sale of Vylessi® to Cosette Pharmaceuticals with USD $159 million in contingent, sales-based milestones, marking a significant achievement in the pharmaceutical landscape.

James Graham

Managing Director and Chief Executive Officer

BCom (Entrepreneurship), GAICD

Mr Graham joined Recce Pharmaceuticals Ltd in 2015 as Executive Director, progressing to Managing Director and Chief Executive Officer in August 2020. Mr Graham has extensive experience in marketing, business development and commercialisation of early-stage technologies. Mr Graham's tenure, corporate knowledge and alignment to Recce Pharmaceuticals Ltd as one of its largest shareholders participating in almost every capital raise to date, demonstrates his capability and conviction to execute and deliver the Company's strategy.

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 Alan Dunton

Chief Medical Advisor & Non-Executive Director

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

Based in the US, Dr Dunton, as the Director of Palatin Technologies, brings a wealth of experience with over three decades in senior pharmaceutical roles. Notably, he served as the President and Managing Director of the Janssen Research Foundation (J&J Research).

Dr Dunton successfully advanced multiple blockbuster antibiotics through to commercialisation at Fortune 500 companies, such as J&J and Roche, where he played instrumental roles in shaping the commercial success of pharmaceutical products. Dr Dunton played a key role in the recent sale of Vylessi® to Cosette Pharmaceuticals with USD $159 million in contingent, sales-based milestones, continuing his track record of fostering advancements in drug development and successful commercialisation efforts.

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.

Arthur Kollaras

Principal Engineer & Head of Manufacturing

BSc, BEng (Chem), PhilEng (Enviro), MIEAust, MISPE

Mr Kollaras is highly qualified in chemical engineering and microbiology with significant experience taking a new technology concept to pilot plant and full-scale to FDA standards and production internationally.

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)

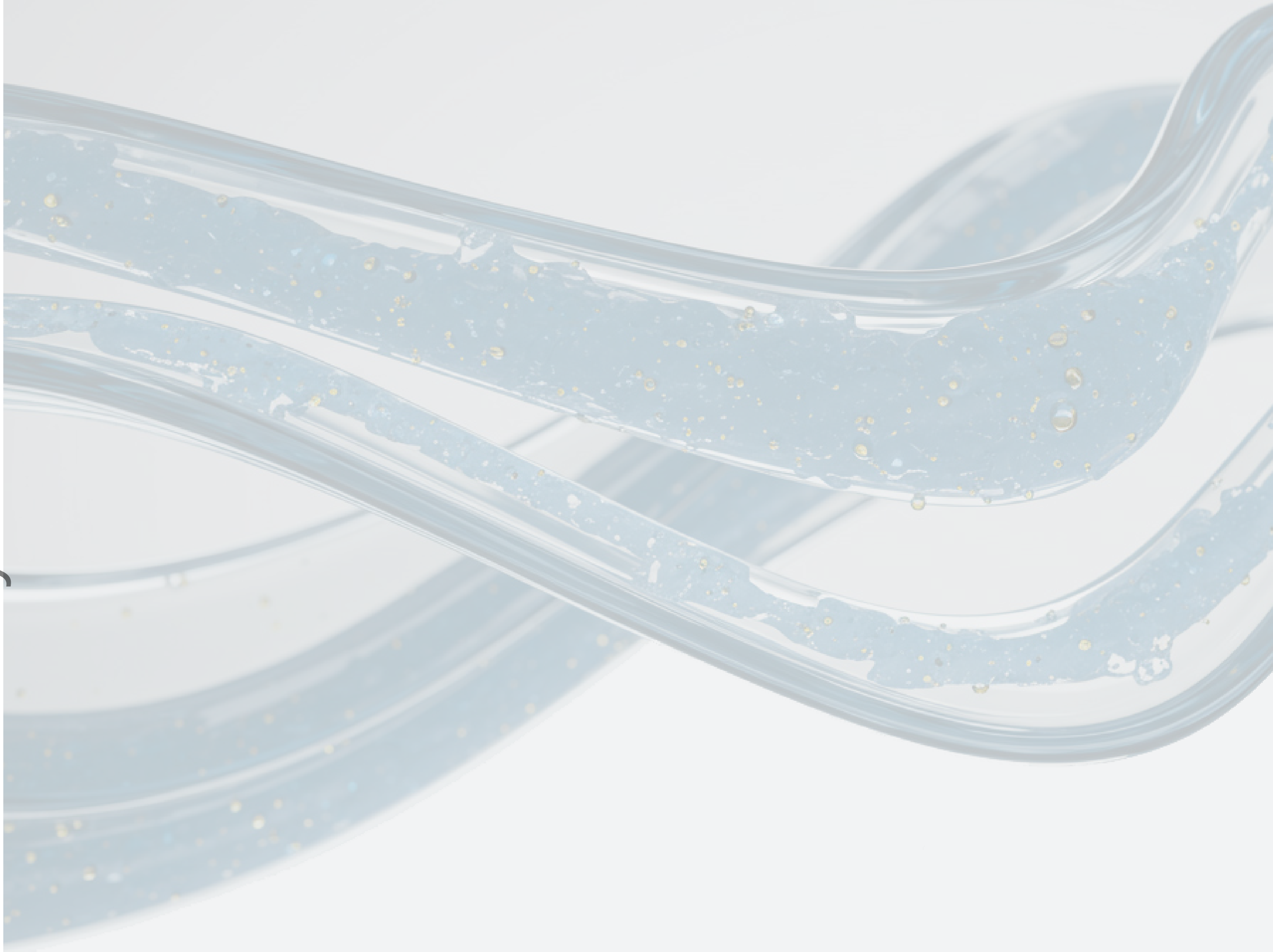
Mr McKeough is an experienced executive and solicitor. Before being appointed as a non-executive director on 1 September 2022, Mr McKeough served as Recce's company secretary and he has been involved with the company since 2017.

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.

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.



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 2025

Your Directors present their report on Recce Pharmaceuticals Ltd (the 'Company') and controlled entities (the 'Group') for the year ended 30 June 2025.

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 Principal Quality Chemist

Dr Alan Dunton
Non-Executive Director & Chief Medical Advisor

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 Lead Director of Nighthawk Biosciences, Inc., a publicly traded, clinical stage immunomodulatory company.

