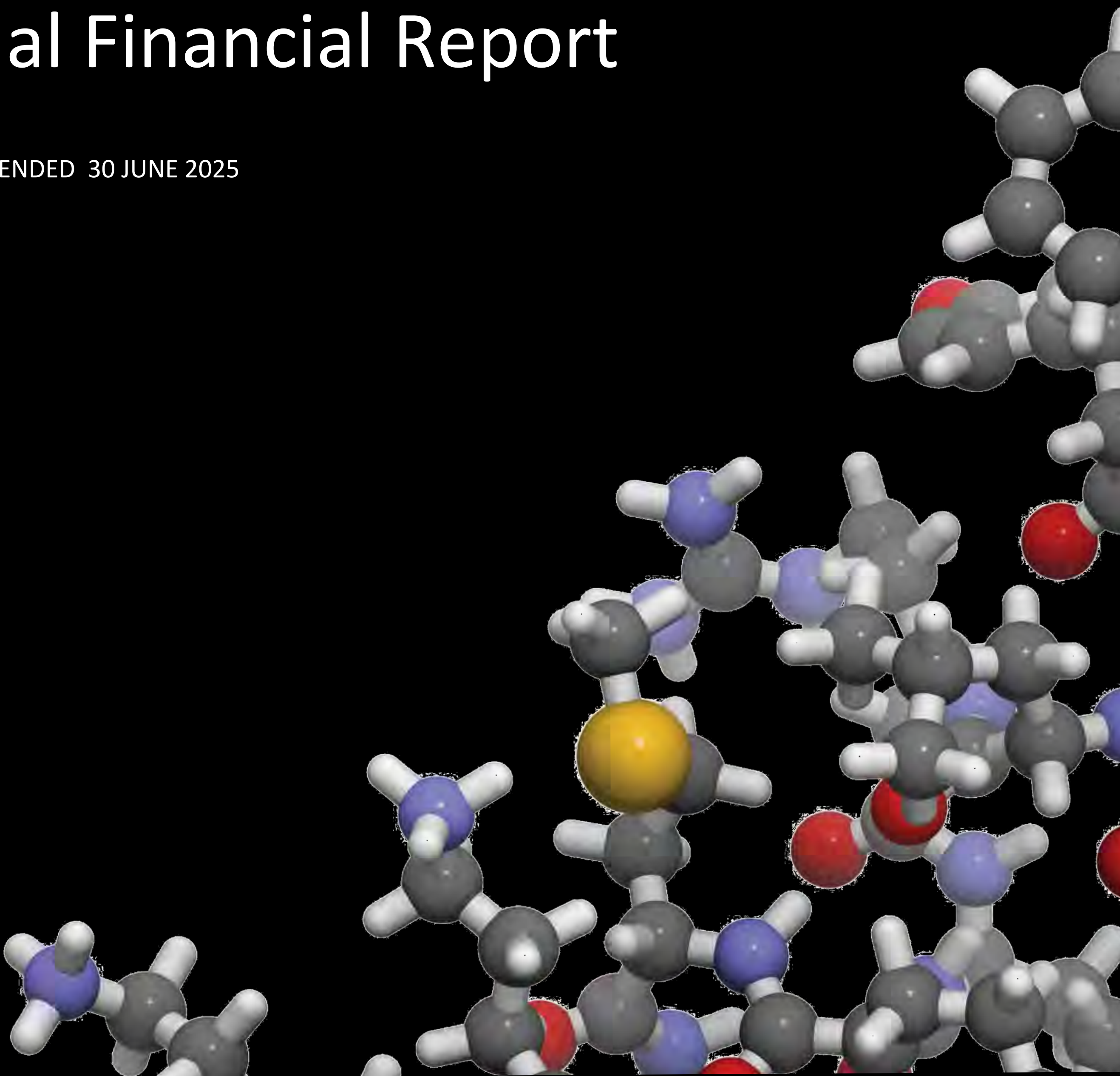
VECTUS BIOSYSTEMS LIMITED

ACN 117 526 137

AND CONTROLLED ENTITIES

2025
Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2025



Review of Operations

Vectus Biosystems Limited (Vectus or the Company) reports on its operations and results for the year ended 30 June 2025.

Overview

Vectis is working actively with C14 Consulting Group, LLC (C14) on the commercialisation of its patented drug library and specifically its clinical drug candidate VB0004, which has successfully completed Phase 1a and 1b human trials. There is currently a comprehensive outreach programme which has engaged a broad cross section of pharmaceutical and biotech companies, some of whom have executed confidentiality agreements and have accessed Vectus' data room.

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 is 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.

Vectus has developed and successfully patented a range of novel compounds for the treatment of chronic fibrosis. These include four of the most significant in the fibrotic franchise, namely heart, kidney, liver and lung fibrosis. In recent years Vectus has successfully completed a range of pre-clinical and toxicological studies of its lead compound VB0004, which is aimed at inhibiting and reversing the loss of functional tissue due to fibrosis / scarring. The Company has successfully completed its Phase Ia human studies, which were conducted in Australia, which is recognised as one of the most rigorous regulatory environments globally. In April 2024 Vectus announced the finalisation of its Phase Ib human clinical trial. No adverse events were reported from patients that related to side effects of VB0004, providing further evidence of the inherent safety of VB0004.

Fibrosis is the process that causes organ failure in damaged or diseased hearts, kidneys, livers and lungs. VB0004 represents a first-in-class drug aimed at not only impacting disease progression, but indeed reversing existing disease, which potentially represents a significant medical and commercial breakthrough.

In 2024-25 Vectus' focus was on commercialisation activities and its operating costs significantly reduced. With the finalisation of the Phase Ib human trial and the curtailment of research activities, staff numbers reduced from July 2024 and other costs reduced.

Pharmaceutical Company Engagement

The Company's strategy is to develop and perform early validation of its drug candidates to the point that they become commercially attractive to potential pharmaceutical partners. Vectus is working closely on its commercialisation programme with Martina Molsbergen of the international firm, C14, who has engaged on Vectus' behalf both with pharmaceutical statisticians and experts in analysing Vectus' technical and drug development records to support the requirements of Vectus' data room.

The statistical analysis carried out on the trial data confirms the excellent human safety profile of VB0004 and the Company enjoys validated manufacturing success in producing VB0004 under GMP conditions at a highly attractive cost. The VB0004 that has been produced to date has exhibited a long shelf life, has proven to be a orally dosable small molecule, which is highly amenable to scale up in terms of production.

Intellectual Property Portfolio

The Company continues to prosecute its key patents supporting its library of small molecules targeting cardiac fibrosis, and renal (kidney), hepatic (liver) and lung fibrosis. The granted Vectus patents cover both the specifics of the orally-dosable small molecules and a proprietary method of manufacture. The Company's patent protection, both in terms of scope and the number of granted patents, targets high-value unmet needs across multiple disease states in major international territories. This portfolio of granted patents affords Vectus a potentially leading position in treating fibrotic disease.

The achievement of converting peptide structures to small molecule mimetics is core to being able to produce a form of anti-fibrotic drugs that do not require regular injection, but rather an orally dosable and have been proven to be safe and well tolerated in human trials.

