Recce Pharmaceuticals

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16 December 2025

Positive R327 Data in Pneumonia

NEED TO KNOW

- **Promising results for inhaled R327 in pneumonia**
- **Nebulised R327 enables targeted delivery**
- **Strong activity against CRAB – identified by the WHO as a dangerous antimicrobial-resistant pathogen**

Positive inhaled R327 preclinical data for hospital-acquired pneumonia (HAP) and ventilator-associated pneumonia (VAP): Recce has announced promising new preclinical results demonstrating that its lead anti-infective RECCE 327 (R327), delivered via inhalation, can significantly reduce bacterial burden in a validated mouse model of HAP and VAP.

Nebulisation offers advantages over current options: R327 has a significant practical advantage over last-resort antibiotics such as meropenem, because it can be effectively delivered directly to infected lung tissue via nebulisation, while meropenem cannot be nebulised effectively due to severe solubility constraints and limited aqueous solubility. R327 can be offered as a fine mist through nebulisers or ventilators, enabling precise localised treatment exactly where HAP and VAP infections occur.

Exceptional efficacy against CRAB: The HAP/VAP preclinical study specifically evaluated R327 against carbapenem-resistant *Acinetobacter baumannii* (CRAB), recognised by the World Health Organization (WHO) as one of the world's most dangerous antimicrobial-resistant pathogens and a critical global health priority.

Investment Thesis

Developing an entirely new class of anti-infectives for hard-to-treat infections: Recce is advancing a first-in-class platform based on acrolein-derived polymer technology. This synthetic approach offers a fundamentally different mechanism of action, designed to overcome multi-drug resistance and provide therapeutic options against some of the most challenging bacterial pathogens.

Novel mechanism of action (MOA): R327 exhibits a novel mechanism of action and is uniquely recognised by the WHO as the only anti-infective that disrupts ATP production. Notably, it remains water-soluble across all pH levels, including those of the human stomach, which supports its stability and broad therapeutic potential.

Substantial promise in preclinical testing: R327 is a novel, broad-spectrum anti-infective designed to overcome antimicrobial resistance, including superbug forms, even after repeated use, and has shown significant selective interaction with a broad range of bacterial cells and viruses in preclinical testing to date.

Valuation/Risks

We have revised our valuation of Recce to A$764m, or A$2.40 per share (from A$2.35), incorporating the HAP/VAP opportunity. We have increased the estimated approval probability for R327G in DFI (Indonesia) to 30% (from 25%), and our valuation also reflects a cash balance of A$3.2m and dilution from an assumed 30m new shares. Recce faces typical early-stage biotech risks, including clinical, regulatory, competitive, and financial risks.

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Recce Pharmaceuticals

Recce Pharmaceuticals is a clinical-stage biopharmaceutical company which is developing and commercialising a new class of synthetic anti-infectives to address antibiotic-resistant bacteria (superbugs) and emerging viral pathogens. Patented lead candidate RECCE® 327 (R327) is being developed in a variety of formulations to treat potentially life-threatening infections including sepsis due to Gram-positive and Gram-negative bacteria including superbug forms. R327 is on the Pew Charitable Trust's Global New Antibiotics in Development Pipeline as the only synthetic polymer and sepsis drug candidate in development. www.recce.com.au

Valuation	**A$2.40** *(from A$2.35)*
Current price	**A$0.60**
Market cap	**A$174m**
Cash on hand	**A$3.2m** *(30 Sept 2025)*

Upcoming Catalysts / Next News

Period	
1HCY26	Filing IND for R327G
1QCY26	R327G Ph 3 trial (ABSSSI) start
1QCY26	Interim result – Ph 3 R327G: Indon.
1HCY26	R327 Ph 2 trial UTI/urosepsis start
Mid-CY26	Potential launch of R327G: Indonesia

Share Price (A$)

Source: FactSet, MST Access.

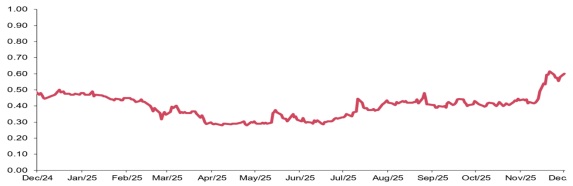
Recce Pharmaceuticals — RCE-AU

Year end 30 June, AUD unless otherwise noted

MARKET DATA

Price	**$**	**0.60**
52 week high / low	$	0.28-0.62
Valuation	**$**	**2.40**
Market capitalisation	$m	174.0
Shares on issue (basic)	**m**	289.2
Options / rights	m	32.9
Other equity	m	0.0
Shares on issue (diluted)	**m**	**322.1**

12-MONTH SHARE PRICE PERFORMANCE (A$)