He was previously a member of the board of the life science companies, Avigen, AVAX Technologies and MediciNova Inc and also as 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
4,825,000 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 joined Recce Pharmaceuticals Ltd in 2015 as Executive Director, progressing to Managing Director and Chief Executive Officer in August 2020. Mr Graham has extensive experience in marketing, business development and commercialisation of early-stage technologies. Mr Graham's tenure, corporate knowledge and alignment to Recce Pharmaceuticals Ltd as one of its largest shareholders participating in almost every capital raise to date, demonstrates his capability and conviction to execute and deliver the Company's strategy.

Interest in Shares and Options

Direct ownership

5,250,000 Unlisted Options

Indirect ownership

6,801,076 Ordinary Shares

Special Responsibilities

Member of the Audit and 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 for a leading retail chain.

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
3,100,000 Unlisted Options

Indirect ownership

70,000 Ordinary Shares

Special Responsibilities

Nil

Directorships held in other listed entities during the last three years

Nil

Dr Justin Ward

Director (Executive)

Qualifications

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

Experience

Dr Ward is 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
1,600,000 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
3,375,000 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: GRMD)

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

Nil

Chief Financial Officer

Justin Reynolds

Experience

Justin Reynolds is a Partner at Pitcher Partners Sydney.

Mr Reynolds' 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 Reynolds' 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 partners with boards of listed and unlisted public companies across diverse industries. She brings a practical, solutions-driven approach to governance and corporate matters, supporting boards in achieving their strategic and operational 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 2 July 2024, the Company announced it had received binding commitments to raise $8.0 million (before costs) in a placement of new fully paid ordinary shares in the Company to institutional and sophisticated investors. Funds raised from the placement will be used to advance clinical trials for intravenous use of R327, topical applications of R327G, including a Registrational Phase III clinical activities in Indonesia, Investigational New Drug enabling activities, working capital and offer costs.

On 8 July 2024, the Company reported promising results from its latest study on the efficacy of RECCE® 327 against multidrug resistant World Health Organization priority pathogen *Acinetobacter baumannii*. The study was conducted at Recce's Anti-Infective Research unit within Murdoch Children's Research Institute.

On 15 July 2024, the Company announced it had been awarded grant funding in the amount of US$2 million (approximately A$3 million) by the US Department of Defence in recognition of RECCE® 327 Gel as a topical treatment for Burn Wound Infections.

On 5 August 2024, the Company announced the successful close of its Share Purchase Plan announced on 2 July 2024.

On 9 October 2024, the Company announced the successful dosing of 15 patients in its Phase II Acute Bacterial Skin and Skin Structure Infections (ABSSSI) clinical trial. ABSSSI includes diabetic foot infections and other wound infections – areas of significant unmet medical need.

On 28 October 2024, the Company announced that an independent non-Data Safety Monitoring Board had completed its review of safety and efficacy data from the Company's ongoing Phase II clinical trial of its lead compound, RECCE® 327 Gel, in patients with Acute Bacterial Skin and Skin Structure Infections including diabetic foot infections.

On 5 November 2024, the Company announced it was nearing completion of its Phase II clinical trial of RECCE® 327 Topical Gel targeting Acute Bacterial Skin and Skin Structure Infections. With 20 patients now dosed (of 30 total patients), interim data underscored R327G promising efficacy and safety profile.

On 11 November 2024, the Company announced it had received Human Research Ethics Committee approval to commence a Registrational Phase 3 clinical trial of RECCE® 327 as a topical gel for the treatment of diabetic foot infections. Ethics approval signified that Recce had met the safety and efficacy testing required to proceed with this large-scale late-stage clinical trial.

On 14 November 2024, the Company announced a cash refund of AUD $6,738,274 Research and Development Tax Incentive rebate from the Australian Taxation Office for the financial year ending 30 June 2024.

On 26 November 2024, the Company announced the Australian Patent Office had formally granted Patent Family 3 for Recce's Anti-infectives, expiry 2037.

On 9 December 2024, the Company announced it had received approval from the Indonesian Drug and Food Regulatory Authority, Badan POM, to initiate its Registrational Phase 3 clinical trial assessing RECCE® 327 as a topical gel for the treatment of diabetic foot infections.

On 21 January 2025, the Company announced the successful dosing of all 30 patients in its Phase II clinical trial of RECCE® 327 Topical Gel for the treatment of Acute Bacterial Skin and Skin Structure Infections.

On 17 February 2025, the Company announced positive patient data analysis in its Phase II clinical trial of RECCE® 327 Topical Gel for the treatment of Acute Bacterial Skin and Skin Structure Infections.

On 26 February 2025, the Company announced the receipt of a notice of allowance from the Japan Patent Office for Patent Family 4 for Recce's Anti-infectives, expiry 2041.

On 10 April 2025, the Company announced a capital raising of up to approximately A$15.8 million (before costs) consisting of: placement to an Australian-based private investor to raise A$5.0 million via the issue of approximately 17.9 million new fully paid ordinary shares in the Company at A$0.28 per New Share; and a pro-rata non-renounceable entitlement offer of one (1) New Share for every six (6) existing fully paid ordinary shares in the Company held by eligible shareholders at the Offer Price to raise up to a further A$10.8 million.

On 17 April 2025, the Company announced that settlement of the A$5.0 million placement of new fully paid ordinary shares in the Company to an existing Australian-based private investor had successfully completed.

On 22 April 2025, the Company announced it had received Human Research Ethics Approval, approval to build upon its Phase II Clinical Trial for the treatment of Diabetic Foot Infections by enrolling up to 20 additional patients with DFI, to provide access to R327G in this open-label study.

On 28 April 2025, the Company announced that it had entered into a Cooperative Research and Development Agreement with the United States Army Medical Research Institute of Infectious Diseases, with partnership and funding from the Defence Threat Reduction Agency.

On 5 May 2025, the Company announced an international cash receipt of US$175,122 (A$271,987) from the Canadian Government as part of its Scientific Research & Experimental Development Tax Incentive program.

On 16 May 2025, the Company announced the completion of a 1-for-6 pro rata non-renounceable entitlement offer at A$0.28 per share to eligible shareholders raising approximately A$3.4 million.

On 26 May 2025, the Company announced the receipt of a Notice of Acceptance from the China National Intellectual Property Administration for Patent Family 4 for Recce's Anti-infectives, expiry 2041.

On 3 June 2025, the Company announced it had received firm commitments to place all the shortfall shares from the recent 1- for-6 pro-rata non-renounceable entitlement offers, the results of which were announced on 16 May 2025.

