

Recce Pharmaceuticals

Up to A\$85m of overseas R&D funding secured

Recce Pharmaceuticals recently reported that the Australian government has agreed to provide it with up to A\$85m in future cash rebates over the next three years to reimburse the company's upcoming R&D expenditure towards its proprietary synthetic anti-infective programmes. This binding Advanced Overseas Finding (AOF) agreement with the Australian government's Department of Industry, Science and Resources (AusIndustry) extends the rebate programme, which customarily reimburses 43.5% of eligible R&D expenditures incurred within Australia, to cover the anti-infective R&D activities Recce undertakes anywhere in the world. This is particularly noteworthy given that Recce started patient dosing in September 2025 for its pivotal Phase III Indonesian-focused study of its R327 topical gel formulation (R327G) for the treatment of diabetic foot infections (DFIs). We estimate the majority of this study's costs will be incurred outside of Australia, with this AOF decision therefore potentially benefiting Recce.

Year end	Revenue (AUDm)	PBT (AUDm)	EPS (AUD)	DPS (AUD)	P/E (x)	Yield (%)
6/24	4.9	(17.8)	(0.10)	0.00	N/A	N/A
6/25	7.0	(22.1)	(0.09)	0.00	N/A	N/A
6/26e	8.5	(27.2)	(0.09)	0.00	N/A	N/A
6/27e	9.8	(57.5)	(0.20)	0.00	N/A	N/A

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

This [AOF](#) awarded by AusIndustry is reported to be [one of the largest in Australian history](#) and we believe it signals that the Australian government continues to recognise the vital importance of developing novel anti-infective therapeutics to combat antimicrobial resistance. The added clarity from this AOF on the future reimbursement of overseas R&D activities is beneficial and helps de-risk future funding for Recce given our expectation that, in addition to the ongoing [Indonesian-focused Phase III DFI study](#), further clinical trials outside of Australia (and including US sites in particular) will be needed to maximise the commercial potential of R327 in areas such as acute bacterial skin and skin structure infections, sepsis and urosepsis and complicated urinary tract infections.

Separately, Recce [announced in November](#) that, as part of an ongoing research collaboration with Murdoch Children's Research Institute, R327 has shown substantial antibacterial activity in a preclinical hospital- and ventilator-associated pneumonia (HAP/VAP) mouse model study against carbapenem-resistant *Acinetobacter baumannii* (CRAB). CRAB can cause deadly infections and outbreaks in hospital settings. It is designated as an urgent public health threat by the [US Centers for Disease Control and Prevention](#) and as one of only three critical priority group pathogens by the [World Health Organization](#).

In the study, nebulised R327 showed a four-log reduction in CRAB (>99.99% lower burden) at 24 hours post-infection and preliminary reductions in pro-inflammatory indicators were also observed in the R327-treated groups. Importantly, the ability for R327 to be delivered through a nebuliser can potentially provide a more rapid and direct treatment for HAP/VAP in acute settings, should future studies also be supportive. Overall, the preclinical data for R327 in CRAB is highly encouraging in our view and boosts the potential breadth of R327's applicability in anti-infective indications.

R&D funding secured

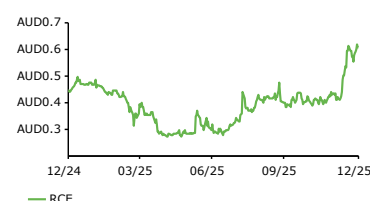
Healthcare

18 December 2025

Price **AUD0.590**
Market cap **AUD171m**

Gross cash at 30 September 2025 AUD3.2m
 Shares in issue 289.2m
 Code RCE
 Primary exchange ASX
 Secondary exchange FSE

Share price performance



Business description

Recce Pharmaceuticals is an Australian company developing its novel, broad-spectrum synthetic polymer anti-infective drugs for the treatment of several infectious diseases, including sepsis, acute bacterial skin and skin structure infections, diabetic foot infections, burn wound infections and urinary tract infections.

Analysts

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