INVESTMENT FUNDAMENTALS		FY24A	FY25A	FY26E	FY27E	FY28E
Reported NPAT	$m	(17.7)	(21.4)	(16.6)	(13.1)	(9.4)
Underlying NPAT	**$m**	**(17.7)**	**(21.4)**	**(16.6)**	**(13.1)**	**(9.4)**
Reported EPS (diluted)	¢	(10.0)	(9.0)	(5.7)	(4.4)	(3.1)
EPS Underlying (diluted)	**¢**	**(10.0)**	**(9.0)**	**(5.7)**	**(4.4)**	**(3.1)**
Growth	%					
Underlying PER	**x**	**nm**	**nm**	**nm**	**nm**	**nm**
Operating cash flow per share	¢	-5.6	-7.1	-5.5	-4.2	-2.9
Free cash flow per share	¢	-5.7	-7.2	-5.5	-4.2	-2.9
Price to free cash flow per share	**x**	**nm**	**nm**	**nm**	**nm**	**nm**
FCF Yield	%	nm	nm	nm	nm	nm
Dividend	**¢**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Payout	%	0.0%	0.0%	0.0%	0.0%	0.0%
Yield	**%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Franking	%	0.0%	0.0%	0.0%	0.0%	0.0%
Enterprise value	**$m**	**170.4**	**166.5**	**173.1**	**176.2**	**175.6**
EV/EBITDA	x	(9.6)	(7.8)	(10.6)	(13.7)	(25.8)
EV/EBIT	x	(9.5)	(7.7)	(10.6)	(13.7)	(25.6)
Price to book (NAV)	x	(14.6)	(56.7)	(18.6)	(14.5)	(15.7)
Price to NTA	x	(14.6)	(56.7)	(18.6)	(14.5)	(15.7)

KEY RATIOS		FY24A	FY25A	FY26E	FY27E	FY28E
EBITDA margin	%	nm	nm	nm	nm	nm
EBIT margin	%	nm	nm	nm	nm	nm
NPAT margin	%	nm	nm	nm	nm	nm
ROE	%	nm	nm	nm	nm	nm
ROA	%	nm	nm	nm	nm	nm
Net tangible assets per share	$	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Book value per share	$	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net debt/(cash)	$m	(3.6)	(7.5)	(0.9)	2.2	1.6
Interest cover/ (EBIT/net interest)	x	nm	nm	nm	nm	nm
Gearing (net debt/EBITDA)	x	nm	nm	nm	(0.2)	(0.2)
Leverage (net debt/(net debt + equity))	x	nm	nm	nm	(0.2)	(0.2)

DUPONT ANALYSIS		FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit Margin	%	nm	nm	nm	nm	nm
Asset Turnover	x	nm	nm	nm	nm	nm
Return on Assets	%	nm	nm	nm	nm	nm
Leverage	x	nm	nm	nm	nm	nm
Return on Equity	%	nm	nm	nm	nm	nm

Clinical development pipeline

Anti-bacterial programs	Indication	Status
R327 (intravenous)	Sepsis associated with QIDP targets	Phase 2 ready
R327 (intravenous)	UTI/Urosepsis	Phase 2 ready
R327 (topical)	Burn wound infection	Phase 1b/2a completed
R327 (topical)	Burn wound infection (gel wound dressing)	In development with DoD
R327 (topical)	Diabetic foot infections (Indonesia)	Phase 3 underway
R327 (topical)	ABSSSI/DFI (Australia)	Phase 2 completed
R327 (topical)	ABSSSI (Australia)	Phase 3 ready
R327 (inhalation)	Hospital/Ventilator Acquired Pneumonia (HAP/VAP)	Preclinical
R435 (oral)	Helicobacter pylori in stomach ulcers	Preclinical
Anti-viral programs	**Indication**	**Status**
R327 (nasal)	SARS-CoV-2 & other viral infections	Preclinical
R529	Viral infections	Preclinical

HALF YEARLY DATA		2H23	1H24	2H24	1H25	2H25
Total Revenue	$m	4.3	2.4	2.7	6.9	0.7
Operating expenses	$m	(8.2)	(9.6)	(13.2)	(14.7)	(14.4)
EBITDA	$m	(3.9)	(7.2)	(10.6)	(7.7)	(13.7)
EBIT	$m	(3.9)	(7.2)	(10.6)	(7.8)	(13.7)
PBT	$m	(3.9)	(7.2)	(10.5)	(7.7)	(13.7)
Reported NPAT	$m	(3.9)	(7.2)	(10.5)	(7.7)	(13.7)

Source: Company reports, MST Access estimates

PROFIT AND LOSS		FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**$m**	**0.0**	**0.0**	**0.0**	**1.3**	**6.3**
Other income	$m	5.0	7.6	7.3	7.3	7.3
Total Revenue	**$m**	**5.0**	**7.6**	**7.3**	**8.6**	**13.6**
Operating expenses	$m	(22.8)	(29.1)	(23.6)	(21.4)	(20.4)
EBITDA	**$m**	**(17.8)**	**(21.5)**	**(16.3)**	**(12.8)**	**(6.8)**
Depreciation & Amortisation	$m	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)
EBIT	**$m**	**(17.8)**	**(21.5)**	**(16.3)**	**(12.9)**	**(6.8)**
Net interest	$m	0.2	0.1	(0.2)	(0.3)	(2.6)
Pretax Profit	**$m**	**(17.7)**	**(21.4)**	**(16.6)**	**(13.1)**	**(9.4)**
Tax expense	$m	0.0	0.0	0.0	0.0	0.0
Reported NPAT	**$m**	**(17.7)**	**(21.4)**	**(16.6)**	**(13.1)**	**(9.4)**
Underlying NPAT	$m	**(17.7)**	**(21.4)**	**(16.6)**	**(13.1)**	**(9.4)**
End of year shares	m	231.9	288.4	299.2	309.2	319.2