On 17 June 2025, the Company announced it has secured a debt facility of up to ~A$30m (US$20m) with ~A$11.5m (US$7.5m) committed and a further ~A$19m (US$12.5 million) available subject to draw down conditions from global investment firm Avenue Capital Group.

The operating loss has increased to $21,428,089 (2024: loss of $17,661,714) as a result of increased expenditure on research and development. The annual loss was after a R&D tax incentive of $6,738,274 (2024: $4,906,010).

The loss per share has increased during the year to 9.04 cents (2024: 9.97 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 14,190,000 (2024: Nil) options to acquire ordinary shares in the Company at exercise prices and dates as disclosed in Note 19 to the consolidated financial statements. Nil options were exercised for $Nil during the financial year (2024: 396,565 options were exercised for $123,730).

Significant Changes in State of Affairs

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

Environmental Issues

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, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

On 30 July 2025, a warrant attached to the loan from Avenue Capital Group was issued. This warrant when exercised, will result in the the issue of up to 4,634,303 ordinary shares. These have already been accounted for within these financial statements since they were part of the loan agreement entered into on 16 June 2025.

Mr James Graham made a further loan repayment of $57,529 via an offset of a long service leave entitlement.

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 Principal Quality Chemist

(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 award is 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.

(B) Service Agreements

Name	Base Salary	Performance-Based Incentives	Term	Notice Period
Dr John Prendergast[1]	–	Nil	No fixed term	3 months
Ms Michele Dilizia	$350,000 pa	Nil	No fixed term	3 months
Mr James Graham	$450,000 pa	Nil	No fixed term	3 months
Mr Justin Ward[2]	$280,000 pa	Nil	No fixed term	4 weeks
Mr Arthur Kollaras[3]	–	Nil	No fixed term	4 weeks
Dr Alan Dunton[4]	–	Nil	No fixed term	4 weeks
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 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	572,705	10,657	28,878	–	540,000	139,951	1,292,191	–
J Prendergast[1]	387,153	–	–	–	–	370,872	758,025	46.8
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	

1 In addition to the disclosed base salary, the executive received additional remuneration in 2024 and 2025. This included $31,420 (2024: $19,305) for cashed-out annual leave, $91,285 (2024: $54,813) paid as other salary in lieu of superannuation contributions exceeding the statutory cap. In addition, Mr Graham received a bonus of $270,000 per year in respect of the years ended 30 June 2024 and 30 June 2025. These bonuses were not paid in cash but offset against a loan and was paid at the discretion of the Board.

Year ended 30 June 2024

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	374,475	6,367	27,500	–	122,500	–	530,842	23.1
J Graham	524,118	12,891	27,500	–	270,000	–	834,509	32.4
J Prendergast	380,547	–	–	–	–	–	380,547	–
J Ward	280,000	7,730	30,800	–	–	–	318,530	–
A Dunton	75,000	–	–	–	–	–	75,000	–
A McKeough	81,250	–	–	–	–	–	81,250	–
Executives								
A Kollaras	504,640	3,863	55,510	–	–	–	564,013	
	2,220,030	30,852	141,310	–	392,500	–	2,784,692	

(D) Share-Based Remuneration

Year ended 30 June 2025

(i) Issue of ordinary shares

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

Year ended 30 June 2024

(i) Issue of ordinary shares

There were no ordinary shares issued to Directors or KMP as part of their compensation during the year ended 30 June 2024.

(ii) Issue of options

There were no options issued to Directors or KMP as part of their compensation during the year ended 30 June 2024.

(iii) Issue of performance shares

There were no performance shares issued to Directors or KMP as part of their compensation during the year ended 30 June 2024.

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 2025 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 2024	Net Change Other	Share-based Payment	Balance at 30 June 2025
Directors				
M Dilizia	3,084,485	(289,548)	–	2,794,937
J Graham	6,765,362	35,714	–	6,801,076
J Prendergast	306,819	51,136	–	357,955
J Ward	301,444	50,240	–	351,684
A Dunton	126,819	19,469	–	146,288
A McKeough	25,961	4,326	–	30,287
Executives				
A Kollaras	92,155	15,359	–	107,514
	10,703,045	(113,304)	–	10,589,741

(b) Performance Shares

There are no performance shares outstanding as at 30 June 2025.

(c) Options

The movement of the number of options in the Company for the year ended 30 June 2025 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 2024	Options Issued	Balance at 30 June 2025	Options Vested and Exerciseable
Directors				
J Graham	2,250,000	3,000,000	5,250,000	2,250,000
M Dilizia	1,500,000	1,600,000	3,100,000	1,500,000
A Dunton	1,125,000	2,250,000	3,375,000	1,125,000
J Prendergast	2,175,000	2,650,000	4,825,000	2,175,000
J Ward	600,000	1,000,000	1,600,000	600,000
A McKeough	1,125,000	1,000,000	2,125,000	1,125,000
Executives				
A Kollaras	600,000	500,000	1,100,000	600,000
	9,375,000	12,000,000	21,375,000	9,375,000

(E) Other Transactions with KMP

During the financial year, consulting fees for technical services totalling $1,184,499 (2024: $1,111,952) were paid to an entity associated with Mr A Dunton. All payments were made on normal commercial terms and conditions. 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

A net amount of $139,659 was repaid (2024:$162,548 advanced) by Mr James Graham against an unsecured loan. The amount outstanding at reporting date including accrued interest was $186,668 (2024: $291,088). The loan is interest bearing at the rate of 8.77% per annum. Interest accrued on the loan amounted to $35,239 (2024: $15,704). The loan is repayable within 12 months of reporting date.

	Loan Movement
Opening director loan balance	291,088
Advances during the year	248,425
Repayments during the year	(67,500)
Interest accrued on loan	35,239
Repayment via bonus	(320,584)
Closing director loan balance	186,668

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.

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

The *Corporations Act 2001* 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 2001, the Company must have a minimum of three Directors at all times. The Corporations Act 2001, 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 2024, the Company received a 'For' vote of 74.41% on its Remuneration Report for the 2024 financial year (2023: 41.64%). As more than 25% of the votes cast on this resolution were against the adoption of the 2024 Remuneration Report, this constituted a 'second strike' for purposes of the *Corporations Act 2001* (Cth)), however the spill resolution put to shareholders was not passed. The Group did not receive any specific remuneration related feedback from shareholders at either meeting however the Company has subsequently engaged with certain institutional shareholders who voted against the Remuneration Report to discuss the issues.

