

Half Year Report

VECTUS BIOSYSTEMS
LIMITED AND CONTROLLED
ENTITIES ACN 117 526 137

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2022

Appendix 4D

Half Year Report for the six months ended on 31 December 2022

Name of entity

VECTUS BIOSYSTEMS LIMITED ABN: 54 117 526 137

Half year report for the six months ended on 31 December 2022 (comparatives for the six months ended on 31 December 2021).

Results for announcement to the market

Revenues from ordinary activities	up	715,048%	to	579,270
(Loss) from ordinary activities after tax attributable to members	down	16%	to	(2,138,519)
Net (loss) for the period attributable to members	down	16%	to	(2,138,519)
Dividends (distributions)		Amount per security		Franked amount per security
Final and interim dividends		Nil ¢		Nil ¢
Previous corresponding period		Nil ¢		Nil ¢

Brief Explanation of figures

Refer to the attached 31 December 2022 Half-Year Financial Report.

Net tangible assets per security with the comparative figure for the previous corresponding period.

Net Tangible Assets

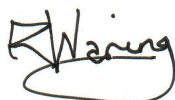
	31 Dec 2022	31 Dec 2021
Net tangible assets per ordinary share	9.09 cents	(15.11) cents

Audit qualification or review

The financial statements were subject to review by the Auditors and the review report is attached as part of the Half Year Report.

Other comments

Refer to the attached 31 December 2022 Half-Year Financial Report.



Robert J Waring
Company Secretary
24 February 2023

This Report was authorised by the Board of Directors.

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24 February 2023

HALF-YEAR REPORT

Overview

Vectus Biosystems Limited (Vectus or the Company) reports its financial results for the half-year ended 31 December 2022. VB0004 Phase Ia human clinical trials were successfully completed in September 2022, being the Single Ascending Dose (S.A.D.) Cohorts 1 through 5, as well as the Multiple Ascending Dose (M.A.D.) Cohorts 6 through 8. During the December 2022 quarter the Company received Human Research Ethics Committee (HREC) approval to enable Scientia Clinical Research to be added as a site for the Phase Ib clinical trial for VB0004. A share placement, a share purchase plan (SPP) and an exercise of options were completed in the recent half year, raising a total of \$4,600,571.

Commentary on Activities

On 14 September 2022 Vectus announced the successful completion of its Phase Ia human trials for VB0004. The Phase Ia trial has established an impressive safety profile for VB0004, with a maximum tolerated single dose of 300mg without significant adverse events. Similarly, no significant adverse events occurred in the M.A.D. studies at doses of 10mg, 30mg and 100mg administered daily for 14 days. This is a significant milestone, proving the safety of the Company's antifibrotic / antihypertensive drug, VB0004. Pharmacokinetic data obtained in the Phase Ia trial provided 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.

To accelerate recruitment for its Phase Ib Clinical Trial, Vectus appointed Scientia Clinical Research as an additional trial site. This appointment required additional HREC approvals, which were completed during the December 2022 quarter.

In the laboratory, work has continued on the emerging leads VB4-A32 (hepatic fibrosis), VB4-A79 (pulmonary fibrosis) and VB4-P5 (renal fibrosis), as well as investigating the most suitable analogues from the Company's library for dementia and cancer treatment.

Intellectual Property Portfolio

Vectus continues to successfully grow and consolidate its patent protection, both in terms of scope and the increasing number of granted patents targeting high-value unmet needs across multiple disease states in major international territories. This expanded portfolio of granted patents increasingly affords the Company a potentially leading position in treating fibrotic disease. There were a number of patents granted during the half year. The details of Vectus' patent portfolio were released to ASX on 23 November 2022 as slide 19 of the Annual General Meeting (AGM) presentation made to shareholders on that date.

VECTUS BIOSYSTEMS LIMITED ABN 54 117 526 137

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Accugen

During the half year the Company continued its work to enhance its technology aimed at improving the speed and accuracy of measuring the amount of DNA and RNA in samples tested in laboratories. The technology, consisting of AccuCal™ and RealCount™ software, offers a time, cost and accuracy benefit compared with currently-available systems. Work progressed on the development programme for food safety and diagnostic testing using the Accugen technology, which is a large and growing market.