GROWTH PROFILE		FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	%	nm	nm	nm	nm	nm
EBITDA	%	nm	nm	nm	nm	nm
EBIT	%	nm	nm	nm	nm	nm
Reported NPAT	%	nm	nm	nm	nm	nm
DPS	%	nm	nm	nm	nm	nm

BALANCE SHEET		FY24A	FY25A	FY26E	FY27E	FY28E
Cash	$m	4.4	10.4	3.9	0.8	1.3
Receivables	$m	0.2	0.4	0.4	0.4	0.4
Inventory	$m	0.0	0.0	0.0	0.0	0.0
Other	$m	0.6	0.5	0.5	0.5	0.5
Current assets	**$m**	**5.1**	**11.4**	**4.8**	**1.7**	**2.3**
PPE	$m	0.4	0.4	0.4	0.3	0.3
Right-of-use assets	$m	0.8	0.6	0.6	0.6	0.6
Intangible assets	$m	0.0	0.0	0.0	0.0	0.0
Other	$m	(0.0)	0.0	0.0	0.0	0.0
Non current assets	**$m**	**1.2**	**1.0**	**1.0**	**1.0**	**1.0**
Total assets	**$m**	**6.4**	**12.4**	**5.8**	**2.7**	**3.2**
Trade and other payables	$m	14.4	3.0	3.0	3.0	3.0
Borrowing and leases	$m	0.2	2.5	2.5	2.5	2.5
Other	$m	0.5	0.6	0.6	0.6	0.6
Current liabilities	**$m**	**15.1**	**6.1**	**6.1**	**6.1**	**6.1**
Borrowing and leases	$m	0.6	0.4	0.4	0.4	0.4
Other liability	$m	0.2	8.9	8.9	8.9	8.9
Non current liabilities	**$m**	**0.8**	**9.3**	**9.3**	**9.3**	**9.3**
Total liabilities	**$m**	**15.9**	**15.5**	**15.5**	**15.5**	**15.5**
Net assets	**$m**	**(9.5)**	**(3.1)**	**(9.6)**	**(12.8)**	**(12.2)**
Share capital	$m	54.8	81.5	91.5	101.5	111.5
Retained earnings	$m	(70.1)	(91.5)	(108.1)	(121.2)	(130.7)
Other	$m	5.7	7.0	7.0	7.0	7.0
Total equity	**$m**	**(9.5)**	**(3.1)**	**(9.6)**	**(12.8)**	**(12.2)**

CASH FLOW		FY24A	FY25A	FY26E	FY27E	FY28E
Net loss for period	**$m**	**(17.7)**	**(21.4)**	**(16.6)**	**(13.1)**	**(9.4)**
Depreciation & Amortization	$m	0.1	0.1	0.1	0.0	0.0
Changes in working capital	$m	4.3	(0.7)	0.0	0.0	0.0
Other	$m	0.3	1.6	0.0	(0.0)	(0.0)
Operating cash flow	**$m**	**(13.0)**	**(20.4)**	**(16.5)**	**(13.1)**	**(9.4)**
Payments for PPE	$m	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Other	$m	0.0	(0.4)	0.0	0.0	0.0
Investing cash flow	**$m**	**(0.1)**	**(0.4)**	**(0.0)**	**(0.0)**	**(0.0)**
Equity	$m	10.5	26.6	10.0	10.0	10.0
Borrowing and Lease liability net payments	$m	5.6	0.3	0.0	0.0	0.0
Other	$m	(0.0)	(0.0)	0.0	0.0	0.0
Financing cash flow	**$m**	**16.0**	**26.9**	**10.0**	**10.0**	**10.0**
Cash year end	**$m**	**4.4**	**10.4**	**3.9**	**0.8**	**1.3**
Free cash flow	**$m**	**(13.2)**	**(20.9)**	**(16.6)**	**(13.1)**	**(9.4)**

Clinical Update: R327 Preclinical Progress at MCRI

On 26 November 2025, Recce released preclinical results showing that its lead candidate, R327, has strong antibacterial activity against multidrug-resistant *Acinetobacter baumannii* in a mouse model of hospital- and ventilator-acquired pneumonia (HAP/VAP).