Finance

Vectus' expenditure in the 2024-25 financial year was predominantly on finalising the human Phase Ib Clinical Trials, funding its patent portfolio and maintaining the library of the Company's other drugs.

The Company incurred a loss for the year after income tax of $1,777,259 in the year ended 30 June 2025 (2024: $2,338,124). Operating expenses were $2,255,441 in the 2024-25 financial year compared to $3,476,798 in the 2023-24 financial year.

In October 2024 Vectus received $977,000 as a research and development (R&D) refund from the Australian Taxation Office (ATO) for expenditure for the year to 30 June 2024. The Company forecasts the receipt of $420,000 in September 2025 as its R&D refund from the ATO for R&D expenditure for the year ended 30 June 2025.

Consistent with the Company's announced focus on commercialisation, Vectus has reduced its cost base significantly after relocating its head office from North Ryde to Rosebery in Sydney. 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.

Summary

Vectus believes that VB0004's demonstrated safety profile has the potential to address large-scale, unmet chronic medical needs, to drive improved healthcare and to achieve these outcomes in the context of lower overall costs to the healthcare system.

Vectus has a broad portfolio of granted patents and a drug library of over 1,000 small compound drug candidates. The Company has reduced its costs while focusing on commercialising its extensive drug library. With the assistance of C14 Consulting Group, the Company continues its outreach programme by leveraging on C14's pharmaceutical company database, expertise and deep industry relationships.

VECTUS BIOSYSTEMS LIMITED
AND CONTROLLED ENTITIES

Contents

General Information

The financial report covers Vectus Biosystems Limited as a consolidated entity consisting of Vectus Biosystems Limited and the entity it controls. The financial report is presented in Australian dollars, which is Vectus Biosystems Limited's functional and presentation currency.

The financial report consists of financial statements, notes to the financial statements and the Directors' declaration.

Vectus Biosystems Limited is a listed public company limited by shares, incorporated and domiciled in Australia.
Its registered office and research facility are:

Registered office

Unit 5, Ground Floor, 26-34 Dunning Avenue, Rosebery NSW 2018

The financial report was authorised for issue, in accordance with a resolution of directors on 28 August 2025.

Directors' Report

For the Year Ended 30 June 2025

The Directors of Vectus Biosystems Limited present their Report together with the financial statements of the consolidated entity, being Vectus Biosystems Limited (the Company) and its controlled entity (the Group) for the year ended 30 June 2025.

Directors' Details

The names of the Directors in office at any time during, or since, the end of the year are:

Ronald Shnier	
Maurie Stang	
Linda Walters	*Appointed to the Board on 20 December 2024*
Susan Pond	*Ceased to be a Director on 27 November 2024*

Review of Operations and financial results

The consolidated loss after tax of the Group for the 2025 financial year amounted to $1,777,259 (2024: loss $2,338,124).

For a comprehensive review of the Group's operational performance, refer to the attached Review of Operations.

A review of the Group's operations during the financial year and the results of those operations are as follows:

* the Group's operations during the financial year performed as expected in the opinion of the Directors; and
* no significant change in the nature of these activities occurred during the financial year.

Principal Activities

During the financial year the principal continuing activities of the Group consisted of:

- Medical Research and Development

Matters subsequent to the end of the financial year

There have been no matters or circumstances, which have arisen since 30 June 2025 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2025, of the Group; or

(b) the results of those operations; or

(c) the state of affairs, in the financial years subsequent to 30 June 2025, of the Group.

Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this Report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity during the year ended 30 June 2025.

Dividends

There were no dividends paid during the year.

There were no dividends or distributions recommended or declared for payment to members during the year that have not been paid or credited to the member throughout the year.

Environmental Regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or state law.

Indemnity and insurance of officers and auditors

The Company has indemnified the directors and executives of the Group for the costs incurred, in their capacity as a director or executive, for which they may be held personally liabile, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Group against a liability to the extent permitted by the *Corporations Act 2001* . The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has agreed to indemnify the auditor, UHY Haines Norton, to the extent permitted by law.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Board of Directors and Company Secretary

Vectus Biosystems Limited's (Vectus or the Company) Board has a broad range of experience in drug research and development, and early stage biotech companies, capital markets, financial and scientific expertise.

Name:	Dr **Ronald Shnier**
Title:	Non-Executive Chairman
Experience and expertise:	Dr Ronald Shnier completed his radiology fellowship at Royal Prince Alfred Hospital (RPAH) before undertaking his neuroradiology fellowship at RPAH in 1989 and musculoskeletal fellowship at the University of California Los Angeles (UCLA) in 1991. He was a consultant specialist at RPAH between 1990 and 1993. Dr Shnier started one of Australia's first Private MRI practices in 1991 before becoming General Manager of Mayne's Diagnostic Imaging in 2007 and was its National Director for many years. He has served on several international MRI advisory boards. Dr Shnier has a strong involvement in clinical research, and has lectured both in Australia and overseas. He is currently the Chief Medical Officer of I-MED Radiology network and an executive director on the board. Dr Shnier is also currently a non-executive director on the Board of Lumitron Technologies. Directorships held in other listed entities in the past three years: none Appointed to the Board: 2 September 2015

Name:	Mr **Maurie Stang**
Title:	Non-Executive Deputy Chairman
Experience and expertise:	Mr Maurie Stang has more than four decades of experience building and managing companies in the healthcare and biotechnology industry in Australia and internationally. His strong business development and marketing skills have resulted in the successful commercialisation of intellectual property across global markets. Mr Stang has been the Executive Chairman of unlisted company Lumitron Technologies since 2016. Directorships held in other listed entities in the past three years: A member of the Board of Nanosonics Limited (ASX:NAN) from 14 November 2000 until 18 November 2022, Non-Executive Chairman from when NAN listed on 15 May 2007 until 1 July 2022, and Deputy Chairman of NAN from 1 July 2022 until 18 November 2022. Non-Executive Chairman of Aeris Environmental Ltd (ASX:AEI) since 24 July 2002. Appointed to the Board: 12 December 2005

Name:	Ms **Linda Walters**
Title:	Non-Executive Director
Experience and expertise:	Ms Linda Walters (BEc Hon MAICD) has a strong operational, commercial and technical background across a number of life sciences, biotechnologies and health care companies. She has held senior leadership positions supporting both listed and unlisted Australian companies for over 25 years. Ms Walters has made a significant contribution to Vectus since its inception and public listing, and has a detailed knowledge of the Company's technologies, intellectual property (IP) and commercialisation programme. Her expertise spans the fields of human resources, finance, information technology and the commercialisation of IP. Ms Walters has served with Regional Health Care Group and Henry Schein in a number of senior leadership roles, and was instrumental in developing Vectus' operational and commercial capabilities. Directorships held in other listed entities in the past three years: None Appointed to the Board: 20 December 2024
Name:	Dr **Susan Pond**
Title:	Non-Executive Director *(from 4 May 2016 until 27 November 2024)*

Company Secretary

Experience and expertise:	Mr Robert Waring (BEc, CA, FCIS, FFin, FAICD) has over 50 years of experience in financial and corporate roles, including over 30 years in Company Secretarial roles for ASX-listed companies, and over 20 years as a Director of ASX-listed companies. Mr Waring has significant company secretarial experience for both listed and unlisted companies, and is currently serving as Company Secretary for ASX-listed companies Aeris Environmental Ltd and Xref Limited. He is a Director of Oakhill Hamilton Pty Ltd, which provides secretarial and corporate advisory services to a range of listed and unlisted companies. Appointed as Company Secretary on 9 July 2015.

