



29 January 2021

Company Announcements Office  
Australian Securities Exchange

## **QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C**

In accordance with ASX Listing Rule 4.7B, Vectus Biosystems Limited (Vectus or the Company) presents its December 2020 Quarterly Activities Report and its Quarterly Cash Flow Report – Appendix 4C.

### ***Commentary on Activities for the December 2020 Quarter***

Notwithstanding the impact of the COVID-19 pandemic, globally, on many organisations and activities, Vectus' technical programmes and Good Manufacturing Practice (GMP) production are moving on a positive trajectory. Synthesis of five kilograms of GMP VB0004 in three batches has been completed by Asymchem Life Sciences Tiajin Co. Ltd. The certificates of analysis for the first two batches have been received and show purity of greater than 99.8%. The analysis of the third batch is in process. These batches form part of the validation syntheses for part of the FDA requirements on drug synthesis for which the campaign summary is in preparation.

The Company's Investigator Brochure (IB) and trial protocol for the Human Research Ethics Committee (HREC) registration and submission are complete. Indicative feedback from the trial site Nucleus Network (Alfred Hospital Melbourne) on timelines is that the Single Ascending Dose (SAD) and Multiple Ascending Dose (MAD) components are likely to be completed in mid to late Q4 of 2021.

### **Patents**

Once again Vectus is able to report a significant increase in the number of its granted patents. The Company has now received a notice of allowance from Brazil for the VB0004 patent. The patent that covers the method of synthesis for VB0004 has been granted in both Europe and China. The patent covering the P compounds, encompassing treatment of kidney and liver fibrosis, has been granted in Hong Kong, and Vectus has received a notice of allowance from Mexico. The Company has received notices of allowance for the patents covering compounds treating fibrosis in the lungs from the USA, Mexico and China.

### **Finance and Corporate**

On 7 December 2020 Vectus announced that it had issued 7,777,778 new fully paid ordinary shares to a number of institutions and a range of sophisticated investors under the Placement that was announced on 20 November 2020. The issue was completed at a price of \$0.90 per share and raised \$7,000,000 before costs. Gleneagle Securities (Aust) Pty Ltd was the Lead Manager for the Placement and key cornerstone investors were introduced by Morgans' Scone office. Of the fee payable to Morgans' Scone office, \$194,669 was settled through the issue of 216,299 Vectus shares at \$0.90 per share. The net proceeds of the Placement are being used to accelerate the Phase I clinical trials for VB0004 and to advance Vectus' other emerging lead compounds, and for working capital.

**VECTUS BIOSYSTEMS LIMITED** ABN 54 117 526 137

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The funds expended during the quarter were largely in connection with the preparatory work for the Phase I clinical trials for VB0004, to advance the library of the Company's other drugs and for general working capital. Payments for research, patents, staff costs and Directors' fees for the quarter amounted to \$530,000. Payments to related parties during the quarter were the Chief Executive Officer's salary of \$58,000, Non-Executive Directors' fees of \$33,000 and interest of \$19,000 on the \$957,000 loan from Non-Executive Director Maurie Stang. During the quarter fees of \$56,000 for corporate services, in line with budget, were paid to Regional Healthcare Group Pty Ltd, of which Maurie Stang is a director.

At Vectus' Annual General Meeting held on 30 November 2020 all Resolutions were passed. At this Meeting the Company took the opportunity to seek shareholder approval to raise additional capital to accelerate its work, including on its other compounds. Vectus then used approximately 80% of the available placement capacity for the 7 December 2020 fundraising.

The Company remains in dialogue with a number of pharmaceutical companies, which could lead to multiple international licensing opportunities. Vectus continues to receive enquiries from industry participants who recognise the significant potential of the Company's novel anti-fibrotic compounds.

Vectus believes that if the forthcoming Phase I clinical trial confirms the preclinical safety profile of VB0004 in humans, the Company will be in a position to consider licensing opportunities for its anti-fibrotic compounds in a number of clinical franchises. Vectus' extensive library of anti-fibrotic compounds has the potential to address large-scale, unmet medical needs, drive improved healthcare and achieve these outcomes in the context of lower overall costs to the healthcare system.

### **Vectus Biosystems Limited**

#### **Karen Duggan**

Chief Executive Officer and Executive Director

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 December 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 (6 months) \$A'000
	-	-
	(329)	(637)
	(201)	(376)
	-	-
	(85)	(136)
	(79)	(132)
	(46)	(103)
	-	-
	-	-
	(22)	(44)
	-	-
	13	51
	-	-
	(749)	(1,377)

**Consolidated statement of cash flows**

	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(9)
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	-	(9)
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	7,000	7,000
3.2 Proceeds from issue of convertible debt securities	-	31
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(113)	(113)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	6,887	6,918

## Consolidated statement of cash flows

	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,079	2,685
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(749)	(1,377)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(9)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,887	6,918
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>8,217</b>	<b>8,217</b>

## 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	8,162	2,024
5.2 Term Deposits	55	55
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (item 4.6)</b>	<b>8,217</b>	<b>2,079</b>

## 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	166
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

## 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

	<b>Total facility \$A'000</b>	<b>Amount drawn \$A'000</b>
7.1 Loan facilities	957	957
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	957	957
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 \$957,000 after the last repayment of \$384,000 in May 2020) 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 to repay a proportion of the balance of the loan in the June 2021 quarter when the June 2020 financial year R&D tax offset refund is received from the ATO. The security will be discharged when the loan is repaid.

## 8 Estimated cash available for future operating activities

	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(749)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,217
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,217
<b>8.5 Estimated quarters of funding available</b> (item 8.4 divided by item 8.1)	<b>10.98</b>

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

8.6.1 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

8.6.2 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

8.6.3 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: 29 January 2021

**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.