



9 June 2020

Company Announcements Office
Australian Securities Exchange

QUARTERLY REPORT – APPENDIX 4C

Vectus Biosystems Limited attaches its updated March 2020 Appendix 4C in which the Company summarises the details of its previously disclosed financing arrangements in Item 7.

Vectus Biosystems Limited

Robert J Waring
Company Secretary

This announcement was authorised by the Board of Directors.

Appendix 4C

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

Name of entity

Vectus Biosystems Limited

ABN

54 117 526 137

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows

1 Cash flows from operating activities

1.1 Receipts from customers

1.2 Payments for

(a) patent and research expenses

(b) staff costs and directors' fees

(c) occupancy cost

(d) corporate overheads

(e) legal and professional fees

(f) other operating costs, including working capital

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income tax refund received (including R&D tax offset)

1.7 Government grants and tax incentives

1.8 Others (provide details if material)

1.9 Net cash from / (used in) operating activities

| Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|-------------------------------|---------------------------------------|
| - | - |
| (146) | (523) |
| (182) | (713) |
| - | (91) |
| (57) | (532) |
| (57) | (440) |
| (56) | (232) |
| - | - |
| 1 | 2 |
| (110) | (113) |
| - | - |
| - | - |
| - | - |
| (607) | (2,642) |

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--|-------------------------------|---------------------------------------|
| 2 Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |
| 2.3 Loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from / (used in) investing activities | - | - |
| 3 Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 Proceeds from issue of convertible debt securities | 750 | 7,000 |
| 3.3 Proceeds from exercise of options | - | - |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | - | (350) |
| 3.5 Proceeds from borrowings | - | 384 |
| 3.6 Repayment of borrowings | - | (1,020) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | 750 | 6,014 |

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--|-------------------------------|---------------------------------------|
| 4 Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 3,272 | 43 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (607) | (2,642) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 750 | 6,014 |
| 4.5 Effect of movement in exchange rates on cash held | - | - |
| 4.6 Cash and cash equivalents at end of period | 3,415 | 3,415 |

5 Reconciliation of cash and cash equivalents

at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|-------------------------------|--------------------------------|
| 5.1 Cash on hand and at bank | 3,415 | 3,272 |
| 5.2 Term Deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (item 4.6) | 3,415 | 3,272 |

6 Payments to related parties of the entity and their associates

| | Current quarter \$A'000 |
|---|-------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | 198 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | - |
| 6.3 Explanation necessary for an understanding of these transactions | |
| Salary paid to Karen Duggan, Executive Director and CEO | 48 |
| Directors' fees paid to Non-Executive Directors: | |
| Ron Shnier | 11 |
| Peter Bush | 12 |
| Susan Pond | 10 |
| Total | 33 |
| Paid to Aeris Environmental Ltd, of which M Stang is a Director, for financial accounting services | 8 |
| Corporate overheads, administration and laboratory supplies expenses paid to Regional Healthcare Group Pty Ltd of which M Stang is a Director | - |
| Interest on loan paid to Maurie Stang | 109 |

7 Financing facilities

Note: The term "facility" includes all forms of financing arrangements available to the entity

Add notes as necessary for an understanding of the sources of finance available to the entity

| | Total facility \$A'000 | Amount drawn \$A'000 |
|--|---------------------------------------|-------------------------------------|
| 7.1 Loan facilities | 1,341 | 1,341 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 1,341 | 1,341 |
| 7.5 Unused financing facilities available at quarter end | | - |

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

The terms of the original loan facility made available of \$2,500,000 by Director M Stang (current advance balance of \$1,341,000) include an interest rate of 8% per annum, and security over all of the assets of the Company to secure past and future advances pursuant to the Director loan. The loan terms included a contractual obligation on the Company to utilise its future R&D tax offset payments from the ATO to repay the loan. The Company expects the balance to be repaid in the June 2021 financial year during which time the June 2020 financial year R&D tax offset refund is received from the ATO. Therefore the discharge of the security is expected to occur in the 2020-21 financial year.

8 Estimated cash available for future operating activities

| | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (607) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 3,415 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 3,415 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 5.63 |

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

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

Not applicable

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

Not applicable

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

Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 9 June 2020

Authorised for release to the market by the Vectus Board of Directors.

Notes:

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.