Meetings of Directors

The number of meetings of the Company's Board of Directors (the Board) and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director / Committee member were:

	Board of Directors Meetings	Audit and Risk Management Committee Meetings	Remuneration and Nomination Committee Meetings	Corporate Governance Committee Meetings
Number of meetings held	**11**	**3**	**1**	**1**
Number of meetings attended				
Ronald Shnier	10	3	1	N/A
Maurie Stang	11	3	1	1
Linda Walters *	5	2	1	-
Susan Pond **	6	1	-	**1**

* On 20 December 2024 Linda Walters was elected a Non-Executive Director, and a member of the Audit and Risk Management Committee and of the Remuneration and Nomination Committee. On 20 February 2025 she was elected Chair of the Audit and Risk Management Committee, and a member of the Corporate Governance Committee.

** On 27 November 2024 Susan Pond ceased to be a Non-Executive Director, and hence ceased to be the Chair the Audit and Risk Management Committee and of the Corporate Governance Committee, and ceased to be a member of the Remuneration and Nomination Committee.

Committee membership

As at the date of this report, the Company had an Audit and Risk Management Committee, a Corporate Governance Committee, a Remuneration and Nomination Committee, and a Disclosure Committee of the Board of Directors. Members acting on the Committees of the Board are:

Audit and Risk Management Committee
Linda Walters (Chair)
Maurie Stang
Ronald Shnier

Corporate Governance Committee
Maurie Stang
Linda Walters

Remuneration and Nomination Committee
Maurie Stang (Chair)
Ronald Shnier
Linda Walters

Disclosure Committee

Made up of two Directors, which would normally be the Chairman (Ronald Shnier) and another Non-Executive Director.
This Committee approves ASX announcements when the full Board is not available.

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975, Melbourne VIC 3001
Telephone Australia: 1300 850 505
Telephone international: +61 3 9415 4000
Website: http://www.computershare.com
Email: www.investorcentre.com/contact

Auditor's independence declaration

UHY Haines Norton continues in office in accordance with section 327 of the *Corporations Act 2001* .

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Officers of the Company who are former audit partners of UHY Haines Norton

There are no officers of the Company who are former audit partners of UHY Haines Norton.

Corporate Governance

Vectus Biosystems Limited's Corporate Governance Statement and ASX Appendix 4G are released to ASX on the same day the Annual Report is released.

The Company's Corporate Governance Statement, and Corporate Governance Compliance Manual, can both be found on the Company's website at: http://www.vectusbiosystems.com.au/investor-centre/corporate-governance.

Directors' interests

		Ordinary shares	**Options or rights over ordinary shares**
Ronald Shnier		345,791	-
Maurie Stang		4,889,452	316,000
Linda Walters	*Appointed to the Board on 20 December 2024*	31,667	-
Susan Pond	*Ceased to be a Director on 27 November 2024*	40,250	-

Remuneration Report (Audited)

Key Management Personnel (KMP)

The key management personnel of the Company comprises of the Directors only as follows:

Ronald Shnier	
Maurie Stang	
Linda Walters	*Appointed to the Board on 20 December 2024*
Susan Pond	*Ceased to be a Director on 27 November 2024*

Remuneration policies

Details of Vectus' remuneration policies and practices, together with details of Directors' and Executives' Remuneration, are as follows:

(a) Overview of remuneration structure:

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. Processes have been established to ensure that the levels of compensation and remuneration are sufficient and reasonable, and explicitly linked to the achievement of personal and corporate objectives. The short and long-term incentive plans are specifically aligned to shareholder interests.

Vectus' Remuneration and Nomination Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for staff, including Directors and Senior Managers of the Company.

The Committee has access to the advice of independent remuneration consultants but has not used their services during the year.

(b) Non-Executive Directors:

Payments were made during the year to Non-Executive Directors for their services. This is reviewed annually.

(c) Executives

The objective of Vectus' executive reward system is to ensure that remuneration for performance is competitive and appropriate for the results delivered.

Executive pay structures include a base salary and superannuation. In addition, executives and senior managers can participate in the Employee Incentives Plan.

Equity Holding Transactions

The movement during the reporting period in the number of ordinary shares in Vectus Biosystems Limited held directly, indirectly, or beneficially by each specified Director and specified executive including their personally-related entities, are as follows:

2025	**Number held 30 June 2024**	**Acquired during year**	**Sold during year**	**Number held 30 June 2025**
Ronald Shnier	345,791	-	-	345,791
Maurie Stang	4,889,452	-	-	4,889,452
Linda Walters*	-	*31,667*	-	31,667
Karen Duggan***	3,298,342	-	*3,298,342*	-
Susan Pond**	40,250	-	-	40,250
	8,573,835	31,667	3,298,342	5,307,160

2024	**Number held 30 June 2023**	**Acquired during year**	**Sold during year**	**Number held 30 June 2024**
Ronald Shnier	345,791	-	-	345,791
Maurie Stang	4,889,452	-	-	4,889,452
Karen Duggan***	3,278,500	19,842	-	3,298,342
Susan Pond**	40,250	-	-	40,250
	8,553,993	19,842	-	8,573,835

*** *Ceased to be a Director on 19 May 2024*

** *Ceased to be a Director on 27 November 2024*

* *Appointed to the Board on 20 December 2024*

Transactions with Directors and Director related entities

A number of specified directors, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arms length basis.

Details of these transactions and outstanding balances are shown below:

	2025	**2024**
	$	$
Regional Health Care Group Pty Ltd		
Corporate, administration and laboratory expenses	-	2,402
Current payables	-	-
Regional Corporate Services Pty Ltd		
Corporate and administration services	233,520	205,228
Current payables	240,734	35,664

Maurie Stang is a director and shareholder of Regional Healthcare Group Pty Ltd and Regional Corporate Services Pty Ltd.

Aeris Environmental Ltd		
Accounting services provided	-	-
Current receivables	-	-

Maurie Stang is a director and shareholder of Aeris Environmental Ltd.