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 2016/191, 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

29 August 2025

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Australia

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 2025, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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

29 August 2025

Corporate Governance Statement

This corporate governance statement sets out Recce Pharmaceuticals Ltd's (**Company**) 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 29 August 2025 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	YES	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.	YES	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.	YES	(a) 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 board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Company Secretary position is directly accountable to the Board through the Chairperson on all matters relevant to the proper functioning of the Board. The Company Secretary is accessible to all Directors.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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 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.		(c) As of 30 June 2025, the respective proportions of men and women on the Board, in Senior Executive positions and across the whole organisation are set out below: (i) 5 Directors of the Company's Board were male and 1 female; (ii) 56% of the Company's Senior Executives were male and 44% were female; and (iii) 40% of the Group's entire workforce (including Board members) were female and 60% were male. 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	
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

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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 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) Dr John Prendergast – Executive Director; and (c) Mr Alistair McKeough – Independent Non-executive Director. The Committee met 3 times during the FY25 financial reporting period and the attendance of each member at those meetings is as follows: (a) Dr Alan Dunton – 3; (b) Dr John Prendergast – 3; and (c) Mr Alistair McKeough – 2. 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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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; • 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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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. 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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
4: Safeguard the integrity of corporate reports		
4.1 The board of a listed entity should:	NO	
(a) have an audit committee which: (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		The Company has established an Audit and Risk Management Committee with Alistair McKeough, an independent Director, 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 FY25 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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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. 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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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 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 participation 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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
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 attendances of the members at those meetings; or	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 FY25 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 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.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
(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. 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	
(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		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

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
(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		(c) Dr John Prendergast – Executive Director. The Committee met 3 times during the FY25 financial reporting period and the attendance of each member at those meetings is as follows: (a) Dr Alan Dunton – 3; (b) Dr John Prendergast – 3; and (c) Mr Alistair McKeough – 2. 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	
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 2025 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 Income

For the year ended 30 June 2025

	Note	2025 $	2024 $
OTHER INCOME	5	7,704,668	5,236,375
EXPENSES			
Laboratory expenses		(10,242,877)	(7,042,034)
Employee benefits expenses	6	(6,500,621)	(5,148,242)
Share based payments expense	23	(1,336,897)	(20,167)
Depreciation and amortisation expenses	13	(71,852)	(65,465)
Travel expenses		(432,708)	(571,724)
Patent related costs		(140,325)	(116,763)
Rental outgoings expenses		(447,174)	(334,151)
Finance costs	6	(1,150,276)	(806,614)
Other expenses	6	(7,308,990)	(7,205,983)
Foreign exchange gains/(losses)	6	131,556	(4,210)
Amortisation: Leases	14	(284,305)	(301,303)
Interest expense: Leases		(109,983)	(40,238)
Advertising and marketing		(1,238,305)	(1,241,195)
		(29,132,757)	(22,898,089)
LOSS BEFORE INCOME TAX		(21,428,089)	(17,661,714)
Income tax expense	8	–	–
LOSS FOR THE YEAR		(21,428,089)	(17,661,714)
Other comprehensive income for the year		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(21,428,089)	(17,661,714)

		Cents	Cents
LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF RECCE PHARMACEUTICALS:			
Basic loss per share for the year	9	(9.04)	(9.97)
Diluted loss per share for the year	9	(9.04)	(9.97)

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 2025

	Note	2025 $	2024 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	10,448,808	4,415,186
Trade and other receivables	11	435,268	159,428
Other current assets	12	502,193	561,859
TOTAL CURRENT ASSETS		11,386,269	5,136,473
NON-CURRENT ASSETS			
Plant and equipment	13	393,763	439,268
Right of use asset	14	634,465	793,873
TOTAL NON-CURRENT ASSETS		1,028,228	1,233,141
TOTAL ASSETS		12,414,497	6,369,614
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	2,968,982	4,705,628
Other financial liabilities	16	2,301,805	9,689,139
Provisions for employee benefits	17	634,723	450,874
Lease Liabilities	18	223,769	224,085
TOTAL CURRENT LIABILITIES		6,129,279	15,069,726
NON-CURRENT LIABILITIES			
Provisions for employee benefits	17	319,462	236,551
Lease Liabilities	18	419,220	587,106
Other financial liabilities	16	8,598,539	–
TOTAL NON-CURRENT LIABILITIES		9,337,221	823,657
TOTAL LIABILITIES		15,466,500	15,893,383
NET LIABILITIES		(3,052,004)	(9,523,768)
EQUITY			
Share capital	19	81,501,669	54,838,713
Reserves	20	6,950,287	5,713,390
Accumulated losses		(91,503,960)	(70,075,871)
TOTAL DEFICIENCY IN EQUITY		(3,052,004)	(9,523,768)

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 2025

	Share Capital $	Reserves $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2023	44,111,963	8,834,557	(55,535,324)	(2,588,804)
COMPREHENSIVE INCOME:				
Loss for the year	–	–	(17,661,714)	(17,661,714)
Other comprehensive loss	–	–	–	–
	–	–	(17,661,714)	(17,661,714)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issuance of shares (net of cash-settled share issue costs)	10,461,090	–	–	10,461,090
Conversion of options into ordinary shares	123,730	–	–	123,730
Shares issued to employees and consultants (net of costs)	141,930	–	–	141,930
Transfer from reserve to share capital to accumulated losses	–	(3,121,167)	3,121,167	–
	10,726,750	(3,121,167)	3,121,167	10,726,750
BALANCE AT 30 JUNE 2024	**54,838,713**	**5,713,390**	**(70,075,871)**	**(9,523,768)**
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
Transfer from reserve to share capital to accumulated losses	–	–	–	–
	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)**

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 2025

	Note	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Australian Taxation Office		6,738,274	4,906,010
Payments to suppliers and employees		(27,958,185)	(18,144,393)
Interest received		71,855	172,690
Other income		705,953	140,089
Payment to settle legal dispute		–	(83,054)
NET CASH USED IN OPERATING ACTIVITIES	21	**(20,442,103)**	**(13,008,658)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment		(26,347)	(141,895)
Investment in term deposits		(236,631)	–
Advances to directors	24	(180,924)	(162,963)
NET CASH USED IN INVESTING ACTIVITIES		**(443,902)**	**(304,858)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(284,305)	(301,304)
Proceeds from issue of equity securities		28,350,213	11,022,445
Proceeds from exercise of options		–	123,730
Proceeds from borrowings		12,224,125	10,089,358
Repayment of borrowings		(11,632,803)	(4,203,762)
Transaction costs related to issues of equity or convertible securities		(1,737,602)	(563,343)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**26,919,628**	**16,167,124**
Net increase in cash and cash equivalents held		6,033,623	2,853,608
Cash and cash equivalent at the beginning of the year		4,415,185	1,561,577
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10	10,448,808	4,415,185

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

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 2025.

