RECCE PHARMACEUTICALS LTD

Appendix 4D

Current Reporting Period: **31 December 2024**

Previous Reporting Period: **31 December 2023**

Results for Announcement to the Market

		Percentage Change		$
Revenue from ordinary activities	-	0.00%	to	-
Loss from ordinary activities after tax attributable to members	up	3.66%	to	(7,735,160)
Net loss for the period attributable to members	up	3.66%	to	(7,735,160)

Brief explanation of Results

Operational Report

During the reporting period, significant advances were made in support of the development of the Company's anti-infective portfolio. Highlights for the half year to 31 December 2024 included:

- Raised A$12.4 million through an institutional placement ($A8.0 million) and Share Purchase Plan (A$4.4 million).

- Promising results from its study on the efficacy of RECCE® 327 (R327) against multidrug resistant (MDR) World Health Organization (WHO) priority pathogen Acinetobacter baumannii (A. baumannii). The study was conducted at Recce's Anti-Infective Research (AIR) unit within Murdoch Children's Research Institute. After 1-hour post-treatment, R327 demonstrated >6.5-log reduction, reducing bacteria below the limit of quantification. After 24 hours, R327 maintained a >7.5-log reduction (>99.9999%), significantly outperforming ciprofloxacin.

- 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 (R327G) as a topical treatment for Burn Wound Infections. The grant funding will enable the Company to accelerate the development of R327G, aiming to establish the potential for R327G products to be used in a far forward military setting.

- Successful dosing of 15 patients in its Phase II Acute Bacterial Skin and Skin Structure Infections (ABSSSI) clinical trial. ABSSSI includes diabetic foot infections (DFIs) and other wound infections – areas of significant unmet medical need.

Appendix 4D

- Independent non-Data Safety Monitoring Board (non-DSMB) completed its review of safety and efficacy data from the Company's Phase II clinical trial of its lead compound, R327G, in patients with Acute Bacterial Skin and Skin Structure Infections (ABSSSI) including diabetic foot infections (DFIs).

- 20 patients dosed (of 30 total patients) and interim data released, underscoring R327G promising efficacy and safety profile in its Phase II clinical trial targeting Acute Bacterial Skin and Skin Structure Infections (ABSSSI).

- Received Human Research Ethics Committee approval to commence a Registrational Phase 3 clinical trial of R327G for the treatment of diabetic foot infections (DFIs). Ethics approval signifies that Recce has met the safety and efficacy testing required to proceed with this large-scale late-stage clinical trial.

- Received cash refund of AUD $6,751,176 Research and Development (R&D) Tax Incentive rebate from the Australian Taxation Office for the financial year ending 30 June 2024. The AUD $6,751,176 reflects R&D activities undertaken locally and overseas, provided to the Company in cash, without caveat. This receipt was used to repay advances from Endpoints Capital reflecting R&D rebate credits for FY24. The advances Endpoints provide as part of their services, enable the Company to leverage its R&D benefits of the past, present and future R&D applicable expenditure.

- The Australian Patent Office has formally granted Patent Family 3 for Recce's Anti-infectives, expiry 2037.

- Received approval from the Indonesian Drug and Food Regulatory Authority, Badan POM, to initiate its Registrational Phase 3 clinical trial assessing R327G for the treatment of diabetic foot infections (DFIs). The trial will run for approximately 12 months, with an expected read-out in late 2025 and expected regulatory approval and commercial launch in H1 CY26.

- The Company delivered the Opening Address and the Opening R&D Address, as well as participated in a Panel Discussion focused on antimicrobial resistance at the World AMR Congress 2024.

- The 2024 Annual Report for the financial year was released.

Appendix 4D

Financial position

The Company expects to receive a cash inflow of A$0.736m imminently from Endpoints Capital's R&D Advance covering expenditure for the period 1 July 2024 to 31 January 2025.

These inflows provide the company with a significant cash injection to support ongoing operations.

Financial Report

The half-year operating loss for the period was $7,735,160 (2023: loss of $7,461,834) with a significant amount spent on R&D.

The loss per share for the period was 3.38 cents (2023: 3.88 cents).