Loan from Maurie Stang, Non-Executive Deputy Chairman		
Loan borrowing	200,000	-
Loan repaid	-	-
Interest paid on loan	-	-
Outstanding balance	200,000	-
Balances outstanding to Directors		
Directors' fees payable to Maurie Stang	45,375	-
Directors' fees payable to Ronald Shnier	53,625	-
Directors' fees payable to Linda Walters	23,885	-

Details of directors' and executive officers' remuneration for the year ended 30 June 2025

	Short-term benefits		Equity based benefits		Total	
	Salary and Directors' fees	Post employment benefits	Shares	Options or Rights		Performance related
	$	$	$	$	$	%
Non-Executive Directors:						
Ronald Shnier	58,559	6,441	-	-	65,000	0.0%
Maurie Stang	49,550	5,450	-	-	55,000	0.0%
Linda Walters*	21,421	2,463			23,884	0.0%
Susan Pond**	16,609	1,911	-	-	18,520	0.0%
Total Non-Executive Directors	146,139	16,265	-	-	162,404	
Total Executive Directors	-	-	-	-	-	
Total	**146,139**	**16,264**	**-**	**-**	**162,404**	

There were no long term benefits paid to directors and executive officers during 2025 financial year

Details of directors' and executive officers' remuneration for the year ended 30 June 2024

	Short-term benefits		Equity based benefits		Total	
	Salary and Directors' fees	Post employment benefits	Shares	Options or Rights		Performance related
	$	$	$	$	$	%
Non-Executive Directors:						
Ronald Shnier	58,559	6,441	-	-	65,000	0.0%
Maurie Stang	49,550	5,450	-	-	55,000	0.0%
Susan Pond**	40,541	4,459	-	-	45,000	0.0%
Total Non-Executive Directors	148,650	16,350	-	-	165,000	
Executive Directors:						
Karen Duggan***	208,684	21,975	-	-	230,660	0.0%
Total Executive Directors	208,684	21,975	-	-	230,660	
Total	**357,334**	**38,326**	**-**	**-**	**395,660**	

There were no long term benefits paid to directors and executive officers during 2024 financial year

*** *Ceased to be a Director on 19 May 2024*
** *Ceased to be a Director on 27 November 2024*
* *Appointed to the Board on 20 December 2024*

Employment contracts

There are no contracts to which a Director is a party or under which a Director is entitled to a benefit .

Link between remuneration and performance and statutory performance indicators

The table below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001* . However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2025	**2024**	**2023**	**2022**	**2021**
	$	$	$	$	$
Loss for the year	(1,777,259)	(2,338,124)	(3,441,789)	(3,969,886)	(3,837,915)
Basic loss per share (cents per share)	(3.34)	(4.39)	(7.18)	(11.89)	(13.62)
Dividend payments	-	-	-	-	-
(Decrease) / increase in share price (%)	-48.1%	-82.5%	-55.3%	-27.0%	87.5%
Total KMP remuneration as percentage of loss for the year (%)	-9%	-17%	-13%	-12%	-10%

Performance rights or options

Following rights or options for issue of shares issued to key management personnel were not exercised or expired as at the end of financial year:

	Number of options / rights	
	2025	**2024**
Options granted to Maurie Stang, Non-Executive Director	316,000	316,000

No shares were issued to key management personnel as the result of the exercise of options or rights.

Signed in accordance with a resolution of the directors; pursuant to section 298(2)(a) of *Corporations Act 2001* on behalf of the directors.

Dr Ronald Shnier
Non-Executive Chairman

Date: 29 August 2025

UHY Haines Norton
Chartered Accountants
Level 9, 1 York Street
Sydney NSW 2000

GPO Box 4137
Sydney NSW 2001

T + 61 2 9256 6600
E sydney@uhyhnsyd.com.au

uhyhnsydney.com.au

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Vectus Biosystems Limited

As auditor for the audit of Vectus Biosystems Limited for the year ended 30 June 2025,
I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Vectus Biosystems Limited and the entities it controlled during the year.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
29 August 2025

UHY Haines Norton
Chartered Accountants

VECTUS BIOSYSTEMS LIMITED

AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2025

	Note	2025 $	2024 $
Revenue and other income	3	478,182	1,138,674
Administration and corporate expenses		(948,964)	(776,535)
Finance costs	4	(3,906)	(8,704)
Depreciation and amortisation expense	4	(13,690)	(58,835)
Employee benefits expense and directors' remuneration	4	(518,881)	(1,303,337)
Occupancy expenses		(30,269)	(177,721)
Research & development	4	(667,811)	(1,151,046)
Loss on disposal of fixed assets		(71,920)	-
Travel expenses		-	(620)
Loss before income tax benefit from continuing operations		(1,777,259)	(2,338,124)
Income tax benefit	5	-	-
NET LOSS FOR THE YEAR		(1,777,259)	(2,338,124)
TOTAL COMPREHENSIVE LOSS FOR YEAR, NET OF TAX		(1,777,259)	(2,338,124)
Loss for the year attributable to:			
Owners of Vectus Biosystems Limited		(1,777,259)	(2,338,124)
Total comprehensive loss for the year attributable to:			
Owners of Vectus Biosystems Limited		(1,777,259)	(2,338,124)
Loss per share	25		
Basic loss per share (cents per share) from continuing operations		(3.34)	(4.39)
Diluted loss per share (cents per share) from continuing operations		(3.34)	(4.39)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

VECTUS BIOSYSTEMS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

	Note	2025 $	2024 $
CURRENT ASSETS			
Cash and cash equivalents	6	250,988	808,969
Other current assets	7	527,453	1,034,487
TOTAL CURRENT ASSETS		778,441	1,843,456
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,215	182,171
TOTAL NON-CURRENT ASSETS		4,215	182,171
TOTAL ASSETS		782,656	2,025,627
CURRENT LIABILITIES			
Trade and other payables	9	537,395	213,234
Other current liabilities	10A	287,168	156,801
Provisions	11A	11,331	164,659
TOTAL CURRENT LIABILITIES		835,894	534,694
NON-CURRENT LIABILITIES			
Provisions	11B	3,384	4,568
Borrowings	12	200,000	-
TOTAL NON-CURRENT LIABILITIES		203,384	4,568
TOTAL LIABILITIES		1,039,278	539,262
NET ASSET / (LIABILITIES)		(256,622)	1,486,365
EQUITY			
Issued Capital	13	38,368,557	38,368,557
Convertible Notes - Equity		-	-
Reserves	24	878,096	843,823
Accumulated Losses	14	(39,503,275)	(37,726,016)
TOTAL EQUITY / (DEFICIT)		(256,622)	1,486,365

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
R&D tax offset rebate received		977,084	1,515,869
Payments to suppliers and employees		(1,822,044)	(3,616,829)
Interest received		18,777	76,858
Interest paid		(3,905)	(8,704)
Net cash used in operating activities	22(b)	(830,088)	(2,032,806)
Cash flows from investing activities			
Disposal of fixed assets		101,033	-
Investment in property, plant and equipment		-	(67,900)
Net cash used in investing activities		101,033	(67,900)
Cash flows from financing activities			
Lease payments		(28,926)	(41,281)
Loan borrowings		200,000	-
Net cash provided by / (used in) financing activities	22(c)	171,074	(41,281)
Net increase / (decrease) in cash and cash equivalents		(557,981)	(2,141,987)
Cash and cash equivalents at the beginning of the financial year		808,969	2,950,956
Cash and cash equivalents at the end of the financial year	22(a)	250,988	808,969

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

VECTUS BIOSYSTEMS LIMITED

AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2025

	Note	Equity	Convertible Notes	Accumulated losses	Reserves	Total attributable to equity holders of the entity
		$	$	$	$	$
Balance at 1 July 2023		38,352,080	-	(35,387,891)	803,145	3,767,334
Comprehensive Income						
Loss for the year		-	-	(2,338,124)	-	(2,338,124)
Total comprehensive loss for the year		-	-	(2,338,124)	-	(2,338,124)
Transactions with owners						
Shares issued during the year	13	16,477	-	-	-	16,477
Share issue costs	13	-	-	-	-	-
Movements in share-based payment reserve	24	-	-	-	40,678	40,678
Balance at 30 June 2024		38,368,557	-	(37,726,015)	843,823	1,486,365
Balance at 1 July 2024		38,368,557	-	(37,726,015)	843,823	1,486,365
Comprehensive Income						
Loss for the year		-	-	(1,777,259)	-	(1,777,259)
Total comprehensive loss for the year		-	-	(1,777,259)	-	(1,777,259)
Transactions with owners						
Shares issued during the year	13	-	-	-	-	-
Movements in share-based payment reserve	24	-	-	-	34,273	34,273
Balance at 30 June 2025		38,368,557	-	(39,503,274)	878,096	(256,622)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. Summary of Significant Accounting Policies

Corporate information

The financial report of Vectus Biosystems Limited (the Group) for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the Directors on 29 August 2025. The directors have the power to amend and reissue the financial statements.