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).

2: Material Accounting Policies

(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 Accounting 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 (R&D) Tax Incentive

R&D tax incentives from the government (both Australian and overseas) are recognised when received or when the right to receive payment is established.

(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.

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.

(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 decided not to early adopt 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 2016/191 , the amounts in the consolidated financial statements have been rounded to the nearest dollar.

(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.

(n) 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.

3: Going Concern

For the year ended 30 June 2025 the Group recorded a loss of $21,428,089 (2024: $17,661,714) and had net cash outflows from operating activities of $20,442,103 (2024: $13,008,658). As at 30 June 2025, the Company had a deficiency of total assets to total liabilities of $3,052,004 (2024: $9,523,768) and a deficiency in working capital of $5,256,990 (2024: $9,933,253). 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 $20.6M in unused financing facilities available;
- 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 Australian R&D tax rebates for R&D expenditure incurred in Australia and overseas.

As at 30 June 2025, the Company has a loan receivable of $186,668 from a related party. Management has assessed the recoverability of this loan and, based on the financial position and ongoing relationship with the related party, believes the loan remains recoverable. Subsequent to year end, the loan has been further offset against the related party's accrued long service leave entitlement. This offset supports management's judgement that the loan is recoverable and does not give rise to a material uncertainty in relation to the Company's ability to continue as a going concern.

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.

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	
	2025 $	2024 $	2025 $	2024 $
Australia	5,293,799	3,834,751	(8,522,348)	(6,056,242)
USA	1,650,729	1,374,818	(2,049,124)	(2,171,258)
UK	26,839	26,806	(43,207)	(42,335)
Central Administration	733,301	–	(10,813,411)	(9,391,879)
	7,704,668	5,236,375	(21,428,089)	(17,661,714)

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	
	2025 $	2024 $	2025 $	2024 $
Australia	987,166	389,894	543,231	1,236,663
Central Administration	11,427,331	5,979,720	14,923,269	14,656,719
	12,414,497	6,369,614	15,466,500	15,893,382

There are no assets or liabilities in other countries.

(d) Segment net assets/(liabilities)

	2025 $	2024 $
Australia	443,935	(846,769)
Central Administration	(3,495,938)	(8,677,000)
	(3,052,004)	(9,523,769)

	Note	2025 $	2024 $

5: Revenue and Other Income

Other Income:			
Research and Development (R&D) tax incentive		6,738,274	4,906,010
Interest income		107,095	187,003
Rental income (sublease)		88,664	21,014
Other income		166,824	–
Laboratory hire income		370,719	122,348
US defence grant		233,092	–
Total other income		7,704,668	5,236,375

6: Expenses

Employee Benefits Expenses:			
Salaries and wages		5,650,998	4,518,979
Superannuation expenses		511,080	380,916
Long service leave expenses		82,912	44,418
Payroll taxes		255,631	203,929
Total employee benefit expenses		6,500,621	5,148,242

Finance Costs:			
Interest from short-term borrowings		1,099,664	797,292
Bank fees and charges		50,612	9,322
Total finance costs		1,150,276	806,614

Other Expenses:			
Audit and review fees		56,507	65,902
Communication expenses		6,387	6,547
Computer maintenance and consumables		63,196	57,746
Consulting fees to KMP	24	1,184,499	1,111,952
Consulting fees	24	4,188,687	4,250,934
Insurance expenses		112,307	104,893
Legal expenses		304,294	134,864
Listing and regulatory fees		83,436	83,731
Overseas listing and regulatory fees		70,045	69,141
Printing and stationery expenses		33,689	34,809
Roadshows and conferences		199,097	208,339
Foreign exchange gains/losses		(131,556)	4,210
Sundry expenses		1,006,846	1,077,125
Total other expenses		7,177,434	7,210,193

	2025 $	2024 $

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):

	2025 $	2024 $
Audit services		
– BDO for audit and review of the consolidated financial statements	56,507	65,902

8: Income Tax Expense

	2025 $	2024 $
Loss before income tax	(21,428,089)	(17,661,714)
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% (2024: 30%)	(6,428,427)	(5,298,514)
Add:		
Non-allowable items:		
– Share-based payments expense	401,069	43,175
– Expenses subject to R&D tax incentive	5,742,742	4,625,517
– Other non-allowable items	(20,188)	3,569
Less:		
– Non assessable income	(2,021,482)	(1,471,803)
– Tax losses and deferred tax not recognised	2,697,355	2,098,056
Income tax attributable to the Group	–	–
Deferred tax attributable to the Group		
Tax losses carried forward	11,202,554	7,918,383
Accruals and provisions	248,704	58,411
Blackhole expenses	542,669	276,623
	11,993,926	8,253,417

Tax losses carried forward at 30 June 2025 total approximately $37,341,846 (2024: $26,394,610). 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.

9: Loss Per Share

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

	2025 $	2024 $
Loss attributable to the members of the Company	(21,428,089)	(17,661,714)
Weighted average number of shares		
Weighted average number of ordinary shares used in calculating basic losses per share	236,975,348	177,099,787
	236,975,348	177,099,787
Loss per share (cents per share):		
Basic loss for the year attributable to the members of the Company	(9.04)	(9.97)
Diluted loss for the year attributable to the members of the Company	(9.04)	(9.97)

10: Cash and Cash Equivalents

	2025 $	2024 $
Cash at bank	10,448,808	4,207,324
Term Deposits	–	207,861
	10,448,808	4,415,185

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.

11: Trade and Other Receivables

	2025 $	2024 $
CURRENT		
Sundry debtors	28,660	8,160
Net GST receivable	169,977	151,268
Term Deposits	236,631	–
	435,268	159,428

Refer to Note 22 for additional risk exposure analysis.