Dividends

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

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

Net Tangible Assets per Security

As at 31 December 2024 (cents)	-2.15
As at 31 December 2023 (cents)	0.26

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

RECCE PHARMACEUTICALS LTD

ABN 73 124 849 065

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

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RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

The Directors present their report together with the interim consolidated financial report of Recce Pharmaceuticals Ltd (the "Company") and controlled entities (the "Group") for the half-year ended 31 December 2024.

Directors

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

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

Principal Activity

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

Review of Operations

On 2 July 2024, the Company 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 (Placement). 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 3 clinical activities in Indonesia, Investigational New Drug (IND) enabling activities, working capital and offer costs.

On 8 July 2024, the Company reported promising results from its latest study on the efficacy of R327 against multidrug resistant (MDR) World Health Organization (WHO) priority pathogen Acinetobacter baumannii (A. baumannii). The study was conducted at Recce's Anti-Infective Research (AIR) unit within Murdoch Children's Research Institute.

On 11 July 2024, the Company advised that in accordance with Listing Rule 3.16.3, BDO Audit Pty Ltd (BDO Audit) has been appointed as auditor of the Company.

On 15 July 2024, the Company was awarded grant funding in the amount of US$2 million (approximately A$3 million) by the US Department of Defence in recognition of R327G as a topical treatment for Burn Wound Infections.

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

Review of Operations (Continued)

On 5 August 2024, the Company announced the successful close of its Share Purchase Plan (SPP) announced on 2 July 2024. Total funds raised including the institutional placement announced on 2 July 2024 equated to AUD $12.4 million.

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 (DFIs) 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 (non-DSMB) has completed its review of safety and efficacy data from the Company's ongoing Phase II clinical trial of its lead compound, R327G, in patients with Acute Bacterial Skin and Skin Structure Infections (ABSSSI) including diabetic foot infections (DFIs).

On 5 November 2024, the Company announced it was nearing completion of its Phase II clinical trial of R327G targeting Acute Bacterial Skin and Skin Structure Infections (ABSSSI). With 20 patients now dosed (of 30 total patients), interim data underscores 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 R327G for the treatment of diabetic foot infections (DFIs). Ethics approval signified that Recce has met the safety and efficacy testing required to proceed with this large-scale late-stage clinical trial.

On 14 November 2024, the Company announced it has received cash refund of AUD $6,751,176 Research and Development (R&D) Tax Incentive rebate from the Australian Taxation Office for the financial year ending 30 June 2024. The AUD $6,751,176 reflects R&D activities undertaken locally and overseas, provided to the Company in cash, without caveat. This receipt was used to repay advances from Endpoints Capital reflecting R&D rebate credits for FY24. The advances Endpoints provide as part of their services, enable the Company to leverage its R&D benefits of the past, present and future R&D applicable expenditure.

On 26 November 2024, the Company announced that 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 R327G for the treatment of diabetic foot infections (DFIs).

RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

Results of Operations

The half-year operating loss for the period was $7,735,160 (2023: loss of $7,461,834). The increase was a result of increased R&D related costs and share based payments. The Group's current focus is on progressing RECCE® 327 into human clinical trials.

Events Subsequent to Reporting Period

No matters or circumstances have arisen since the end of the financial period, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial periods.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



Dr John Prendergast
Executive Chairman
27 February 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 half-year ended 31 December 2024, 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

27 February 2025

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of A.C.N. 050 110 275 Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and A.C.N. 050 110 275 Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation

RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024	31 December 2023
		$	$
Revenue		-	-
Other income			
Research and Development ("R&D") tax incentive	**19**	6,738,274	2,281,150
Interest income		78,251	38,896
Other Income		208,115	100,243
		7,024,640	2,420,289
Expenses			
Laboratory expenses		(8,298,749)	(4,723,134)
Employee benefits expenses		(2,809,154)	(2,573,931)
Depreciation and amortisation expenses		(36,601)	(31,018)
Share based payments expense	**16**	(384,084)	-
Travel expenses		(225,409)	(231,517)
Patent related costs		(92,109)	(73,149)
Rental outgoing expenses		(248,770)	(154,525)
Finance costs		(4,813)	(3,738)
Professional services		(1,042,019)	(1,018,793)
Other expenses		(834,391)	(639,372)
Amortisation: Leases		(49,890)	(162,265)
Interest expense: Leases		(28,106)	(9,588)
Interest expense: Other		(705,705)	(261,093)
		(14,759,800)	(9,882,123)
Loss before income tax		**(7,735,160)**	**(7,461,834)**
Income tax expense		-	-
Loss for the period after income tax		**(7,735,160)**	**(7,461,834)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(7,735,160)**	**(7,461,834)**
		Cents	**Cents**
Loss per share:			
Basic loss per share for the period	**6**	(3.38)	(3.88)
Diluted loss per share for the period	**6**	(3.38)	(3.88)
Dividends per share for the period	**7**	**-**	**-**