Vectus Biosystems Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly listed on the Australian Stock Exchange (ASX code: VBS).

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* , Australian Accounting Standards and Interpretations of the Australian Account Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The Group has incurred an operating loss after tax of $1,777,259 for the financial year ended 30 June 2025 (2024: Operating loss after tax of $2,338,124) and the net equity has moved from $1,486,365 as at 30 June 2024 to a deficit of $256,622 as at 30 June 2025. The operating cash burn rate for the financial year ended 30 June 2025 was $830,088 (2024: $2,032,806). The cash balance at 30 June 2025 was $250,988 (2024: $808,969). The above matters may give rise to a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. Therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report. However, the Directors believe that the Group will be able to continue as a going concern due to the following mitigating factors in relation to the material uncertainty.

The Directors have prepared detailed cash flow projections for the period of 12 months from the date of signing this Report. The Group is dependent on funds received from R&D Start Grants, as well as loans, capital raisings, licencing and commercial activities, and shareholders to continue to operate with enough cash on hand for the next 12 months. The Group demonstrated in previous years its success in raising capital, including in the 2023 financial year when an amount of $4.6 million was raised. The Directors remain confident that this can be repeated as required to support the Group's continuing activities. As previously announced, the Company is now focusing on the commercialisation of its clinical drug VB0004. The funds required as operating costs of the Company for this work have been significantly reduced compared to prior years. In the event insufficient funds are raised to meet the Going Concern principle through the methods mentioned in this note above, related party creditors will defer requests for payment until the second quarter of the 2026-27 financial year, and certain shareholders have committed to support the Company until at least the second quarter of the 2026-27 financial year and further costs will be reduced, so that so that the Group will be able to continue as a Going Concern.

Consequently, the Group's financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and satisfaction of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should the Group be unable to continue as a going concern.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Statement of compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the applicable and relevant new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Management does not currently expect any of the new accounting standards not yet effective to have a material impact on the group, however these will be continued to be monitored ahead of the effective date.

There are no standards that have been issued by the International Accounting Standards Board, not yet adopted by Australia, that needs to be considered or is expected to have any material impact on the financial performance or position of the consolidated entity.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Vectus Biosystems Limited) and the subsidiary (including any structured entities). Subsidiary is the entity the parent controls. The parent controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 18.

The assets, liabilities and results of the subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of the subsidiary has been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidations at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Property, Plant and Equipment

Property, plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carry amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Depreciation

The depreciable amount of all fixed assets is depreciated on a prime cost method over the assets useful life to the company commencing from the time the asset is held ready for use. Depreciation is recognised in the profit and loss.
The depreciation rates used for each class of depreciable assets are:

Summary of Significant Accounting Policies (continued)

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	20% - 40%
Fixtures & Fittings	10% - 20%
Office Equipment	20% - 50%

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from the assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discontinued to their present values in determining recoverable amounts.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within the short-term borrowings in current liabilities in the statement of financial position.

(d) Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax.

(e) Trade Receivables and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(f) Trade Creditors and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from the ATO is included with other receivables in the statement of financial position.

Cash Flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities are recoverable, or payable to, the ATO are presented as operating cash flows included in receipts from or payments to suppliers.

(h) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Summary of Significant Accounting Policies **(continued)**

Other long-term employee benefits
The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payment
The fair value of options or share-based payments granted under the Employee Option Plan is recognised as an employee benefit expenses with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or shares.

At each balance sheet date, the entity revises its estimate of the number of options or shares that are expected to vest or become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(i) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Summary of Significant Accounting Policies (continued)

(j) Financial Instruments

Financial assets
Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Interest
Interest is classified as an expense consistent with the balance sheet classification of the related debt or equity instruments.

Financial liabilities
The Group classifies its financial liabilities as measured at amortised cost. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk.

These financial liabilities include the following items:
Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Impairment
A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or move events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if not impairment amount was previously recognised in the allowance account.

Summary of Significant Accounting Policies (continued)

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognised the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition
Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(k) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of the new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Convertible Notes

Convertible notes are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible notes, the fair value of the liability component is determined using an equivalent market rate. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished or derecognised on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Liability component is removed from the balance sheet upon conversion or redemption. The difference between the carrying amount of a financial liability that has been redeemed and the consideration paid, including any non-cash settlement, is recognised as equity.

(m) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when; it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(n) Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Summary of Significant Accounting Policies **(continued)**

(n) Intangible Assets (continued)

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Patents and trademarks

Patents are in relation to research and are not capitalised, the costs associated with patents have been included as an expense.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method if the impact is material to the financial report. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(t) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

(t) Income tax *(continued)*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax Consolidation

The company and all its wholly-owned Australian residententities have entered into a tax consolidated group underAustralian taxation law.

The company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries set out in note 33. The head entity recognises all of the current and deferred tax assets and liabilities of the tax consolidated group (after elimination of intragroup transactions).

(u) Recoverable amount of non-current assets

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets, the relevant cash flows have been discounted to their present value.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2025 $	2024 $
3. Revenue and other Income		
R&D tax offset rebate	461,177	1,060,939
Interest income	18,767	76,858
Other revenue	(1,762)	877
	478,182	1,138,674

4. Loss from Ordinary Activities	2025 $	2024 $
Loss from ordinary activities before income tax includes the following items of expense:		
Expenses		
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	13,690	58,835
	13,690	58,835

	2025 $	2024 $
Employment benefits and directors' remuneration		
Base salary and fees	476,469	1,150,003
Superannuation and statutory oncosts	33,705	115,745
Share based payments	28,582	42,530
Other employee expenses	6,316	4,251
Transfers from employee entitlements provisions	(26,191)	(9,192)
	518,881	1,303,337
Finance Costs		
Borrowing cost - convertible notes	-	-
Interest on Directors' loan	1,665	2,822
Other finance costs	2,241	5,882
	3,906	8,704
Research & Development expense		
Research and Development expense	544,938	834,765
Patent costs	122,873	316,281
	667,811	1,151,046