AGM

A comprehensive review of Vectus' activities was provided to its shareholders at the Company's AGM held on 23 November 2022, and the Chairman's Address and Chief Executive Officer's presentations were released to ASX prior to the commencement of the AGM. All Resolutions put to shareholders were passed by poll.

Finance

The funds expended during the half year were largely in connection with the Phase Ia clinical trials for VB0004. Vectus' increased expenditure in the current half year (\$2.74 million, compared with the previous corresponding period of \$2.21 million) is in line with the work being carried out in the clinical trial. Expenditure for the half year includes work to advance other emerging leads in the Company's library and new indications that may expand the franchises targeted by Vectus' novel drugs.

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

On 2 December 2022 Vectus announced that it had issued 4,566,337 new fully paid ordinary shares to a range of sophisticated investors under the share placement announced on 23 November 2022. The issue was completed at a price of \$0.80 per share and raised \$3,653,070 before costs. On 28 December 2022 the Company announced that it had issued 871,875 new fully paid ordinary shares to its shareholders under an SPP, the terms of which were set out in the SPP booklet released to ASX on 2 December 2022. The issue was completed at a price of \$0.80 per share and raised \$697,500 before costs. On 28 December 2022 Vectus issued 500,000 new fully paid ordinary shares on the exercise of 500,000 options at an exercise price of \$0.50 per option, which raised \$250,000.

The Company is accruing receivables on current research and development (R&D) expenditure and has forecast the receipt of \$1,100,000 in the March quarter of 2023 as an R&D refund from the Australian Taxation Office for expenditure incurred during the June 2022 financial year. A further \$563,347 is estimated as being receivable for the half year to 31 December 2022.

Summary

Vectus believes that VB0004, and the additional emerging leads, have the potential to address large-scale, unmet medical needs, drive improved healthcare and achieve these outcomes in the context of lower overall costs to the healthcare system, whilst driving shareholder value in parallel.

Vectus Biosystems Limited

Karen Duggan

Chief Executive Officer and Executive Director

This Report was authorised by the Board of Directors.

About Vectus Biosystems Limited

The Company is developing a treatment for fibrosis and high blood pressure, which includes the treatment for three of the largest diseases in the fibrotic market, namely heart, kidney and liver diseases. Vectus successfully completed its Initial Public Offering (IPO) on the Australian Securities Exchange (ASX:VBS) and commenced trading on ASX on 23 February 2016, after raising \$5.1 million. Funds from the IPO were predominantly used to develop the Company's lead compound, VB0004, which aims to treat the hardening of functional tissue and high blood pressure. Vectus has conducted a range of successful pre-clinical trials, which have shown that VB0004 slows down the advances of fibrosis, potentially repairs damaged cell tissue and reduces high blood pressure. VB0004 is now progressing through a number of important milestones, including pharmaceutical scale-up and additional toxicity studies. Following successful results, the fundraising from the 2019 convertible notes, which have all subsequently been converted into shares, and the 2020 and 2022 share placements and SPP, the Company has funding for its Human Phase Ib trial of VB0004, and to advance it and the other drugs in its library. Vectus' strategy is to develop and perform early validation of its drug candidates to the point where they may become commercially attractive to potential pharmaceutical partners.

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



Half Year Report Contents

	Page No.
Directors' Report	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Condensed Consolidated Financial Statements	6
Directors' Declaration	10
Auditor's Independence Declaration	11
Independent Auditor's Review Report	12

Corporate Directory

Vectus Biosystems Limited

ACN: 117 526 137
ABN: 54 117 526 137

Directors

Dr Ronald Shnier	Non-Executive Director and Chairman
Mr Maurie Stang	Non-Executive Director and Deputy Chairman
Dr Karen Duggan	Executive Director and Chief Executive Officer
Dr Susan Pond	Non-Executive Director

Company Secretary

Mr Robert Waring

Registered and Principal Office

3 – 11 Primrose Avenue
Rosebery NSW 2018 Australia

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Facsimile: +61 2 9662 1720
Email: info@vectusbiosystems.com.au
Website: www.vectusbiosystems.com.au