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

RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	31 December 2024	30 June 2024
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**8**	1,943,806	4,415,185
Trade and other receivables		70,601	159,428
Other current assets	**9**	993,332	561,859
TOTAL CURRENT ASSETS		3,007,739	5,136,472
NON-CURRENT ASSETS			
Plant and equipment	**10**	420,614	439,268
Right of Use Asset	**11**	778,885	793,873
TOTAL NON-CURRENT ASSETS		1,199,499	1,233,141
TOTAL ASSETS		**4,207,238**	**6,369,614**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	**12**	7,525,992	14,394,767
Provisions for employee benefits		625,645	450,874
Current lease liabilities		245,898	224,085
TOTAL CURRENT LIABILITIES		8,397,535	15,069,726
NON-CURRENT LIABILITIES			
Non-current lease liabilities		533,247	236,551
Provisions for employee benefits		263,211	587,105
TOTAL NON-CURRENT LIABILITIES		796,458	823,656
TOTAL LIABILITIES		**9,193,993**	**15,893,382**
NET ASSETS/(NET LIABILITIES)		**(4,986,755)**	**(9,523,768)**
EQUITY			
Share capital	**13**	66,826,802	54,838,713
Reserves	**14**	5,997,474	5,713,390
Accumulated losses		(77,811,031)	(70,075,871)
TOTAL EQUITY/(DEFICIENCY IN EQUITY)		**(4,986,755)**	**(9,523,768)**

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

RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	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 period	-	-	(7,461,834)	(7,461,834)
Other comprehensive income	-	-	-	-
	-	-	(7,461,834)	(7,461,834)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issuance of shares (net of cash-settled share issue costs)	10,461,090	-	-	10,461,090
Options issued to Directors	-	-	-	-
Options issued to lead manager as capital raising cost	-	-	-	-
Conversion of options into ordinary shares	123,730	-	-	123,730
Share-based payments	-	-	-	-
Transfers from reserves to share capital		(3,121,167)	3,121,167	-
	10,584,820	(3,121,167)	3,121,167	10,584,820
BALANCE AT 31 DECEMBER 2023	**54,696,783**	**5,713,390**	**(59,875,991)**	**534,183**
BALANCE AT 1 JULY 2024	**54,838,713**	**5,713,390**	**(70,075,871)**	**(9,523,768)**
COMPREHENSIVE INCOME:				
Loss for the period	-	-	(7,735,160)	(7,735,160)
Other comprehensive income	-	-	-	-
	-	-	(7,735,160)	(7,735,160)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:				
Issuance of shares (net of cash-settled share issue costs)	11,870,059	-	-	11,870,059
Options issued to Directors and employees	-	284,084	-	284,084
Options issued to lead manager as capital raising cost	-	-	-	-
Conversion of options into ordinary shares	-	-	-	-
Share-based payments	118,030	-	-	118,030
Transfers from reserves to share capital		-	-	-
	11,988,089	284,084	-	12,272,173
BALANCE AT 31 DECEMBER 2024	**66,826,802**	**5,997,474**	**(77,811,031)**	**(4,986,755)**