5. Income Tax

(a) Income tax expense

The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

	2025 $	2024 $
Loss for year before income tax benefit	(1,777,259)	(2,338,124)
Income tax benefit calculated at 30%	(533,178)	(701,437)
Temporary differences and tax losses not recognised	400,494	403,134
Permanent differences		
R&D grant included in P&L not assessable	(138,353)	(318,282)
R&D expenses not deductible	260,755	604,382
Share based payments	10,282	12,203
Income tax benefit	-	-

(b) Deferred tax balances not recognised

Calculated at 30% not brought to account as assets:

	2025 $	2024 $
Deferred tax assets relating to tax losses		
Revenue tax losses available for offset against future tax income	6,531,763	6,108,056
Net deferred tax asset not recognised in respect of tax losses	6,531,763	6,108,056
Deferred tax assets relating to temporary differences		
Provision for employee entitlements	-	-
Accruals	65,150	29,460
Other liabilities	4,415	50,768
Patents	144,571	-
Prepayments	(26,671)	(17,183)
	187,465	63,046
Net deferred tax asset not recognised in respect of temporary differences	187,465	63,046

Relevance of tax consolidation to the consolidated entity

Legislation to allow groups comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes ('the tax consolidation system') was substantively enacted on 21 October 2002. The company and its wholly-owned Australian resident entity have been consolidated for tax purposes under this legislation.

6. Cash and Cash Equivalents

	2025 $	2024 $
Cash on Hand	-	400
Cash at Bank and Term Deposits	250,988	808,569
	250,988	808,969

7. Other Current Assets

	2025 $	2024 $
Prepayments	88,905	57,275
R&D Grant Receivable	420,000	935,907
Inventory	978	978
Goods and Services Tax and other receivables	17,570	40,327
	527,453	1,034,487

The carrying amounts of the group's other current assets are a reasonable approximation of their fair values.

8. Property, Plant and Equipment

	2025 $	2024 $
Plant and Equipment	15,698	876,644
Less: Accumulated depreciation	(11,483)	(697,665)
	4,215	178,979
Office Equipment	69,358	88,020
Less: Accumulated depreciation	(69,358)	(84,828)
	-	3,192
	4,215	182,171

Reconciliations of the written down values at the beginning and end of the current financial year are set out below

	Plant and Equipment	Office Equipment	Total
Balance at 1 July 2024	178,979	3,192	182,171
Additions	-	-	-
Disposals	(163,656)	(610)	(164,266)
Depreciation	(11,108)	(2,582)	(13,690)
Balance at 30 June 2025	4,215	-	4,215
Balance at 1 July 2023	155,954	17,152	173,106
Additions	67,900	-	67,900
Depreciation	(44,875)	(13,960)	(58,835)
Balance at 30 June 2024	178,979	3,192	182,171

9. Current Trade and Other Payables

	2025 $	2024 $
Trade creditors	533,995	187,062
PAYG withholding payable	3,400	26,172
	537,395	213,234

The carrying amount of the Group's current trade and other payables are a reasonable approximation of their fair values.

		2025	2024
10.	**Other current and non-current liabilities**	**$**	**$**
A.	**Other current liabilities**		
	Accrued expenses*	287,168	127,875
	Lease liability	-	28,926
		287,168	156,801
B.	**Other non-current Liabilities**		
	Lease liability	-	-
		-	-
	**Accrued expenses include:*		
	Accrued Directors' fees	*122,885*	*-*
	Accrued R&D and Patent expenses	*120,000*	*37,375*
	Other accruals	*44,283*	*90,500*
		287,168	*127,875*

The carrying amount of the Group's other current and non-current liabilities are a reasonable approximation of their fair values.

C. Particulars relating to lease liabilities

The Group has entered into finance lease contracts for fixed assets included in property, plant and equipment (note 8).

The balance outstanding on finance lease is accounted as lease liability (current and non-current) in note 10A and 10B.

The financial statements shows the following amounts relating to leases:

	2025	2024
	$	**$**
Depreciation expense (included in depreciation and amortisation expense)	10,230	26,304
Interest expense (included in finance cost)	709	3,903
Value of asset included in property, plant and equipment	-	131,518
Total cash flows for finance leases	29,636	40,924
Expense relating to short-term operating leases (included in occupancy expenses)	30,269	177,721

	2025	2024
	$	$
11. Provisions		
A Current		
Provision for Annual Leave	11,331	95,228
Provision for Long Service Leave	-	69,431
	11,331	164,659
B Non-Current		
Provision for Long Service Leave	3,384	4,568
	3,384	4,568

The carrying amount of the Group's provisions are a reasonable approximation of their fair values.

	2025	2024
12. Borrowings		
Unsecured loans from Directors	200,000	-
Refer to 'Transactions with Directors and Director related entities' in Directors' Report		
Interest is payable at 8.6% per annum		
	200,000	-

13. Issued Capital

	2025 Number of Shares	2024 Number of Shares	2025 $	2024 $
Ordinary shares - fully paid (no par value)	53,278,312	53,210,521	38,368,557	38,368,557
	53,278,312	53,210,521	38,368,557	38,368,557

Movements in ordinary share capital of Vectus Biosystems Limited

	2025 Number of Shares	2024 Number of Shares	2025 $	2024 $
Balance at beginning of the year	53,210,521	53,189,519	38,368,557	38,352,080
Shares issued during the year	67,791	1,160	-	603
	53,278,312	53,210,521	38,368,557	38,368,557
Transaction costs relating to share issues	-	-	-	-
Balance at end of year	53,278,312	53,210,521	38,368,557	38,368,557

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital and accumulated retained earnings. Neither the share based payments reserve nor the translation reserve is considered as capital.

Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

14. Accumulated losses	**2025 $**	**2024 $**
Accumulated loss at the beginning of the financial year	(37,726,016)	(35,387,891)
Loss after income tax expense for the year	(1,777,259)	(2,338,124)
Accumulated loss at the end of the financial year	**(39,503,275)**	**(37,726,016)**

15. Related party disclosures

(a) Subsidiary

Vectus Biosystems Limited has a 100% interest in Accugen Pty Limited.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 16.

(c) Transactions with related parties

A number of specified directors, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

Details of these transactions and outstanding balances are shown below:

	2024	2023
	$	$
Regional Health Care Group Pty Ltd		
Corporate, administration and laboratory expenses	-	2,402
Current payables	-	-
Regional Corporate Services Pty Ltd		
Corporate and administration services	233,520	205,228
Current payables	240,734	35,664

Maurie Stang is a director and shareholder of Regional Healthcare Group Pty Ltd and Regional Corporate Services Pty Ltd.

Aeris Environmental Ltd		
Accounting services provided	-	-
Current receivables	-	-

Maurie Stang is a director and shareholder of Aeris Environmental Ltd.

Loan from Maurie Stang, Non-Executive Deputy Chairman		
Loan borrowing	200,000	-
Loan repaid	-	-
Interest paid on loan	-	-
Outstanding balance	200,000	-
Balances outstanding to Directors		
Directors' fees payable to Maurie Stang	45,375	-
Directors' fees payable to Ronald Shnier	53,625	-
Directors' fees payable to Linda Walters	23,885	-

16. Key management personnel

(a) The Directors of Vectus Biosystems Limited during the year were:

Ronald Shnier	
Maurie Stang	
Linda Walters	*Appointed to the Board on 20 December 2024*
Susan Pond	*Ceased to be a Director on 27 November 2024*

(b) The aggregate compensation made to key management personnel of the consolidated entity is set out below:

	2025	2024
	$	$
Short-term employee benefits	146,139	357,334
Post-employment benefits	16,264	38,326
Share-based payments	-	-
	162,403	395,660

Futher disclosures relating to the key management personnel are set out in remuneration report in the Directors' Report.