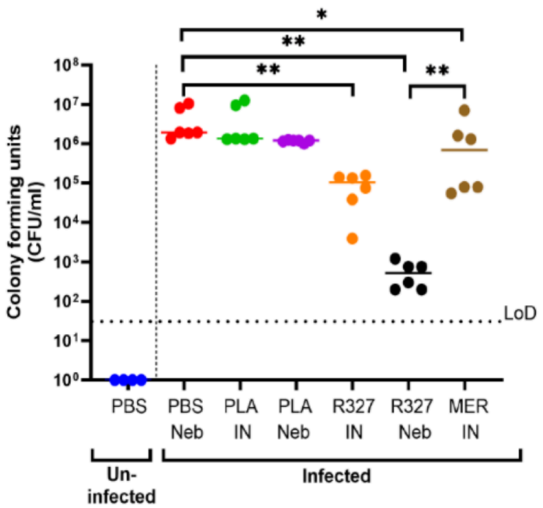
The preclinical data were generated within Recce's Anti-Infective Research (AIR) Unit at the Murdoch Children's Research Institute (MCRI) as part of an ongoing program that has already produced a series of positive results for R327, including strong bactericidal activity against multidrug-resistant pathogens and robust efficacy in validated lung and wound infection models. Building on this foundation, the AIR Unit – established by Recce and MCRI in 2023 – was specifically designed to evaluate R327 across a range of clinically relevant infection models such as sepsis, wound and respiratory indications, with data from these studies contributing to formulation optimisation, dose–response modelling and regulatory support for R327's future inhaled and topical development pathways.

HAP/VAP preclinical study

The HAP/VAP preclinical study specifically evaluated R327 against carbapenem-resistant *Acinetobacter baumannii* (CRAB), one of the hardest hospital-acquired bacteria to treat. In the study, 40 female mice were allocated to 7 treatment groups and received R327, placebo, saline, or meropenem (the current last-line option, which is associated with severe liver injury) administered either via intranasal drops or nebulisation. At 24 hours post-infection, R327-treated animals exhibited a marked reduction in lung bacterial burden versus untreated and placebo controls, with both intranasal and nebulised administration achieving pronounced clearance as evidenced by significantly lower CFU counts. Nebulised R327 produced an approximate 4-log drop in bacterial load, equating to more than a 99.99% reduction in pulmonary bacteria, with mean counts approaching the lower limit of detection and indicating robust local control of infection.

In addition to killing bacteria, R327 treatment was linked to early signs of reduced levels of key inflammatory markers, suggesting it may both clear infection and lessen harmful inflammation in the lungs.

Figure 1: CRAB burden in lungs at 24 hpi



Source: Recce Pharmaceuticals. NB: intranasal (IN); nebulised (Neb; lower limit of detection (LoD)

Inhaled R327 vs meropenem in HAP/VAP

Meropenem is a broad-spectrum carbapenem antibiotic that is frequently employed as a key component of empiric and targeted therapy for HAP/VAP, particularly when infection with multidrug-resistant Gram-negative organisms is suspected or confirmed. In many centres, it is regarded as a 'last-line' option, reserved for severe cases where other agents may be ineffective or resistance rates are high. Further, in the HAP/VAP setting, meropenem is typically administered systemically, most commonly as an intravenous infusion given its poor solubility, to achieve adequate serum and tissue concentrations in critically ill patients.

Unlike meropenem, R327 can be effectively nebulised, avoiding the solubility limitations that restrict meropenem and enabling direct delivery to the infected lung tissue in preclinical HAP/VAP models. This difference in formulation feasibility and route of administration underscores a potential practical advantage for R327 over meropenem in the specific context of inhaled therapy for severe, drug-resistant pulmonary infections. This is especially useful for very sick patients on breathing machines.

Market opportunity of HAP/VAP

HAP and VAP are major hospital-acquired infections worldwide, with similar incidence ranges across regions but marked differences in mortality, multidrug resistance, and length of stay impact.

Global: Globally, HAP incidence is about 5–20 cases per 1,000 admissions, including 5–10 per 1,000 in Asian countries, with crude mortality of up to 70% and attributable mortality of around one-third to half. Key pathogens (MRSA, *Pseudomonas*, *Acinetobacter*, *E. coli, Klebsiella*) cause nearly 80% of HAP/VAP episodes, and CRAB can reach 60–86% with associated mortality over 60%.

United States: In the US, HAP is the second most common in-hospital infection, with an incidence of around 5–20 cases per 1,000 admissions and ICU mortality of up to 30%.

European Union: EU centres report HAP affecting 0.5–1.7% of inpatients, adding about 7–9 hospital days and representing the leading healthcare-associated infection contributing to death.

Patent Update: HK Patent Filing Expands Position

Recce has expanded its patent position by filing a Patent Family 4 in the Hong Kong Special Administrative Region, covering synthetic anti-infectives R327 and R529 with protection to 2041, thereby extending exclusivity for key assets. Claims span manufacturing processes, broad multi-indication use in bacterial and viral infections, and diverse administration routes including oral, inhaled, injectable, aerosol, gel, foam, and impregnated dressings.