Share Registry

Boardroom Pty Limited
Level 12, Grosvenor Place, 225 George Street, Sydney NSW 2000
GPO Box 3993, Sydney NSW 2000

Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
Website: www.boardroomlimited.com.au
Email: enquiries@boardroomlimited.com.au

Auditor

UHY Haines Norton Sydney
Level 11, 1 York Street, Sydney NSW 2000
GPO Box 4137, Sydney NSW 2001

Telephone: + 61 2 9256 6600
Website: www.uhyhnsydney.com.au

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange (ASX Limited). ASX Code: **VBS**

Vectus Biosystems Limited

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Vectus Biosystems Limited (the Company) and its controlled entities together with the consolidated financial report for the half-year ended 31 December 2022.

DIRECTORS

The names and details of the Company's Directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Ronald Shnier (Non-Executive Director and Chairman)
Maurie Stang (Non-Executive Director and Deputy Chairman)
Karen Duggan (Executive Director and Chief Executive Officer)
Susan Pond (Non-Executive Director)
Peter Bush (Non-Executive Director) *Resigned on 23 November 2022*

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial period consisted of medical research and development.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 7 September 2022, the Company issued a total of 763,529 shares as follows:

680,000 shares were issued to two convertible noteholders following conversion of 680,000 convertible notes at a price of \$0.50 per note. Interest at 6% per annum was paid to these note holders by issue of 83,529 shares calculated at \$0.77 per share.

On 28 September 2022, the Company issued a total of 10,218,207 shares as follows:

8,940,000 shares were issued to two convertible noteholders following conversion of 8,940,000 convertible notes at a price of \$0.50 per note. Interest at 6% per annum was paid to these note holders by issue of 1,278,207 shares calculated at \$0.668 per share.

On 2 December 2022, Company issued 4,566,337 shares to a number of sophisticated investors under the placement announced on 23 November 2022. The issue was completed at a price of \$0.80 per share, and raised \$3,653,070 before costs. The net proceeds of the placement will be used to accelerate the phase Ib clinical trial of VB0004, which targets the prevention and reversal of fibrosis in the heart and kidneys. Proceeds will also be used to advance Vectus' other emerging lead compounds and for working capital.

On 28 December 2022, Company allotted 871,875 shares under its Share Purchase Plan (SPP) to 44 participating shareholders. The details of SPP was announced to ASX on 23 November and 2 December 2022. The issue was completed at a price of \$0.80 per share and raised \$697,500. The proceeds will be used to accelerate the phase Ib clinical trial of VB0004, which targets the prevention and reversal of fibrosis in the heart and kidneys. Proceeds will also be used to advance Vectus' other emerging lead compounds and for working capital.

Other than those stated above, there have been no significant changes in the state of affairs of the consolidated entity during the half year ended 31 December 2022.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In the opinion of the Directors, no matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

REVIEW OF OPERATIONS

The Group has incurred operating losses before tax of \$2,138,519 for the half year to 31 December 2022 (2021: \$2,548,713). The net assets as at 31 December 2022 were \$4,833,301 (Net liabilities at 30 June 2022: \$3,533,995)

ROUNDING OF ACCOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investment Commission, relating to "rounding-off". Amounts in this report have been rounded off to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

The Auditor's Independence Declaration is set out in the attached statement from UHY Haines Norton and forms part of the Directors' Report for the half year ended 31 December 2022.

DIVIDENDS

No dividends were proposed, declared or paid during the half year period and to the date of this report (2021: Nil).

This report is made in accordance with a resolution of the Directors pursuant to section 306(3)(a) of the *Corporations Act 2001*.