17. Commitments

(a) Lease commitments - finance

	2025	2024
Committed at the reporting date and recognised as liabilities, payable:	$	$
Within one year	-	28,926
One to five years	-	-
	-	**28,927**

(b) Lease commitments - operating

Committed at the reporting date but not recognised as liabilities:		
Within one year	7,550	14,810
One to five years	-	-
	7,550	**14,810**

(c) Operating Commitments

Committed at the reporting date but not recognised as liabilities, payable:		
Research and development expenses		
Within one year	23,769	471,555
One to five years	-	16,285
	23,769	**487,840**

(d) Capital expenditure commitments

There are no capital expenditure commitments at the end of the financial year.

18. Interest in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1.

		Ownership interest	
	Principal place of business/	**2025**	**2024**
Name	**Country of Incorporation**	**%**	**%**
Accugen Pty Limited	Australia	100%	100%

19. Subsequent events

There have been no matters or circumstances, which have arisen since 30 June 2025 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2025, of the Group; or

(b) the results of those operations; or

(c) the state of affairs, in the financial years subsequent to 30 June 2025, of the Group

20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by UHY Haines Norton, Chartered Accountants.

	2025	2024
	$	$
Audit Services - UHY Haines Norton		
Audit and review of financial statements	78,000	59,000
	78,000	59,000

21. Parent entity information

	2025	**2024**
	$	**$**
Loss after income tax	(1,750,749)	(2,260,182)
Total comprehensive loss	(1,750,749)	(2,260,182)
Total current assets	2,023,446	3,078,754
Total assets	2,028,661	3,257,282
Total current liabilities	821,886	532,849
Total liabilities	1,025,270	537,416
Equity		
Issued capital (net of share issue cost)	38,368,557	38,368,557
Convertible notes	-	-
Reserves	878,096	843,823
Accumulated losses	(38,243,263)	(36,492,513)
Total equity	1,003,390	2,719,867

Guarantees entered into by the parent entity in relation to the debts of its subsidiary
The parent entity has not entered into guarantee agreement on behalf of its subsidiary.

Operating commitments and Contingent liabilities
Operating commitments and contingent liabilities of the parent entity as at the reporting date are same as of the Group disclosed in note 17 and 27 respectively.

Capital Commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, with exception of the investment in subsidiary that is accounted for at cost.

22. Notes to Cash Flow Statements

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the statement of financial position as follows:

	2025	2024
	$	$
Cash at bank and on hand	250,988	808,969
	250,988	808,969

(b) Reconciliation of operating loss after income tax to net cash flows from operating activities

	2025	2024
	$	$
Operating loss after income tax	(1,777,259)	(2,338,124)
Non-cash/non-operating items included in profit and loss		
Depreciation and amortisation	13,690	58,835
Loss on disposal of fixed assets	71,920	-
Convertible Notes interest	-	-
Share based payments	34,274	57,155
Change in employee entitlement provision	(154,512)	(9,192)
Other adjustments	-	-
Changes in assets and liabilities		
(Increase) / Decrease in other assets	507,034	471,447
Increase / (Decrease) in trade and other payables	344,398	(40,374)
Increase / (decrease) in other liabilities	130,367	(232,553)
Net cash used in operating activities	(830,088)	(2,032,806)

(c) Changes in liabilities arising from financing activities

	Lease liability	Loan Borrowings	Convertible notes
Balance at 1 July 2024	28,927	-	-
Interest	709	-	-
Payments	(29,636)	-	-
Balance at 30 June 2025	-	-	-
Balance at 1 July 2023	70,207	-	-
Interest	3,903	-	-
Payments	(45,183)	-	-
Balance at 30 June 2024	28,927	-	-

23. Operating Segments

The Consolidated Entity operates in one segment, being pharmaceutical research and development. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

24. Reserves	2025	2024
	$	$
Share based payments reserve		
Balance at beginning of financial year	843,823	803,145
Share based payments during the year allocated to:		
Employees and consultant (recognised as expense - refer note 4)	34,273	41,281
Utilised for share issue	-	(603)
Balance at end of financial year	878,096	843,823

Particulars of options or rights granted over unissued shares

	2025	**2024**
Weighted average remaining contractual life	1.67 years	3.41 years
Range of exercise prices	NIL	NIL
Options or rights on issue		
Employees and consultants	251,855	337,890
Key Management Personnel (KMP)	316,000	316,000
	567,855	653,890
Options or rights granted during the year (Details noted below*)		
Employees and consultants	75,000	335,570
Key Management Personnel (KMP)	-	-
	75,000	335,570
Shares issued as a result of exercise of options or rights (Details noted below**)		
Employees and consultants	67,791	1,160
Key Management Personnel (KMP)	-	-
	67,791	1,160
Options or rights expired or forfeited during the year		
Employees and consultants	-	-
Key Management Personnel (KMP)	-	-
	-	-

* **Details of options or rights granted during the year**

	2024 Granted to Employees	2024 Granted to Employees	2024 Granted to Employees	2024 Granted to Consultants	2025 Granted to Employees and consultant
Number of options	53,375	81,745	125,450	75,000	75,000
Exercise price	NIL	NIL	NIL	NIL	NIL
Expiry date	11/07/2027	20/02/2028	7/05/2028	14/12/2026	1/04/2026
Grant date	20/11/2023	13/03/2024	7/05/2024	20/06/2024	1/04/2025
Dividend	NIL	NIL	NIL	NIL	NIL
Market price at grant date	$ 0.49	$ 0.09	$ 0.09	$ 0.09	$ 0.08
Valuation price	$ 0.49	$ 0.09	$ 0.09	$ 0.09	$ 0.08

Valuation of options granted to employees was on the basis of market price at grant date.

** **Details of shares issued as a result of exercise of options or rights**

	2024 Issued to Employees	2025 Issued to Consultant	2025 Issued to Consultant	2025 Issued to Employees
Number of options	1,160	25,000	25,000	17,791
Exercise price	NIL	NIL	NIL	NIL
Exercise date	29/05/2024	4/10/2024	12/03/2025	4/10/2024
Market price at exercise date	$ 0.13	$ 0.08	$ 0.08	$ 0.08
Original valuation price	$ 0.52	$ 0.26	$ 0.26	$ 0.49

25. Loss per share	**2025**	**2024**
	$	$
Basic loss per share (cents per share)	(3.34)	(4.39)
Diluted loss per share (cents per share)	(3.34)	(4.39)
Loss used to calculate basic loss per share	(1,777,259)	(2,338,124)
Loss used to calculate diluted loss per share	(1,777,259)	(2,338,124)
Weighted average number of ordinary shares used to calculate basic loss per share	53,249,660	53,200,982
Weighted average number of ordinary shares used to calculate diluted loss per share*	53,249,660	53,200,982
Options and rights eligible for conversion into ordinary shares in future		
Options	567,855	653,890
Convertible notes	-	-
	567,855	**653,890**

**Weighted average number of shares including convertible note options and other options are not included because they were anti-dilutive.*

26. Financial instruments disclosures

(a) Capital:

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.
In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

(b) Financial instrument risk exposure and management:

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements.
There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(c) Principal financial instruments:

The principal financial instruments used by the Group, from which financial instrument risks arise, are:
Cash at bank;
R&D Rebate receivable;
Deposits and bonds;
Loan from Directors;
Convertible Notes; and
Trade and other payables.

