



28 October 2022

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 September 2022 Quarterly Activities Report and Quarterly Cash Flow Report – Appendix 4C.

### **Overview**

VB0004 Phase Ia human clinical trials were successfully completed in September 2022, being the Single Ascending Dose (S.A.D.) Cohorts 1 through 5, as well as the Multiple Ascending Dose (M.A.D.) Cohorts 6 through 8.

### **Commentary on Activities for September 2022 Quarter**

On 14 September 2022 Vectus announced the successful completion of its Phase Ia human trials for VB0004. The Trial Safety Review Committee reviewed data from all five S.A.D. cohorts, as well as all three M.A.D. cohorts. These Phase Ia trials have established an impressive safety profile for VB0004, with a maximum tolerated single dose of 300mg and no significant adverse events seen in M.A.D. studies at 10mg, 30mg or 100mg administered daily over a 14-day period. Also established are consistent pharmacokinetics of six to eight hours to achieve maximal plasma concentration and a half life in excess of 10 hours. This is a significant milestone in proving the safety of the Company's antifibrotic / antihypertensive drug. These data provide more evidence that VB0004 will be amenable to once daily dosing, a desirable feature in medications for chronic conditions such as hypertension, heart failure, kidney failure and pulmonary fibrosis. This is particularly pleasing as Vectus moves towards the next phase of testing of its compound that can have a significant and widespread global positive impact on disease, the pathology of which has many aetiologies.

From the Company's drug library of over 1,000 compounds, Vectus has selected additional emerging leads to specifically address liver fibrosis (VB4-A32) and lung fibrosis (VB4-A79). The Company continues its research into the possible opportunity to target the fibrotic damage resulting, in some cases, from COVID-19. VB0004 has the potential for its orally-active small molecules to play a role in this unmet need.

### **Patents**

Vectus continues to consolidate its patent protection, with further patents being granted during the quarter.

### **Accugen**

During the quarter the Company continued its work on the development programme in food safety and diagnostic testing using the Accugen technology, which is a large and growing market. The technology, consisting of AccuCal™ and RealCount™ software, is owned by Vectus' wholly-owned subsidiary, Accugen Pty Limited.

### **Finance and Corporate**

The funds expended by the Company during the September 2022 quarter were largely in connection with the Phase Ia clinical trials for VB0004. Payments for Phase Ia, research, patents, staff costs and Directors' fees for the quarter amounted to \$1,089,000. Cash-on-hand at 30 September 2022 was \$952,000. Payments to related parties during the quarter were the Chief Executive Officer's salary of \$53,000 and the Non-Executive Directors' fees of \$53,000. Interest of \$9,000 interest was paid on the \$442,000 loan from Non-Executive Director Maurie Stang. During the quarter, fees of \$32,000 (for corporate services, including cost re-imburement for

information technology, human resources and accounting services, in line with budget) were paid to Regional Healthcare Group Pty Ltd, of which Non-Executive Director Maurie Stang is a director.

On 7 and 28 September 2022 Vectus issued a total of 10,981,736 fully paid ordinary shares following the conversion of all remaining convertible notes into shares. A total of 9,620,000 notes held by 22 holders were converted into 9,620,000 shares, at a conversion price of \$0.50 per note. In relation to the accumulated interest on these notes, at an interest rate of 6% per annum, the 22 note holders elected to have the interest paid as 1,361,736 shares.

A research and development (R&D) refund of \$936,000 for the year ended 30 June 2021 was received from the Australian Taxation Office (ATO) in July 2022, and the Company is accruing further receivables on current R&D expenditure and has forecast the receipt of \$1,300,000 as an R&D refund from the ATO in the June quarter of 2023. Vectus has a number of discussions underway that are expected to result in additional funding for the Company.

### **Vectus Biosystems Limited**

#### **Karen Duggan**

Chief Executive Officer and Executive Director

This announcement was authorised by the Company's Board of Directors.

### **About Vectus Biosystems Limited**

The Company is developing a treatment for fibrosis and high blood pressure, which includes the treatment for three of the largest diseases in the fibrotic market, namely heart, kidney and liver diseases. Vectus successfully completed its Initial Public Offering (IPO) on the Australian Securities Exchange (ASX:VBS) and commenced trading on ASX on 23 February 2016, after raising A\$5.1 million. Funds from the IPO were predominantly used to develop the Company's lead compound, VB0004, which aims to treat the hardening of functional tissue and high blood pressure. Vectus has conducted a range of successful pre-clinical trials, which have shown that VB0004 slows down the advances of fibrosis, potentially repairs damaged cell tissue and reduces high blood pressure. VB0004 is now progressing through a number of important milestones, including pharmaceutical scale-up and additional toxicity studies. Following successful results, the 2019 convertible note fundraising, and the 2020 share placement, the Company has funding for its Human Phase I trial. Vectus' strategy is to develop and perform early validation of its drug candidates to the point where they may become commercially attractive to potential pharmaceutical partners.

The Company has also developed technology aimed at improving the speed and accuracy of measuring the amount of DNA and RNA in samples tested in laboratories. The technology, called Accugen, is owned by Vectus' wholly-owned subsidiary Accugen Pty Limited. The technology offers a time, cost and accuracy benefit compared to currently-available systems. The Company's current stage of investment in Accugen is a commercialisation programme that may include direct sales, distribution partnerships and licensing opportunities.

## 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")

30 September 2022

#### 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 (3 months) \$A'000
	-	-
	(741)	(741)
	(348)	(348)
	(49)	(49)
	(42)	(42)
	(97)	(97)
	39	39
	-	-
	2	2
	(25)	(25)
	936	936
	-	-
	-	-
	(325)	(325)

**Consolidated statement of cash flows**

	<b>Current quarter \$A'000</b>	<b>Year to date (3 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	(4)	(4)
(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>	<b>(4)</b>	<b>(4)</b>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
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>	<b>-</b>	<b>-</b>

## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,281	1,281
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(325)	(325)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>952</b>	<b>952</b>

## 5 Reconciliation of cash and cash equivalents

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	897	1,226
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>952</b>	<b>1,281</b>

## 6 Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
147
-

**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	442	442
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	442	442
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 \$442,000 after the last repayment of \$515,000 in June 2021) 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 the balance of the loan when additional funding is available. 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)	(325)
8.2 Cash and cash equivalents at quarter end (item 4.6)	952
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	952
<b>8.5 Estimated quarters of funding available</b> (item 8.4 divided by item 8.1)	<b>2.93</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: **28 October 2022**

**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.