Maurie Stang
Non-Executive Director and Deputy Chairman

Sydney, 24 February 2023

Vectus Biosystems Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	Notes	December 2022 \$	December 2021 \$
Revenue and other income	2	579,270	81
Administration and corporate expenses		(491,311)	(378,329)
Financial expenses	3	(200,313)	(275,556)
Depreciation and amortisation expense	3	(22,239)	(6,474)
Employee benefits expense and Directors' remuneration	3	(673,982)	(597,576)
Occupancy expenses	3	(88,861)	(84,904)
Research & Development expenses	3	<u>(1,241,083)</u>	<u>(1,205,955)</u>
Loss before income tax expense		(2,138,519)	(2,548,713)
Income tax benefit / expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year		(2,138,519)	(2,548,713)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		<u>(2,138,519)</u>	<u>(2,548,713)</u>
Total comprehensive loss for the half year attributable to members of Vectus Biosystems Limited		<u>(2,138,519)</u>	<u>(2,548,713)</u>
EARNINGS PER SHARE		Cents	Cents
Basic loss per share	7	(5.04)	(7.98)
Diluted loss per share	7	(5.04)	(7.98)

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

Vectus Biosystems Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	December 2022 \$	June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents	4	3,556,199	1,281,341
Other current assets	5	<u>2,104,275</u>	<u>2,447,404</u>
TOTAL CURRENT ASSETS		<u>5,660,474</u>	<u>3,728,745</u>
NON-CURRENT ASSETS			
Plant and equipment		<u>189,930</u>	<u>207,508</u>
TOTAL NON-CURRENT ASSETS		<u>189,930</u>	<u>207,508</u>
TOTAL ASSETS		<u>5,850,404</u>	<u>3,936,253</u>
CURRENT LIABILITIES			
Trade and other payables		161,700	149,012
Other current liabilities		372,363	943,598
Borrowings		-	442,291
Convertible notes		-	5,447,433
Provisions		<u>411,132</u>	<u>416,006</u>
TOTAL CURRENT LIABILITIES		<u>945,195</u>	<u>7,398,340</u>
NON-CURRENT LIABILITIES			
Provisions		1,642	1,642
Other non-current liabilities		<u>70,266</u>	<u>70,266</u>
TOTAL NON-CURRENT LIABILITIES		<u>71,908</u>	<u>71,908</u>
TOTAL LIABILITIES		<u>1,017,103</u>	<u>7,470,248</u>
NET ASSETS / (LIABILITIES)		<u>4,833,301</u>	<u>(3,533,995)</u>
EQUITY			
Issued capital		37,567,067	27,302,638
Share based payment reserve		802,601	458,743
Other reserves		785,013	887,485
Accumulated losses		<u>(34,321,380)</u>	<u>(32,182,861)</u>
TOTAL EQUITY / (DEFICIT)		<u>4,833,301</u>	<u>(3,533,995)</u>

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

Vectus Biosystems Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

	Issued Capital \$	Share based payment Reserves \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2022	27,302,638	458,743	887,485	(32,182,861)	(3,533,995)
Total Comprehensive Income					
Loss for the period	-	-	-	(2,138,519)	(2,138,519)
Total comprehensive loss for the period	-	-	-	(2,138,519)	(2,138,519)
Transaction with owners in their capacity as owners					
Issue of shares	10,333,993	-	-	-	10,333,993
Cost of issue	(69,564)	-	-	-	(69,564)
Share-based payment	-	343,857	-	-	343,857
Convertible notes adjustment	-	-	(102,472)	-	(102,472)
Balance at 31 December 2022	37,567,067	802,601	785,013	(34,321,380)	4,833,301
Balance at 1 July 2021	24,834,995	454,772	1,013,122	(29,125,491)	(2,822,602)
Total Comprehensive Income					
Loss for the period	-	-	-	(2,548,713)	(2,548,713)
Total comprehensive loss for the period	-	-	-	(2,548,713)	(2,548,713)
Transaction with owners in their capacity as owners					
Exercise of options and rights	4,666	-	-	-	4,666
Share-based payment	-	(807)	-	-	(807)
Convertible notes adjustment	480,823	-	(30,638)	-	450,185
Balance at 31 December 2021	25,320,484	453,965	982,484	(31,674,204)	(4,917,271)