	Note	2025 $	2024 $
12: Other Current Assets			
Prepayments		294,025	221,671
Rental deposits		21,500	49,100
Director loans	24	186,668	291,088
		502,193	561,859

13: Plant and Equipment

	2025 $	2024 $
Laboratory machinery and equipment		
– at cost	681,729	675,958
– accumulated depreciation	(365,551)	(324,651)
	316,178	351,307
Office furniture and equipment		
– at cost	77,476	70,480
– accumulated depreciation	(54,696)	(49,794)
	22,780	20,686
Computer equipment		
– at cost	108,828	95,248
– accumulated depreciation	(90,553)	(66,571)
	18,275	28,677
Office improvements		
– at cost	78,646	78,646
– accumulated depreciation	(42,664)	(40,737)
	35,982	37,909
Library		
– at cost	4,379	4,379
– accumulated depreciation/amortisation	(3,838)	(3,702)
	541	677
Website Development		
– at cost	2,797	2,797
– accumulated depreciation/amortisation	(2,790)	(2,785)
	7	12
Total plant and equipment	393,763	439,268

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 improvements $	Library and website costs $	Total $
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**
2024						
Beginning of the year	274,024	21,427	26,554	39,966	866	362,837
Additions	116,133	4,019	21,744	–	–	141,896
Depreciation	(38,850)	(4,760)	(19,621)	(2,057)	(177)	(65,465)
End of the year	**351,307**	**20,686**	**28,677**	**37,909**	**689**	**439,268**

	2025 $	2024 $

14: Right of Use Assets

Land and buildings – right-of-use	918,770	1,095,176
Less: Current year amortisation	(284,305)	(301,303)
	634,465	793,873

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.

15: Trade and Other Payables

CURRENT		
Unsecured liabilities		
Trade payables	2,182,712	3,967,379
Employee related payables	294,216	118,568
Sundry creditors	492,054	619,681
	2,968,982	4,705,628

	2025 $	2024 $

16: Other Financial Liabilities

CURRENT		
R&D advances – EndPoints Capital	–	9,689,139
Conversion Option Derivative	317,557	–
Warrant Derivative	457,530	–
Loan – Avenue Capital Group	1,526,718	–
	2,301,805	9,689,139

NON-CURRENT		
Loan – Avenue Capital Group	8,598,539	–
	8,598,539	–
Total other financial liabilities	10,900,344	9,689,139

During the year, the Company secured a debt facility of up to approximately A$30 million (US$20 million) from Avenue Capital Group, with approximately A$11.5 million (US$7.5 million) drawn during the current year and a further A$19 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.

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$1.53M (US $1M) of the current tranche to ordinary shares of the Company, and a further A$1.53M (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.

The advances from EndPoints Capital were secured against the R&D refunds due from the Australian Taxation Office (ATO). The advances attracted interest at rates of between 14 and 15 percent per annum and were repaid during the year.

17: Provisions for Employee Benefits

CURRENT		
Unsecured liabilities		
Annual leave	634,723	450,874
	634,723	450,874

NON-CURRENT		
Long service leave	319,462	236,551

18: Lease Liabilities

CURRENT		
Lease liability	223,769	224,085

NON-CURRENT		
Lease liability	419,220	587,106

19: Share Capital

	2025		2024	
	No.	$	No.	$
Movements in ordinary shares on issue:				
Opening balance	203,987,244	54,838,713	178,254,310	44,111,963
Shares issued during the year:				
– shares issued to employees and consultants[1]	262,289	118,030	285,381	141,930
– new shares issued from placement (net of costs)[2]	84,122,827	26,544,926	25,050,988	10,461,090
– new shares issued on options exercised	–	–	396,565	123,730
	84,385,116	26,662,956	25,732,934	10,726,750
– Transfer from reserves to share capital	–	–	–	–
	–	–	–	–
Total[3]	288,372,360	81,501,669	203,987,244	54,838,713

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 17,777,88 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 raising $4,430,000 on 6 August 2024. 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 were $1,145,340.

3 At 30 June 2025, 288,372,360 ordinary shares on issue were quoted on the ASX.

Options from shares issued

The following options remain outstanding at each respective reporting date:

Particulars	Issue Date	Exercise Date	Exercise Price (cents)	Expiry Date	2025 No.	2024 No.
Options	22-Feb-21	22-Feb-26	156.00	22-Feb-26	8,415,000	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	2,690,000	–
Options	14-Nov-24	14-Nov-29	80.00	14-Nov-29	11,500,000	–
					24,165,000	9,975,000

	Note	2025 $	2024 $

20: Reserves

	Note	2025 $	2024 $
Options reserve	20(a)	6,950,287	5,713,390
		6,950,287	**5,713,390**

(a) Options reserve

The options reserve is used to recognise the fair vale 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	5,713,390	8,834,557
Options issued to KMPs and employees[1]	1,236,897	–
Options expired during the year	–	(3,121,167)
Conversion of options into ordinary shares	–	–
Balance at the end of year	**6,950,287**	**5,713,390**

1 Refer to Note 23.

21: Cash Flow Information

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

	2025 $	2024 $
Loss for the year	(21,428,089)	(17,661,714)
Adjustments and non-cash items:		
– Depreciation and amortisation	71,852	65,465
– Share-based payments expense	1,336,897	20,167
– Accounting for lease assets and liabilities	284,305	301,303
Change in operating assets and liabilities		
– Increase in trade and other receivables	275,840	60,792
– Increase in other current assets	(59,666)	47,317
– Decrease in trade and other payables	(525,441)	3,814,798
– (Decrease)/Increase in provisions for employee benefits	183,849	(196,091)
– Increase/(Decrease) in other provisions	(581,650)	539,305
Net cash outflow from operating activities	**(20,442,103)**	**(13,008,658)**

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 Radium loan, EndPoints Capital, Avenue Capital and lease liabilities are summarised below:

	Avenue Capital	Radium Capital	EndPoints Capital	Lease liabilities
Carrying amount at 1 July 2023	–	2,878,107	–	250,566
Net cash flow during the year	–	(2,878,107)	9,689,139	(301,304)
New lease arrangements	–	–	–	861,929
Carrying amount at 30 June 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	**11,488,425**	**–**	**–**	**642,989**

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 $116,104 and corresponding lease liabilities of $116,104 (2024: $861,929).

(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) In addition loan funds received in relation to the Avenue Capital facility, as disclosed above, 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.