This constitutes the sixth Family 4 patent globally, reinforcing Recce's intellectual property position across Asia and aligning with an ongoing Phase 3 clinical trial in Indonesia within a broader ASEAN market-access strategy. The portfolio targets antimicrobial resistance through broad-spectrum synthetic polymers, with WHO and FDA recognition underscoring R327, R435, and R529 as priority, clinically advancing anti-infective candidates.

Figure 2: Recce's intellectual property portfolio

Filed	Patent Family 1	Expiry	Patent Family 2	Expiry	Patent Family 3	Expiry	Patent Family 4	Expiry
Australia	✓	2028	✓	2037	✓	2037	✓	2041
USA	✓	2029	✓	2037	✓	2037	Pending	-
Europe	✓	2028	✓	2037	✓	2037	Pending	-
Germany	✓	2028	✓	2037	✓	2037	-	-
Spain	✓	2028	✓	2037	✓	2037	-	-
France	✓	2029	✓	2037	✓	2037	-	-
UK	✓	2028	✓	2037	✓	2037	-	-
Italy	✓	2028	✓	2037	✓	2037	-	-
Sweden	✓	2028	✓	2037	✓	2037	-	-
Japan	✓	2028	✓	2037	✓	2037	✓	2041
China	✓	2028	✓	2037	✓	2037	✓	2041
HK	Pending	2028	Pending	2037	✓	2037	Pending	-
Israel	-	-	-	-	-	-	✓	2041
Canada	-	-	-	-	-	-	✓	2041

Source: Recce Pharmaceuticals – AGM presentation.

Thesis: Near-Term Topical Opportunity with R327G

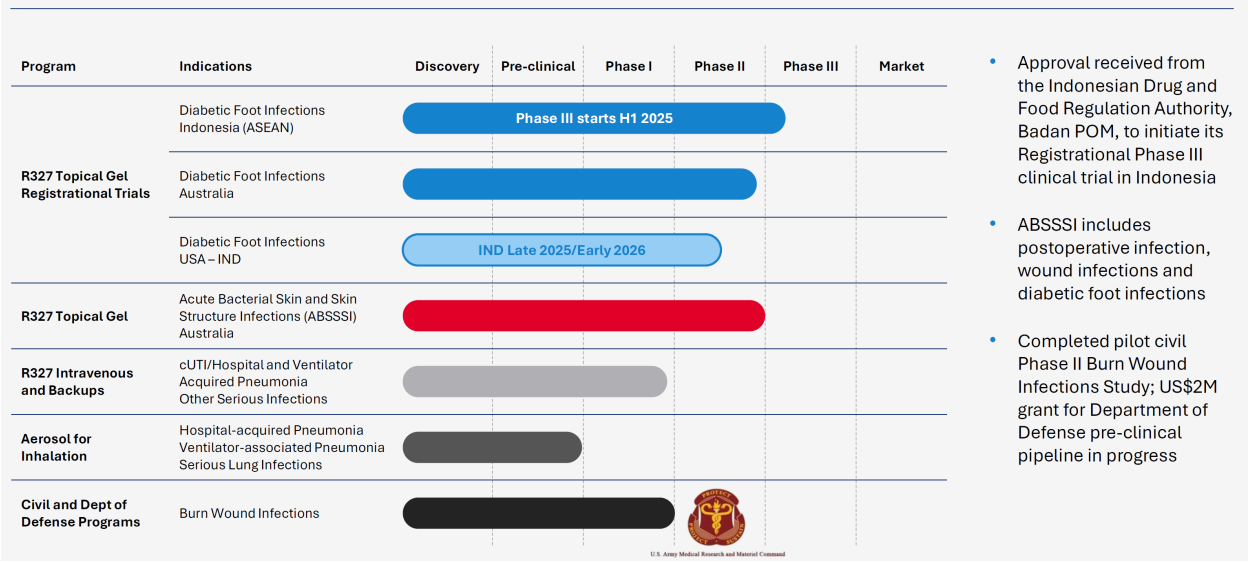
Recce's unique value proposition lies in its proprietary, patented compounds – RECCE® 327 (R327), RECCE® 435 (R435), and RECCE® 529 (R529) – which feature a novel, multi-layered mechanism of action that distinguishes them from traditional antibiotics.

These broad-spectrum polymer compounds are engineered to retain efficacy against resistant pathogens and have secured key regulatory designations, including FDA Fast Track status, FDA Qualified Infectious Disease Product (QIDP) designation, and World Health Organization recognition. Recce stands out among ASX-listed biotech companies focused on antimicrobial resistance with over 40 granted patents, non-dilutive government funding, and early clinical validation.

Recce's lead candidate, R327, is currently in multiple clinical trials targeting a wide range of drug-resistant bacterial infections, including urinary tract infections (UTIs), urosepsis, diabetic foot infections (DFIs), burn wounds, and acute bacterial skin and skin-structure infections (ABSSSIs). In-vitro studies have shown broad-spectrum activity against ESKAPE pathogens and consistent efficacy across 25 serial passages, with no observed resistance, unlike traditional antibiotics such as amoxicillin. A serial passage for antibiotics is a laboratory method where bacteria are repeatedly cultured in increasing concentrations of an antibiotic to study the development and evolution of antibiotic resistance.