(d) General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk:

Credit risk arises principally from the Group's cash and term deposits. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The maximum exposure to credit risk at balance sheet date is as follows :

	2025	**2024**
	$	$
Cash in banks and term deposits	250,988	808,569

(ii) Liquidity risk:
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. As stated in note 1 (Going Concern paragraphs), the Group expected to have sufficient liquid resources to meet its obligations under all reasonable circumstances.

Maturity analysis of financial assets and liability based on management's expectations
The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., trade receivables and inventories). These assets are considered in the Group's overall liquidity risk.

Maturity Analysis - 2025	**Cash flows**	**< 1 year**	**1 - 3 years**	**Total**	**Carrying amount**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	250,988	250,988	-	250,988	250,988
TOTAL	**250,988**	**250,988**	**-**	**250,988**	**250,988**
Financial liabilities					
Trade Creditors	537,395	537,395	-	537,395	537,395
Accruals	287,168	287,168	-	287,168	287,168
Loans	217,200	217,200	-	217,200	200,000
Lease liabilities (floating rate)	-	-	-	-	-
Lease liabilities (fixed rate)	-	-	-	-	-
Convertible notes	-	-	-	-	-
TOTAL	**1,041,763**	**1,041,763**	**-**	**1,041,763**	**1,024,563**
NET MATURITY	**(790,775)**	**(790,775)**	**-**	**(790,775)**	**(773,575)**

Maturity Analysis - 2024	**Cash flows**	**< 1 year**	**1 - 3 years**	**Total**	**Carrying amount**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	808,969	808,969	-	808,969	808,969
TOTAL	**808,969**	**808,969**	**-**	**808,969**	**808,969**
Financial liabilities					
Trade Creditors	213,234	213,234	-	213,234	213,234
Accruals	127,875	127,875	-	127,875	127,875
Loans	-	-	-	-	-
Lease liabilities (floating rate)	26,800	26,800	-	26,800	25,470
Lease liabilities (fixed rate)	3,770	3,770	-	3,770	3,456
Convertible notes	-	-	-	-	-
TOTAL	**371,679**	**371,679**	**-**	**371,679**	**370,035**
NET MATURITY	**437,290**	**437,290**	**-**	**437,290**	**438,934**

(iii) Interest rate risk:
The Group's exposure to fluctuations in interest rates that are inherent in financial markets arise predominantly from assets and liabilities bearing variable interest rates.

The company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below :

2025	**Weighted Average Rates**	**Floating rates**	**Fixed rates**	**Non-interest bearing**	**Total**
	%	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	2.0%	250,988	-	-	250,988
Total		**250,988**	**-**	**-**	**250,988**
Financial liabilities					
Trade Creditors	0.0%	-	-	537,395	537,395
Other payables and accruals	0.0%	-	-	287,168	287,168
Lease liabilities (floating rate)	9.1%	-	-	-	-
Boorowings	8.6%	-	200,000	-	200,000
Convertible Notes	6.0%	-	-	-	-
Lease liabilities (fixed rate)	5.2%	-	-	-	-
TOTAL		**-**	**200,000**	**824,563**	**1,024,563**
Net financial assets (liabilities)		**250,988**	**(200,000)**	**(824,563)**	**(773,575)**

2024	**Weighted Average Rates**	**Floating rates**	**Fixed rates**	**Non-interest bearing**	**Total**
	%	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	2.0%	808,969	-	-	808,969
Total		**808,969**	**-**	**-**	**808,969**
Financial liabilities					
Trade Creditors	0.0%	-	-	213,234	213,234
Other payables and accruals	0.0%	-	-	127,875	127,875
Lease liabilities (floating rate)	9.1%	26,800.00	-	-	26,800
Lease liabilities (fixed rate)	5.2%	-	3,770	-	3,770
TOTAL		**26,800**	**3,770**	**341,109**	**371,679**
Net financial assets (liabilities)		**782,169**	**(3,770)**	**(341,109)**	**437,290**

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

Sensitivity analysis

2025	**Carrying amount**	**+0.5% interest Profit & Loss**	**-0.5% interest Profit & Loss**
	$	**$**	**$**
Cash at bank	250,988	1,255	(1,255)
Term deposits	-	-	-
		1,255	(1,255)
Tax charge of 30%		(376)	376
Post tax profit increase / (decrease)		878	(878)

2024	**Carrying amount**	**+0.5% interest Profit & Loss**	**-0.5% interest Profit & Loss**
	$	**$**	**$**
Cash at bank	808,969	4,045	(4,045)
Term deposits	-	-	-
		4,045	(4,045)
Tax charge of 30%		(1,213)	1,213
Post tax profit increase / (decrease)		2,831	(2,831)

27. Contingent Liabilities

There are no contingent liabilities of the company or the Group.

VECTUS BIOSYSTEMS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED ENTITY DISCLOSURE STATEMENT
For the Year Ended 30 June 2025

Consolidated entity disclosure statement

		As at 30 June 2025				
Name of the entity	**Type of entity**	**Trustee, partner or participant in JV**	**% of share capital**	**Place of incorporation**	**Australian resident or foreign resident**	**Foreign jurisdiction(s) of foreign residents**
Parent entity						
Vectus Biosystems Limited	Body corporate	N/A	N/A	Australia	Australian	N/A
Controlled entities of Vectus Biosystems Limited						
Accugen Pty Limited	Body corporate	N/A	100%	Australia	Australian	N/A

The ultimate controlling entity of the Group is Vectus Biosystems Limited. The Group's consolidated entity disclosure statement as at 30 June 2025 has been prepared in accordance with Section 295 (3A) of the Corporations Act and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements

DIRECTORS' DECLARATION

In the opinion of the Directors:

1 the attached financial statements and notes that are set out on pages 10 to 34 and remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with the *Corporations Act 2001* , the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

2 the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

3 the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;

4 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

5 the consolidated entity disclosure statement on page 35 is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* .

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001* .

On behalf of the Board of Directors

Dr Ronald Shnier
Non-Executive Chairman

Date: 29 August 2025

UHY Haines Norton
Chartered Accountants
Level 9, 1 York Street
Sydney NSW 2000

GPO Box 4137
Sydney NSW 2001

T + 61 2 9256 6600
E sydney@uhyhnsyd.com.au

uhyhnsydney.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of Vectus Biosystems Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vectus Biosystems Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report, which discloses the Group's ability to continue as a going concern. The matters described in Note 1 of the Financial Report, indicate a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

UHY
Connect to possibility

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 8 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Vectus Biosystems Ltd for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
29 August 2025

UHY Haines Norton
Chartered Accountants

VECTUS
BIOSYSTEMS