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

RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	31 December 2024	31 December 2023
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(13,778,419)	(8,845,890)
Payment to settle legal dispute	-	(83,054)
Interest received	69,359	33,401
Interest and other costs of finance paid	(54,670)	-
Government grants and tax incentives	6,839,871	2,378,245
NET CASH USED IN OPERATING ACTIVITIES	**(6,923,860)**	**(6,517,298)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of plant and equipment	(17,947)	(106,270)
Other related payments	(389,973)	(33,972)
NET CASH USED IN INVESTING ACTIVITIES	**(407,920)**	**(140,242)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	-	800,855
Repayments of loans	(7,109,658)	(2,281,150)
Proceeds from issue of equity securities	12,530,005	11,022,445
Proceeds from exercise of options	-	123,728
Transaction costs related to issues of equity or convertible securities	(559,945)	(561,356)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**4,860,402**	**9,104,522**
Net (decrease)/increase in cash and cash equivalents held	(2,471,378)	2,446,982
Cash and cash equivalent at the beginning of the period	4,415,184	1,561,578
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1,943,806**	**4,008,560**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 1: GENERAL INFORMATION

The consolidated financial report of Recce Pharmaceuticals Ltd (the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2024 was authorised for issue in accordance with a resolution of the Directors on 27 February 2025.

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

NOTE 2: ACCOUNTING POLICIES

(a) Basis of preparation of the consolidated financial report

These financial statements are general purpose financial statements for the half year ended 31 December 2024 have been prepared in accordance with Australian Accounting Standards 134 Interim Financial Reporting and the Corporations Act 2001.

The half year consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. Accordingly, the half-year consolidated financial report should be read in conjunction with the annual report for the year ended 30 June 2024 and considered together with any public announcements made by the Company during the half year ended 31 December 2024 in accordance with the continuous disclosure obligations of the ASX Listing Rules and the Corporations Act 2001.

Historical Cost Convention

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

(b) Adoption of new and revised standards

The Group has reviewed all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. The Group has also reviewed all standards and interpretations that have been issued but are not yet effective for the half-year ended 31 December 2024. As a result of this review, the Directors have determined that there is no material impact on the Group and, therefore no material change is necessary to Group accounting policies.

(c) Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191, the amounts in the consolidated financial report have been rounded to the nearest dollar.

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its 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.

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 either the Trinomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year but may impact profit or loss and equity.

NOTE 4: GOING CONCERN

For the half-year ended 31 December 2024 the Group recorded a loss of $7,735,160 (2023: $7,461,834) and had net cash outflows from operating activities of $6,923,860 (2024: $6,517,298).

The ability of the Company to continue as a going concern and being able to fund its operating activities is dependent on securing additional funding through share placements to new or existing investors and financial support through short term loans, together with continuous receipt of the R&D tax rebate.

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:
– The Company believes it can raise additional funding through debt or equity as required in the next twelve months from the date of this financial report;
– The Company has a recent proven history of successfully raising capital;
– Cash spending can be reduced or slowed below its current rate if required; and
– The Company continually receiving its Australian R&D tax rebates for R&D expenditure incurred in Australia and overseas.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 5: SEGMENT INFORMATION

(a) Reportable segments

The Directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board of Directors) in allocating resources and have concluded that at this time there are no separate identifiable segments as the Group operates in only one business segment being research and development of pharmaceutical drugs. However, the Group operates in three geographic segments being Australia, Europe and the USA.

(b) Segment results

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

	Segment revenue and other income for the period		Segment loss after tax for the period	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	$	$	$	$
Australia	5,363,831	1,654,801	(1,999,731)	(2,117,743)
USA	1,451,176	711,415	(401,550)	(910,438)
Europe	24,863	15,176	(9,270)	(19,422)
Central Administration	184,769	38,896	(5,324,442)	(4,414,231)
	7,024,640	**2,420,289**	**(7,734,993)**	**(7,461,834)**

The segment revenue and other income above comprises bank interest.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the Group's 30 June 2024 notes to the consolidated financial statements. Segment loss represents the loss after tax incurred by each segment. This is the measure reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

(c) Segment assets and liabilities

	Segment assets at end of the period		Segment liabilities at end of the period	
	31 December 2024	30 June 2024	31 December 2024	30 June 2024
	$	$	$	$
Australia	1,149,683	389,894	779,145	1,236,664
USA	-	-	-	-
Europe	-	-	-	-
Central Administration	3,057,556	5,979,720	8,414,848	14,656,719
	4,207,239	**6,369,613**	**9,193,993**	**15,893,383**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 5: SEGMENT INFORMATION (Continued)