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:

	2025 $	2024 $
Financial Assets		
At amortised cost		
Director loan	186,668	291,088
Cash and cash equivalents	10,448,808	4,415,186
Trade and other receivables	435,268	159,428
	11,070,744	4,865,702
Financial Liabilities		
At amortised cost		
Trade payables and sundry creditors	2,674,766	4,587,060
R&D Advance	–	9,689,139
Loan – Avenue Capital Group	10,125,257	–
At fair value		
Derivative financial liability	775, 087	–
	13,575,110	14,276,199

(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 carry amount of foreign currency denominated monetary assets and liabilities at reporting date are:

	Monetary Assets		Monetary Liabilities	
	2025	2024	2025	2024
USD	6,825,913	–	(6,632,043)	–
AUD equivalent	10,450,806	–	(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:

	2025		2024	
	Weighted average	Balance $	Weighted average	Balance $
Cash and cash equivalents	0.14%	10,448,808	0.33%	4,207,324
Director loan receivable	8.77%	186,668	8.77%	291,088
EndPoints loan	–	–	14.34%	(9,689,139)
Avenue Capital loan	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 held 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:

	Rating	2025 $	2024 $
Cash held with Macquarie Bank	A+	–	4,306,949
Cash held with BankWest Bank	AA-	100,000	77,393
Cash held with Commonwealth Bank	AA-	10,660,300	159,791
Cash held with American Express	N/A	(76,953)	(128,948)
Cash held with Corpay	N/A	2,093	–
		10,685,440	4,415,185

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 Poors, 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 deducted 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 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[1]	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

1 The current portion of this loan relates to the lenders conversion option of A$1.54M (US$1M). This is included over the 12 month category.

30 June 2024					
Trade payables	3,967,379	–	–	3,967,379	3,967,379
Employee related payables	118,568	–	–	118,568	118,568
Sundry creditors	619,681	–	–	619,681	619,681
Lease liability	76,207	484,417	250,566	811,190	811,190
R&D Advance	–	9,689,139	–	10,698,022	9,689,139
	4,781,835	10,173,556	250,566	16,214,840	15,205,957

(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 2025	Level 1	Level 2	Level 3	Level 4
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	53.2%	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 2025
Carrying amount at the beginning of the year	–
Additions	931,263
Net gain/(loss) arising from changes in fair value recognised in profit or loss	(153,346)
FX gain/(loss)	(2,829)
Carrying amount at the end of the year	**775,087**

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

	2025 $	2024 $

23: Share-Based Payments

	2025 $	2024 $
Share-based payments expense recognised during the financial year:		
Issue of 35,381 shares to Phil Sutton[1]	–	20,167
Issue of 2,250,000 options to Alan Dunton[3]	314,891	–
Issue of 1,000,000 options to Alistair McKeough[3]	139,951	–
Issue of 3,000,000 options to James Graham[3]	139,951	–
Issue of 2,650,000 options to John Prendergast[3]	370,872	–
Issue of 1,000,000 options to Justin Ward[3]	46,651	–
Issue of 1,600,000 options to Michele Dilizia[3]	74,641	–
Issue of 500,000 options to Arthur Kollaras[4]	27,870	–
Issue of 2,190,000 options to employees[4]	122,070	
Issue of 222,222 shares to employee[5]	100,000	–
	1,336,897	20,167
Issue of 250,000 shares to consultant[2]	–	123,750
Issue of 40,067 shares to Kardos-Scalan Pty Ltd[5]	18,030	–
Total share-based payments recognised through P&L	**1,354,927**	**143,917**
Less listing fees	–	(1,987)
	1,354,927	**141,930**

1 Issued 35,381 shares on 10 May 2024 to Phil Sutton under the Company's employee incentive plan pursuant to the terms of an employment contract. Fair value was based on employee incentive plan pursuant to the terms of an employment contract.

2 Issued 250,000 shares on 16 April 2024 to a consultant for services provided to the Company in lieu of a cash payment. Fair value was based on the closing price of RCE shares on 15 April 2024 being $0.495 per share.

Fair value of share options granted to executive and employees

3 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.

Fair value of share options granted to Arthur Kollaras and employees

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

- exercise price: $0.56
- grant date 6 November 2024
- grant date share price: $0.465
- fair value per option at grant date $0.2586
- dividend yield: 0.0%;
- risk-free rate based on the Australian Treasury bond rate for five years, to align with the term of the options;
- expected volatility derived from the share volatility of compatible listed companies over five years, to align with the term of the options: 70%;
- expected life of the Share Option: five years.

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

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.

	2025 $	2024 $
Key management personnel compensation		
Short-term employee benefits	2,370,728	2,220,030
Post-employment benefits	202,294	172,162
Bonus	540,000	392,500
Share-based payments	1,114,827	–
	4,227,849	2,784,692

The following transactions occurred with related parties:

Superannuation contributions

Contributions to superannuation funds on behalf of employees	161,470	141,310

Loans to key management personnel

A net amount of $139,659 was repaid (2024:$162,548 advanced) by Mr James Graham against an unsecured loan. The amount outstanding at reporting date including accrued interest was $186,668 (2024: $291,088). The loan is interest bearing at the rate of 8.77% per annum. Interest accrued on the loan amounted to $35,239 (2024: $15,704). The loan is repayable within 12 months of reporting date.

At year end, expense advances repayable by Mr James Graham totalled $Nil (2024: $Nil).

Other transactions with key management personnel

During the financial year, consulting fees for technical services totalling $1,184,499 (2024: $1,111,952) were paid to an entity associated with Mr A Dunton. There were no other related party transactions during the financial year.

25: Parent Entity Information

The following information relates to the parent entity, Recce Pharmaceuticals Ltd, as at 30 June 2025. The information presented hereto has been prepared using accounting policies consistent with those presented in Note 2.

	2025 $	2024 $
(a) Summarised statement of financial position		
Current assets	11,443,886	5,153,735
Non-current assets	1,028,228	1,233,141
Total assets	12,472,114	6,386,876
Current liabilities	6,129,279	15,069,726
Non-current liabilities	9,337,221	823,657
Total liabilities	15,466,500	15,893,383
Share capital	81,501,669	54,838,713
Reserves	6,950,287	5,713,390
Accumulated losses	(91,446,342)	(70,058,609)
Net Assets/(Liabilities)	(2,994,385)	(9,506,506)
(b) Summarised consolidated statement of profit or loss and other comprehensive income		
Loss for the year	(21,387,732)	(17,644,452)
Total comprehensive loss for the year	(21,387,732)	(17,644,452)

26: Interest In Subsidiaries

		Percentage Owned	
	Country of Incorporation	2025 %	2024 %
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

27: Events Subsequent to Reporting Period

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

On 30 July 2025, a warrant attached to the loan from Avenue Capital Group was issued. This warrant when exercised, will result in the the issue of up to 4,634,303 ordinary shares. These have already been accounted for within these financial statements since they were part of the loan agreement entered into on 16 June 2025.

