



29 July 2022

Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

In accordance with ASX Listing Rule 4.7B, Vectus Biosystems Limited (**Vectus** or the **Company**) presents its June 2022 Quarterly Activities Report and Quarterly Cash Flow Report – Appendix 4C.

Overview

VB0004 Phase Ia human clinical trials are targeted for completion in the fourth quarter of calendar year 2022. The Single Ascending Dose (**SAD**) Cohorts 1 through 5, as well as Multiple Ascending Dose (**MAD**) Cohort 6, have been completed and MAD Cohort 7 is in progress.

Shanghai Jadesen Management Co., Ltd (**Shanghai Jadesen**) has been appointed to provide professional advisory services in the People's Republic of China.

Commentary on Activities for June 2022 Quarter

During the quarter, Cohort 5 of the SAD study, in which participants received a single dose of 300mg of VB0004, was completed and the data was reviewed by the Trial Safety Review Committee. No significant adverse events were observed, which indicates a very large therapeutic safety margin for VB0004.

The first MAD cohort (Cohort 6), in which participants received a dose of 10mg of VB0004 daily for 14 days, was also completed and reviewed by the Trial Safety Review Committee, which gave permission for escalation to the next dose step, of 30mg of VB0004 daily for 14 days, to occur (Cohort 7). Enrolment for Cohort 7 has been completed.

The pharmacokinetic (PK) analysis from all SAD Cohorts confirms that the time taken for VB0004 to reach its maximal plasma concentration (T_{max}) occurred six hours after dosing. In addition, this analysis indicated that VB0004 has a plasma half-life (the time taken for the plasma concentration to decrease by 50% from T_{max}) in the range of 10 to 15 hours. These data provide more evidence that VB0004 will be amenable to once daily dosing, a desirable feature in medications for chronic conditions such as hypertension, heart failure, kidney failure and pulmonary fibrosis.

The Annual Safety Report was submitted and approved by the Human Research Ethics Committee of the Alfred Hospital.

The trial entitled "A phase I/Ib, first-time-in-human, single centre, double-blind, randomized, placebo-controlled, dose escalating study of the safety, tolerability and pharmacokinetics of single and repeat doses of VB0004 administered orally to healthy volunteers; and to patients with mild to moderate hypertension with low cardiovascular risk", is registered on the US Government Clinical Trials Protocol Registration and Results Systems (ClinicalTrials.gov) and has been provided with the identifier NCT04925050. Protocol details may be found using this number on the ClinicalTrials.gov public website.

During the quarter the Company announced the appointment of Shanghai Jadesen to provide professional advisory services, as detailed in the ASX announcement released to the market on 27 June 2022.

Patents

Vectus has received notice of grant of the patent for South Korea covering the D group of compounds. The patent relating to the probe method of PCR quantitation by Accugen has also been granted for South Korea.

Accugen

During the quarter the Company appointed a Product Development Manager to lead the development programme in the food safety and diagnostic testing using the Accugen technology. The technology, consisting of AccuCal™ and RealCount™ software, is owned by Vectus' wholly-owned subsidiary, Accugen Pty Limited.

Finance and Corporate

The funds expended by the Company during the recent quarter were largely in connection with the Phase I clinical trials for VB0004. Payments for Phase I, research, patents, staff costs and Directors' fees for the quarter amounted to \$1,075,000. Cash on hand at 30 June 2022 was \$1,281,000, and the research and development (R&D) refund of \$936,000 for the year ended 30 June 2021 was received from the Australian Taxation Office (ATO) in July 2022. Payments to related parties during the quarter were the Chief Executive Officer's salary of \$66,000 and the Non-Executive Directors' fees of \$68,000. Interest of \$9,000 was paid on the \$442,000 loan from Non-Executive Director Maurie Stang. During the quarter, fees of \$37,000 (for corporate services, including cost re-imburement for information technology, human resources and accounting services, in line with budget) were paid to Regional Healthcare Group Pty Ltd, of which Non-Executive Director Maurie Stang is a director.

As mentioned above, an R&D refund of \$936,000 for the year ended 30 June 2021 was received from the ATO in July 2022, and Vectus is accruing further receivables on current R&D expenditure. In addition, the Company had cash on hand at 30 June 2022 of \$1,281,000 and a number of discussions are currently underway that could result in additional funding for Vectus.

Vectus Biosystems Limited**Karen Duggan**

Chief Executive Officer and Executive Director

This announcement was authorised by the Board of Directors.

Appendix 4C

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

Name of entity

Vectus Biosystems Limited

ABN

54 117 526 137

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows

1 Cash flows from operating activities

1.1 Receipts from customers

1.2 Payments for

(a) patent and research expenses

(b) staff costs and directors' fees

(c) occupancy cost

(d) corporate overheads

(e) legal and professional fees

(f) other operating costs, including working capital

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

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

1.7 Government grants and tax incentives

1.8 Others (provide details if material)

1.9 Net cash from / (used in) operating activities

	Current quarter \$A'000	Year to date (12 months) \$A'000
	-	-
	(693)	(2,415)
	(382)	(1,104)
	(49)	(192)
	(185)	(372)
	(57)	(320)
	26	(46)
	-	-
	-	-
	(68)	(98)
	-	-
	-	-
	-	50
	(1,408)	(4,497)

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-
3 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,689	5,778
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,408)	(4,497)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,281	1,281

5 Reconciliation of cash and cash equivalents

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,226	2,634
5.2 Term Deposits	55	55
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (item 4.6)	1,281	2,689

6 Payments to related parties of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	180
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

7 Financing facilities

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

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

	Total facility \$A'000	Amount drawn \$A'000
7.1 Loan facilities	442	442
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	442	442
7.5 Unused financing facilities available at quarter end		-

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

The terms of the original loan facility made available of \$2,500,000 by Director M Stang (current advance balance of \$442,000 after the last repayment of \$515,000 in June 2021) include an interest rate of 8% per annum, and security over all of the assets of the Company to secure past and future advances pursuant to the Director loan. The loan terms included a contractual obligation on the Company to utilise its future R&D tax offset payments from the ATO to repay the loan. The Company expects to repay the balance of the loan when additional funding is available. The security will be discharged when the loan is repaid.

8 Estimated cash available for future operating activities

	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,408)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,281
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,281
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.91

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

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

The level of expenditure will decrease significantly when the current Phase I human trials are finalised.

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

A number of discussions are currently underway that could result in additional funding for the Company.

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

Yes, for the reasons above, and as detailed in the Quarterly Activities Report.

Compliance statement

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

Date: 29 July 2022

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

Notes:

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