



31 October 2024

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 2024 Quarterly Activities Report and Quarterly Cash Flow Report – Appendix 4C.

Commentary on Activities for September 2024 Quarter

Vectus is focusing on the commercialisation of its clinical drug, VB0004, together with advancing other drug candidates A32, A79 and P5 from its extensive drug library. The Company is working closely with C14 Consulting Group, LLC (C14) in the USA under its exclusive mandate to lead and manage the programme of potential licencing or a joint venture, or both, of Vectus' portfolio of patented small therapeutic molecules, including the human lead compound VB0004. The Company and C14 have developed new information documentation that is in line with the needs of a broad range of pharmaceutical companies and potential collaborators. C14 has commenced the process of progressively expanding discussions across well targeted pharmaceutical companies based on an alignment with their areas of focus and interest in specific disease states addressed by the Vectus portfolio. This may potentially involve a number of licensee parties, with the Company now having a clinical asset (VB0004) and a number of emerging pre-clinical leads.

Phase Ia/Ib Human Clinical Trials

In April 2024 Vectus announced the finalisation of its Phase Ib human clinical trial. The Phase Ib trial was entitled: "A Phase I/Ib, First-Time-in-Human, Single Centre, Double-Blind, Randomised, Placebo-Controlled, Dose Escalating Study of the Safety, Tolerability and Pharmacokinetics of Single and Repeat Doses of VB0004 Administered Orally to Healthy Volunteers; and to Patients with Mild to Moderate Hypertension with Low Cardiovascular Risk", NCT04925050. Both protocols for the Phase Ia and Phase Ib trials were double-blind. The database has now been locked. Results of changes in potential biomarkers and other parameters should begin to become available in the first quarter of 2025. No significant adverse events were reported in the Phase Ia or Phase Ib human trials.

Finance and Corporate

As previously announced, the Company has significantly reduced its operating costs, and is now largely focussed on potential licencing opportunities and a variety of collaborations. The funds expended by Vectus during the September 2024 quarter were largely in connection with the finalisation of the Phase I clinical trials for VB0004. Payments for Phase I, research, patents, staff costs and Directors' fees for the quarter amounted to \$549,000. Cash-on-hand at 30 September 2024 was \$156,000. The Company's available funds were supplemented through the receipt of \$977,000 in October 2024 as its research and development (R&D) refund from the Australian Taxation Office for R&D expenditure for the financial year ended 30 June 2024. Payments to Vectus' related parties during the recent quarter were Non-Executive Directors' fees of \$43,000. During the quarter, fees of \$51,000 (for corporate services, including cost re-imbursement for information technology, human resources and accounting services, in line with budget) were paid to Regional Corporate Services Pty Ltd, of which Non-Executive Director Maurie Stang is a director. The Company continues to evaluate a number of options to address its future capital requirements and is examining the opportunity for potential partners or licensees to fund further clinical studies.

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Annual General Meeting (AGM)

Vectus will be providing a more comprehensive update to its shareholders at the Company's AGM to be held as a virtual meeting on 27 November 2024 commencing at noon (AEDT). It is anticipated that Martina Molsbergen, Chief Executive Officer of C14, will provide a presentation to shareholders at the AGM.

Vectus Biosystems Limited**Ron Shnier**

Chairman

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

About Vectus Biosystems Limited

The Company is developing treatments for fibrosis, including 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 \$5.1 million. Funds from the IPO and from two subsequent fundraisings were used predominantly 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 has progressed through a number of important milestones, including pharmaceutical scale-up and additional toxicity studies, its Human Phase Ia and Ib human trials of VB0004, and the advancement of other drugs in its library. This work fits with Vectus' strategy of developing and the performance of early validation of its drug candidates to the point where they may become commercially attractive to 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 2024

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 items

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
-	-
(275)	(275)
(274)	(274)
(24)	(24)
(118)	(118)
(48)	(48)
10	10
-	-
5	5
-	-
-	-
-	-
-	-
(724)	(724)

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(30)	(30)
(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	101	101
(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	71	71
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	-	-
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)	-	-
3.10 Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	809	809
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(724)	(724)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	71	71
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	156	156

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	156	739
5.2 Term Deposits	-	70
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (item 4.6)	156	809

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	94
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

	Total facility \$A'000	Amount drawn \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
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.

Not applicable

8 Estimated cash available for future operating activities

	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(724)
8.2 Cash and cash equivalents at quarter end (item 4.6)	156
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	156
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.22

- 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?

As announced, the level of expenditure has been very significantly reduced as the Phase Ib human clinical trials have been finalised. The Company has re-located to new premises that provide far lower costs and Vectus has come to arrangements that will defer certain significant operating costs through 2025. In addition, as reported, the reduction in the Company's research and development (R&D) activities will lead to large reductions in Vectus' cash outgoings and therefore extending Vectus' cash runway. Further, the Company received \$977,000 in October 2024 as an R&D refund from the Australian Taxation Office for 2023-24 expenditure incurred on R&D.

- 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?

The Company continues to evaluate a number of options to address its future capital requirements and is examining the opportunity for potential partners or licencees to fund further clinical studies.

- 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?

Vectus expects to be able to continue its operations and to meet its business objectives based on its reduced overheads. The \$977,000 R&D refund received in October 2024 has supplemented existing cash on hand.

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: **31 October 2024**

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.