	31 December 2024 $	30 June 2024 $
Segment Net Liabilities		
Australia	370,538	(846,770)
USA	-	-
Europe	-	-
Central Administration	(5,357,292)	(8,676,998)
	(4,986,754)	**(9,523,768)**

NOTE 6: LOSS PER SHARE

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

	31 December 2024 $	31 December 2023 $
Loss for the period attributable to the members of the parent	**(7,735,160)**	**(7,461,834)**
Weighted average number of shares:		
Weighted average number of ordinary shares used in calculating basic loss per share	228,997,291	192,256,909
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share	-	-
	228,997,291	**192,256,909**
Loss per share (cents per share):		
Basic loss per share for the period	(3.38)	(3.88)
Diluted loss per share for the period	(3.38)	(3.88)

NOTE 7: DIVIDENDS PAID AND PROPOSED

The Company has not declared any dividends during and/or since the end of the half-year 31 December 2024 (31 December 2023: $nil).

NOTE 8: CASH AND CASH EQUIVALENTS

	31 December 2024 $	30 June 2024 $
Cash at bank	1,943,806	4,207,324
	1,943,806	**4,207,324**

NOTE 9: OTHER CURRENT ASSETS		31 December 2024 $	30 June 2024 $
Prepayments		283,767	221,671
Rental Deposits		49,100	49,100
Staff Advances & Other Assets		1,718	-
Director Loans	**18**	422,116	291,088
Term Deposits		236,631	207,861
		993,332	**769,720**

NOTE 10: PLANT AND EQUIPMENT

NON-CURRENT		
Laboratory plant and equipment		
At cost	678,481	675,958
Less accumulated depreciation	(345,229)	(324,651)
	333,252	351,307
Office furniture and equipment		
At cost	76,330	70,480
Less accumulated depreciation	(52,297)	(49,794)
	24,033	20,686
Computer equipment		
At cost	104,821	95,248
Less accumulated depreciation	(79,048)	(66,571)
	25,773	28,677
Office improvements		
At cost	78,646	78,646
Less accumulated depreciation	(41,708)	(40,737)
	36,938	37,909
Library and website costs		
At cost	7,176	7,176
Less accumulated depreciation	(6,558)	(6,487)
	618	689
Total Plant and Equipment	**420,614**	**439,268**

Reconciliations

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

	$
Opening balance, 1 July 2024	439,268
Additions	17,946
Depreciation expense	(36,600)
Ending balance, 31 December 2024	**420,614**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 11: NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS

	31 December 2024 $	30 June 2024 $
Land and buildings - right-of-use	828,775	1,095,176
Less: Accumulated depreciation	(49,890)	(301,303)
	778,885	**793,873**

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT		
Unsecured liabilities		
Trade payables	3,372,785	3,967,379
Employee related payables	138,338	118,568
Sundry creditors	53,500	619,681
	3,564,623	**4,705,628**
Secured liabilities		
R&D advances – EndPoints Capital (2024: Radium Capital)	3,961,369	9,689,139
	3,961,369	**9,689,139**
	7,525,992	**14,394,767**

The above advances are secured borrowings against the R&D refunds due from the Australian Taxation Office (ATO). The advanced borrowings attract interest at rates of between 14 and 15 percent per annum and are repayable as soon as the ATO refund is received.

NOTE 13: SHARE CAPITAL

	31 December 2024		30 June 2024	
	No.	$	No.	$
Issued and fully paid ordinary shares	231,871,617	66,826,802	203,987,244	54,838,713
	231,871,617	**66,826,802**	**203,987,244**	**54,838,713**
Movements in ordinary shares on issue				
Opening balance	203,987,244	54,838,713	178,254,310	44,111,963
Shares issued during the period:				
- shares issued to employees and consultants (net of costs)	262,289	118,030	285,381	141,930
- new shares issued from placement (net costs)	27,622,084	11,870,059	25,050,988	10,461,090
- new shares issued on options exercised	-	-	396,565	123,730
	27,884,373	11,988,089	25,732,934	10,726,750
Transfer from reserves to share options	-	-	-	-
	-	-	-	-
Total	**231,871,617**	**66,826,802**	**203,987,244**	**54,838,713**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 13: SHARE CAPITAL (Continued)