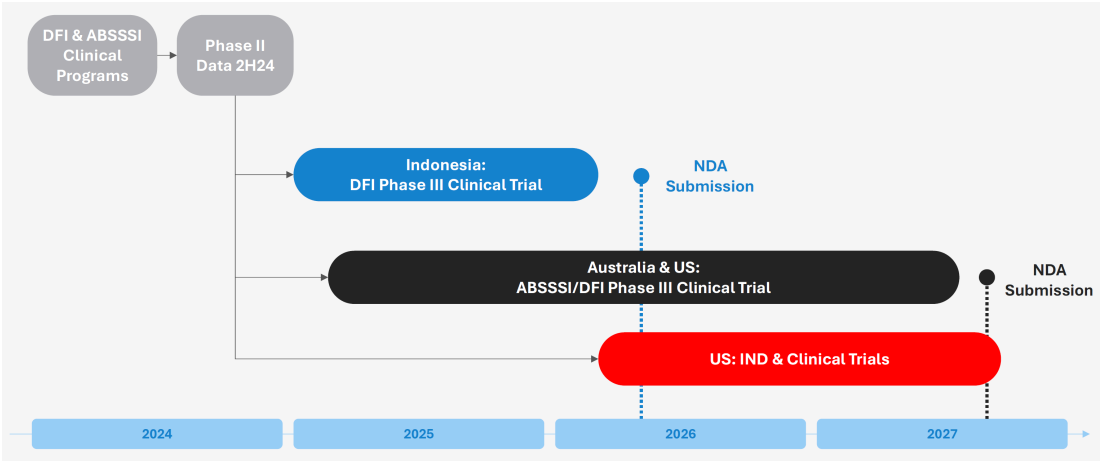
The company expects interim results for its registrational Phase 3 trial of R327G for DFIs in Indonesia by early CY2026. A separate Phase 3 trial for ABSSSIs in Australia is scheduled to start in 1QCY26.

Figure 3: Program pipeline for 2025



Source: Recce Pharmaceuticals.

Figure 4: Commercialisation pathway for R327G



Source: Recce Pharmaceuticals.

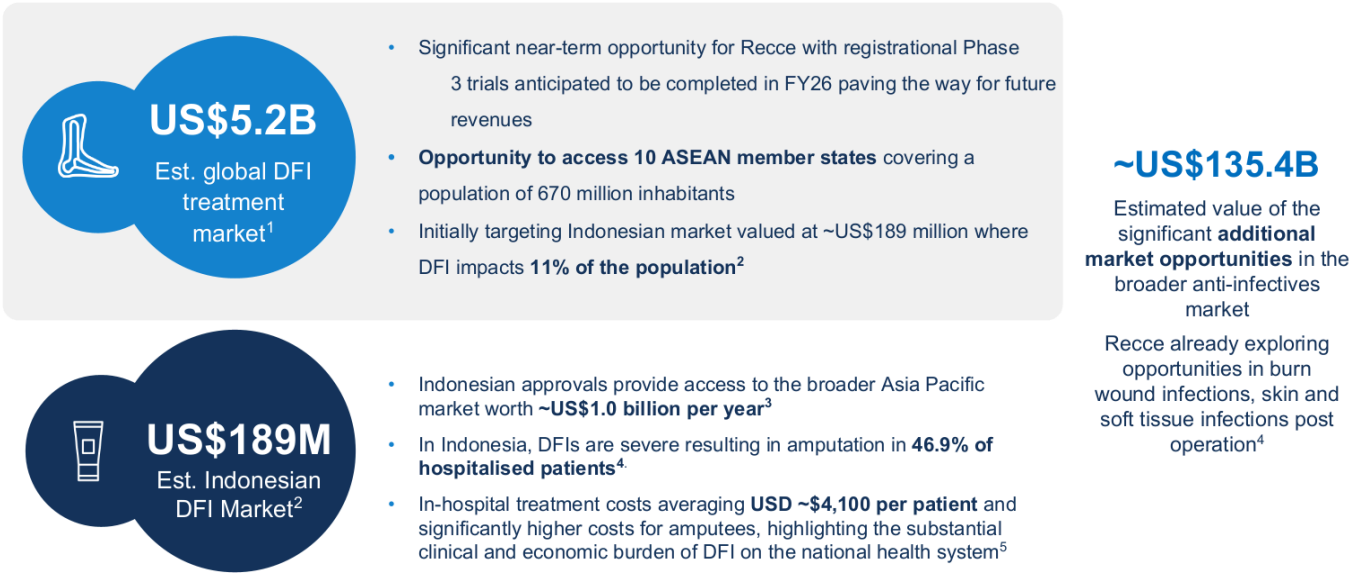
Financing activities and funding runway

- Recce has an At-the-Market (ATM) Subscription Agreement with Acuity Capital, offering standby equity capital. The ATM has been extended to 31 January 2031, with 4.5m shares held as collateral as at the 1QFY26 end.
- As at 30 September 2025, total financing facilities amounted to A$32.4m, of which A$11.6m was drawn. This included loan facilities entered into with Avenue Venture Opportunity Fund II L.P. (17 June 2025) and other equity-linked arrangements. These provide financial flexibility and enhance the company's capacity to meet funding requirements for its ongoing clinical and corporate plans over the near term.