Mr James Graham made a further loan repayment of $57,529 via an offset of a long service leave entitlement.

28: Commitments and Contingent Liabilities

There were no commitments and contingent liabilities as at 30 June 2025.

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.

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 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

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 47 to 69, are in accordance with the *Corporations Act 2001,* including:

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

    b. give a true and fair view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the Group;

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 (refer to Note 3).

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

John Prendergast
Executive Chairman

29 August 2025

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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 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2025 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 *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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be 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.

Accounting for Financial Liabilities

Key audit matter	How the matter was addressed in our audit
During the year, the Group entered into a debt facility agreement with Avenue Capital Group for up to the US$20m, comprising two tranches plus one discretionary tranche. The facility includes complex features: • A conversion option allowing US$1m to convert part of the loan into shares, with potential for up to US$2m if early repayment occurs; • Issuance of warrants, equal to 8% of the total commitment to purchase ordinary shares, linked to drawdowns and prepayments; and • Embedded derivatives arising due to foreign exchange related and other terms and conditions. The accounting for the financial liabilities was considered a key audit matter due to the complexity involved in assessing whether to account for the notes as equity, a liability or a combination of both as well as determining the fair value of the liability based on the terms and conditions of the agreement. The assessment includes significant judgement and there is a high degree of estimation applied in determining the fair value of the financial liability. The Group's accounting policies and significant accounting estimates are disclosed in Note 2 of the financial report.	Our procedures included, but were not limited to: • Reviewing executed legal documentation including the loan agreement and warrant instruments to confirm key terms and assess completeness of disclosures; • Assessing the competence and objectivity of the independent expert to which management has engaged to perform accounting and valuation services; • Engaging our IFRS technical specialists to evaluate the appropriateness of the Group's accounting treatment; • Engaging our valuation specialists to evaluate the methodology and key assumptions used in determining the fair value of the debt and associated warrants; • Evaluating the classification of the fair value measurement within the fair value hierarchy and assessing the appropriateness of inputs used; • Reviewing board minutes and ASX announcements to corroborate the timing, terms, and strategic rationale of the facility; and • Assessing the adequacy of the related disclosures in Note 16 of the financial statements.

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 2025 but does not include the financial report and the auditor's report thereon.

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.

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 17 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Recce Pharmaceuticals Limited, for the year ended 30 June 2025, 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

J Prue

Jarrad Prue

Director

Perth, 29 August 2025

ASX Additional Information

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 26 August 2025:

(a) Distribution of equity securities

The number of shareholders, option holders, warrant holders and performance share holders by size of holding are:

Holding	Ordinary Shares			Unquoted Options		
Holdings Ranges	Holders	Number of Shares	%	Holders	Number of Options	%
1 – 1,000	–	–	–	–	–	–
1,001 – 5,000	–	–	–	–	–	–
5,001 – 10,000	–	–	–	–	–	–
10,001 – 100,000	13	833,750	3.45%	13	833,750	3.45%
100,001 and over	16	23,331,250	96.55%	16	23,331,250	96.55%
Total	29	24,165,000	100.00%	29	24,165,000	100.00%

Holding	Unquoted Warrants			Unquoted Performance Shares		
Holdings Ranges	Holders	Number of Warrants	%	Holders	Number of Shares	%
1 – 1,000	–	–	–	–	–	–
1,001 – 5,000	–	–	–	–	–	–
5,001 – 10,000	–	–	–	–	–	–
10,001 – 100,000	–	–	–	–	–	–
100,001 and over	1	4,634,304	100.00%	1	4,634,304	100.00%
Total	1	4,634,304	100.00%	1	4,634,304	100.00%

(b) Twenty largest shareholders

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

	Name	Number of Shares	%
1	Mr Gavin William Brown	39,955,068	13.82%
2	Mr Graham John Hamilton Melrose & Ms Olga Mary Melrose	38,428,311	13.29%
3	HSBC Custody Nominees (Australia) Limited	22,261,410	7.70%
4	Buttonwood Nominees Pty Ltd	12,126,832	4.19%
5	Mr Mark Anthony Rogers & Mr Arthur Nicholas Veliss	9,200,000	3.18%
6	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	4,500,000	1.56%
7	Pejay Pty Limited	4,500,000	1.56%
8	BNP Paribas Nominees Pty Ltd <Clearstream>	4,262,293	1.47%
9	Mr John James Liddelow <John Liddelow A/C>	4,035,000	1.40%
10	Acewood Investments Pty Ltd <Chivers Super Fund A/C>	3,537,101	1.22%
11	Mr Arthur Nicholas Veliss & Mr Mark Anthony Rogers <Artmark Super Fund A/C>	3,500,000	1.21%
12	Seneschal (WA) Pty Ltd <Winston Scotney Family S A/C>	3,100,000	1.07%
13	Citicorp Nominees Pty Limited	3,037,410	1.05%
14	LDU Pty Ltd <Vesty Super Fund A/C>	2,763,394	0.96%
15	Ms Michele Keryn Dilizia	2,724,937	0.94%
16	BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	2,525,856	0.87%
17	Mr Graham Melrose & Ms Olga Melrose	2,475,000	0.86%
18	Haultrans Management Pty Limited <Successful Super Fund A/C>	2,000,000	0.69%
19	J P Morgan Nominees Australia Pty Limited	1,826,531	0.63%
20	Mr Nikolai Shirobokov & Mrs Svetlana Shirobokov	1,752,139	0.61%
Total		170,170,431	58.85%

(c) Substantial shareholders

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	13.29%
FIL Limited	24,705,816	8.54%

Note: (a) Based on last Change of Interest of Substantial Holder lodged with ASX.
(b) % voting interest in shares based on the number of shares on issue as at 26 August 2025.

(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, Warrants or Performance Shares 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 26 August 2025 of $0.425, there were 927 holders holding less than a marketable parcel of ordinary shares, totalling 617,832 shares in aggregate.

(g) Restricted Securities

The Company does not have any restricted securities on issue.

(h) Holdings of 20% or more of unquoted securities

The name(s) of the holder of 20% or more of the unquoted equity securities:

Name	Securities	Number held
Avenue Venture Opportunities Fund II, LP	Warrants	4,634,304

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

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