Options on issue

Particulars	Issue Date	Exercise Date	Exercise Price cents	31 December 2024 No.	30 June 2024 No.
Options	22-Feb-21	22-Feb-26	156.00	8,415,000	8,415,000
Options	11-Feb-22	11-Feb-27	156.00	435,000	435,000
Options	15-Nov-22	15-Nov-27	156.00	1,125,000	1,125,000
Options	07-Nov-24	07-Nov-29	56.00	2,690,000	-
Options	14-Nov-24	14-Nov-29	80.00	11,500,000	-
				24,165,000	9,975,000

NOTE 14: RESERVES

	31 December 2024 $	30 June 2024 $
Options reserve	5,997,474	5,713,390
	5,997,474	**5,713,390**

NOTE 15: COMMITMENTS AND CONTINGENCIES

The Company is not aware of any commitments, contingent liabilities or contingent assets as at 31 December 2024.

NOTE 16: SHARE BASED PAYMENTS EXPENSE

Issue of 35,381 shares to Phil Sutton[1]	-	20,167
Issue of 250,000 shares to consultant[2]	-	123,750
Issue of 222,222 shares to Andre Serobian[3]	100,000	-
Issue of 2,650,000 options to John Prendergast[4]	85,194	-
Issue of 2,250,000 options to Alan Dunton[4]	72,334	-
Issue of 1,000,000 options to Alistair McKeough[4]	32,148	-
Issue of 3,000,000 options to James Graham[4]	32,148	-
Issue of 1,600,000 options to Michele Dilizia[4]	17,146	-
Issue of 1,000,000 options to Justin Ward[4]	10,716	-
Issue of 2,690,000 options to other employees[5]	34,398	-
TOTAL SHARE-BASED PAYMENTS RECOGNISED THROUGH P&L	**384,084**	**143,917**

[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.
[2] Issued 250,000 shares on 16 April 2024 to a consultant for services provided to the Company in lieu of a cash payment.
[3] Issued 222,222 fully paid ordinary shares pursuant to an employment agreement.

NOTE 16: SHARE BASED PAYMENTS EXPENSE (Continued)

[4] Fair value of Share Options granted to Key Management Personel

The fair value of the 11,500,000 Share Options 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
- value per option at grant date $0.21732
- 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 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.

[5] Fair value of Share Options granted to other employees

The fair value of the 2,690,000 Share Options 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
- value per option at grant date $0.2593
- 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.

NOTE 17: RELATED PARTY TRANSACTIONS

Loans to key management personnel

During the period various amounts were advanced and repaid by Mr Graham. The amount outstanding at reporting date including accrued interest was $422,116. (2024: $291,088). The loan is interest bearing at the rate of 8.77% per annum. Interest accrued on the loan amounted to $15,569 (2024: $15,704). The loan is repayable within 12 months of reporting date.

Share based payments to key management personnel

Refer to note 16 for share based payments made to key management personnel including the amount and fair value calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 18: EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial periods.

NOTE 19: RESEARCH AND DEVELOPMENT TAX INCENTIVE

On 13 November 2024, the Company received a cash receipt of A$6,738,274 in relation to the Research and Development Tax Incentive rebate from the Australian Tax Office for the year ending 30 June 2024.

RECCE PHARMACEUTICALS LTD
ABN 73 124 849 065

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

The Directors of the Company declare that:

1. The condensed consolidated financial statements and notes to the financial statements of the Group are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards AASB 134 *Interim Financial Reporting,* the *Corporations Regulations 2001 and other mandatory professional reporting requirements* ; and

    b. give a true and fair view of the consolidated financial position as at 31 December 2024 and of its performance for the half-year ended on that date.

2. Subject to the matters disclosed in note 4 there are reasonable grounds to conclude that at the time of the directors' declaration, the entity will be able to pay its debts as and when they fall due. The directors have modified their solvency statement to reflect the uncertainty, and this is appropriate.

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



Dr John Prendergast
Executive Chairman
27 February 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Recce Pharmaceuticals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Recce Pharmaceuticals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

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

i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB *134 Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

BDO Audit Pty Ltd



Jarrad Prue

Director

Perth, 27 February 2025