Near-term catalysts

- Investors should watch for trial progress in Indonesia, updates on the planned Phase 3 study in Australia, and upcoming regulatory submissions, as these milestones will shape Recce's near-term growth prospects.
- The main near-term catalyst is the interim analysis from the pivotal Phase 3 clinical trial in Indonesia for DFIs, expected in 1QCY26. Interim results could influence regulatory and commercial planning and pathways.
- Successful interim data from the Indonesian trial may expedite local regulatory approvals under Indonesia's streamlined, fast-track drug approval environment. The new regulatory regime is designed to reduce approval timelines and encourage international clinical research collaboration, especially in high-need areas such as diabetes-related infections. A positive study could enable commercial launch in Indonesia by late 2026, unlocking substantial value and potential for regional expansion. Over 11% of the adult population in Indonesia lives with diabetes, and the prevalence of DFIs and existing gaps in effective therapies provide a significant commercial opportunity for Recce should the trial succeed. Figure 5 highlights the company's opportunity in DFIs in Indonesia and ASEAN.

Figure 5: Overview of the opportunity in DFIs in ASEAN and Indonesia



Source: Recce Pharmaceuticals. Source: (1) Grand View Research, Diabetic Foot Ulcer Treatment Market Size, 2023. (2) Diabetes Atlas, International Diabetic Federation and Prof EM Yunir, Faculty of Medicines, University of Indonesia. (3) Business Market Insights, Asia Pacific Diabetic Foot Ulcer Market, 2021. (4) Grand View Research, Anti-Infective Agents Market Size, 2023. (5) https://doi.org/10.1016/j.heliyon.2024.e41263.

Valuation

We have revised our risk-adjusted NPV-based valuation of Recce to A$764m, or A$2.40 per share (from A$2.35), incorporating the HAP/VAP opportunity. We also raised our estimated likelihood of approval probability for R327G in DFI (Indonesia) to 30% (from 25%) following AGM commentary reiterating trial progress. The valuation reflects a cash balance of A$3.2m at 30 September 2025 and dilution from an assumed 30m-share capital raising. There are currently 32,919,423 options and performance rights outstanding, exercisable at various prices. As such, our fair value of the shares on a fully diluted basis is A$2.17 per share. The breakdown of our rNPV model, which uses a 12.5% discount rate, is shown in Figure 6. Our valuation assumes a go-it-alone strategy with gross margins upon launch of 92%, with costs (R&D, launch and marketing) paid by Recce.

Figure 6: rNPV-based valuation for Recce Pharmaceuticals

Product	Status	Indications	Dose (delivery)	Launch	Peak sales (US$m)	NPV^(US$m)	Likelihood of approval	rNPV (A$)
R327	Phase 1b/2a	Sepsis associated with QIDP targets (*E.coli* and *Staph aureus*)	Intravenous	2030	1704	2000	15%	454,497,091
R327	Phase 1b/2a	Complicated UTI (cUTI)	Intravenous	2030	219	126	19%	36,391,126
R327	Phase 1b/2a	Burn wounds (broad spectrum)	Topical	2027	292	192	20%	58,323,774
R327	Phase 3 (ready)	Acute Bacterial Skin and Skin Structure Infections (ABSSSI)	Topical	2026	402	386	20%	117,021,938
R327	Phase 3 (ready)	Diabetic foot infections (DFI) (ASEAN)	Topical	2026	109	62	30%	93,585,131
R327	Preclinical	Hospital/Ventilator Acquired Pneumonia (HAP/VAP)	Inhalation	2033	55	1	5%	1,831,455
R327	Preclinical	Bacterial sinusitis	Intravenous and intranasal	n/a				-
R435	Preclinical	*Helicobacter pylori* in stomach ulcers	Oral	n/a				-
R328	Preclinical	*Mycobacterium absecessus*	Intravenous	n/a				-
R327	Preclinical	COVID & Influenza	Intranasal	n/a				-
R529	Preclinical	COVID	Intravenous and intranasal	n/a				-
							Cash position as at 30 September 2025 (A$)	3,165,096
							Shares outstanding *(incorporating assumed 30m new shares issued for future capital raisings)*	319,183,422
							rNPV/share (A$)	**2.40**

Source: MST Access estimates.

Near-term strategic priorities and capital requirements

In the near term, Recce's strategic focus is centred on advancing the topical formulation of R327 (R327G) for the treatment of ABSSSIs and DFIs. This prioritisation is driven by the potential for early commercialisation in these indications, supported by ongoing and upcoming pivotal Phase 3 studies in Indonesia and Australia. Nonetheless, our valuation assumes that Recce will simultaneously progress all of its clinical-stage indications in parallel. As such, we assume Recce will need to raise a further A$105m to advance its IV programs (sepsis and urosepsis) through to commercial readiness. Notably, should the company choose to prioritise the development of R327G for ABSSSIs and DFIs – temporarily suspending other programs until after the initial commercial approval of R327G – the aggregate funding requirement would be reduced. In this scenario, Recce could leverage post-launch commercial revenues to support the subsequent resumption of research and development activities for the remaining targeted indications.

Figure 7: Timelines assumed in our valuation

Formulation	YE December	2025	2026	2027	2028	2029	2030	2031	2032	2033
IV	Sepsis associated with QIDP targets (*E.coli* and *Staph. Aureus*)			Phase 2	Phase 3	Phase 3	Launch			
IV	Complicated UTI		Phase 2	Phase 2	Phase 3	Phase 3	Launch			
Topical	Burn wound infections (Broad Spectrum)	Phase 2	Phase 2	Phase 3	Launch					
Topical	Acute Bacterial Skin and Skin Structure Infections (ABSSSI)	Phase 3	Launch							
Topical	Diabetic foot infections (DFI) - Indonesia (ASEAN)	Phase 3	Launch							
Topical	Diabetic foot infections (DFI) - USA		IND	Phase 2	Phase 3	Launch				
Inhalation	Hospital/Ventilator Acquired Pneumonia (HAP/VAP)		Preclinical		Phase 1	Phase 2	Phase 2	Phase 3	Phase 3	Launch

Source: MST Access forecasts.

Sensitivities and risks

Our valuation is sensitive to both clinical catalysts and associated risks. A positive interim readout could accelerate approval and increase value. Strong Phase 3 results in Australia could expand markets and boost valuation. Early regulatory success would further strengthen investor confidence and upside potential.

Beyond technological risk, Recce is subject to various risks typically associated with biotech companies in the early stages of drug development, including the possibility of unfavourable outcomes in clinical trials, regulatory decisions, success of competitors, financing, and commercial risk.

Technology: Recce is a pioneer in developing a new class of anti-infectives based on acrolein polymer technology with a clinical strategy targeting major unmet medical needs and markets. Despite the relative lack of new anti-infective categories emerging over the past several decades, and the rise of antimicrobial resistance in the meantime, it remains to be seen whether Recce can prove efficacy in human clinical trials with its synthetic polymer approach.

Clinical trials: Technology aside, clinical risk remains significant given the early stage of clinical development and the task at hand. Developing a new antimicrobial treatment depends on multiple factors, including the vulnerability of the host, the virulence of the organism, and the use of antimicrobials that are both efficacious on repeated use and able to penetrate tissue in time to prevent unwanted spread. As a non-traditional synthetic compound, the acquisition of resistance to Recce products may prove harder for micro-organisms, but this is yet to be established in human trials. Variability in timelines of clinical trials related to speed of enrolment in the expanded Phase 2 trial and both Phase 3 trials also adds to the raft of clinical risks at this stage.

Funding risk: The company is currently funding all clinical programs and may need to raise additional capital to support studies of new clinical targets. Any shortfall in the amount raised or underestimation of forecasted costs may add to funding risk and the ability to raise capital in the future.

Regulatory: QIDP status is an FDA designation for antibacterial or antifungal drugs intended to treat serious or life-threatening infections, especially those caused by resistant or emerging pathogens, and provides sponsors with key benefits in terms of accelerating the regulatory process and enhancing market protection. Notwithstanding gaining QIDP status in sepsis, Recce will need to gain approval from the FDA or international regulatory bodies for marketing in the US or other global markets before entering a market, assuming clinical data is positive.

Commercialisation and reimbursement: In the absence of a development partner, and assuming clinical development is successful and regulatory approvals are achieved, the company will need to secure manufacturing at scale, quality control, marketing, and distribution of its products. Although manufacturing can be outsourced to a degree, maintaining the low cost of goods, Recce's strategy of maintaining all rights to the technology through to launch and beyond adds considerable risk to the choice of distributor and distribution strategy overall.

Intellectual property: We consider intellectual property risk as low, given the company's broad portfolio of patents in all key geographies. Nonetheless, given its go-it-alone commercialisation strategy, Recce may be forced to defend its intellectual property through litigation and, in the absence of a partner or licensor, absorb all legal costs.

Personal disclosures

Chris Kallos, CFA received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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The companies and securities mentioned in this report, include:

Recce Pharmaceuticals (RCE.AX) | Price A$0.60 | Valuation A$2.40;

Price and valuation as at 16 December 2025 (not covered)*

Additional disclosures

This report has been prepared and issued by the named analyst of MST Access in consideration of a fee payable by: Recce Pharmaceuticals (RCE.AX)

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