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

Vectus Biosystems Limited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

	December 2022 \$	December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of GST)	(2,739,995)	(2,206,408)
R&D Grant received	936,405	-
Interest paid	(21,149)	(19,067)
Interest and other income	12,907	-
Net cash used in operating activities	(1,811,832)	(2,225,475)
CASH FLOWS FROM INVESTING ACTIVITIES		
Term deposit	-	(55,000)
Purchase of property, plant & equipment	(37,779)	-
Net cash used in investing activities	(37,779)	(55,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(442,291)	-
Proceeds from issue of shares	4,600,571	-
Cost of issue of shares	(33,811)	-
Net cash provided by financing activities	4,124,469	-
Net increase in cash held	2,274,858	(2,280,475)
Cash at the beginning of the half year	1,281,341	5,778,124
Cash at the end of the half year	3,556,199	3,497,649

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

Vectus Biosystems Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

1 Statement of Accounting Policies

(a) Financial Reporting Framework

This Half Year Financial Report is a general purpose financial report that has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The Half Year Financial Report should be read in conjunction with the annual financial report of the Group as at 30 June 2022. It is also recommended that the Half Year Financial Report be considered together with any public announcements made by the Company during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The Half Year Financial Report does not include all notes of the type normally included within the annual financial report, and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the Group as the full Financial Report.

The Half Year Financial Report has been prepared on the basis of historical costs and does not take into account changing money values or fair values of assets.

The accounting policies that have been adopted in the preparation of this Financial Report have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2022 Financial Report.

Going Concern

The Group has incurred operating losses before tax of \$2,138,519 for the half year to 31 December 2022 (2021: \$2,548,713). The net assets as at 31 December 2022 were \$4,833,301 (Net liabilities at 30 June 2022: \$3,533,995)

The operating cash burn rate for the half-year ended 31 December 2022 was \$1,811,832 (31 December 2021: \$2,225,475). The cash balance as at 31 December 2022 was \$3,556,199 (30 June 2022: \$1,281,341).

The Directors are of the opinion that the Group will have adequate resources to continue to be able to meet its obligations as and when they fall due. For this reason they continue to adopt the going concern basis in preparing the half-year financial report.

(b) Changes in Accounting Policies

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half-year.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

(c) Impact of Standards issued but not yet applied by the Group

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Vectus Biosystems Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

	December 2022 \$	December 2021 \$
2 Revenue and other Income		
Interest income	6,796	81
Other income	9,127	-
R&D tax offset rebate	563,347	-
Total revenue and other income	<u>579,270</u>	<u>81</u>
3 Expenses		
Loss from ordinary activities before income tax expense includes:		
Financial expenses		
Interest and bank fees	22,059	20,800
Interest on convertible notes	178,254	254,283
Realised foreign exchange loss	-	473
Total financial expenses	<u>200,313</u>	<u>275,556</u>
Depreciation and amortisation expense	22,239	6,474
Employee benefits expense and Directors' remuneration		
Base salary and fees	273,072	535,009
Superannuation expenses	52,031	39,260
Share based payment expense	349,122	3,860
Other employee expenses	4,630	4,541
Transfers from employee entitlements provisions	(4,873)	14,906
Total employee benefits expense and Directors' remuneration	<u>673,982</u>	<u>597,576</u>
Occupancy expenses	88,861	84,904
Research and development		
Research and development expense	1,018,505	927,821
Patent costs	222,578	278,134
Total research and development expense	<u>1,241,083</u>	<u>1,205,955</u>
	December 2022 \$	June 2022 \$
4 Cash and Financial Assets		
Cash and Cash Equivalents		
Cash at bank and on hand	3,501,199	1,226,341
Term deposits	55,000	55,000
	<u>3,556,199</u>	<u>1,281,341</u>
5 Other Current Assets		
Prepayments	134,360	128,666
R&D Grant Receivable	1,863,347	2,236,405
Inventory	1,975	395
GST and other receivables	104,593	81,938
	<u>2,104,275</u>	<u>2,447,404</u>
6 Operating Segments		

The consolidated group operates only in one reportable segment which is 'Research and Development'.

Vectus Biosystems Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

7 Earnings per Share	December 2022 \$	December 2021 \$
Basic loss per share (cents)	(5.04)	(7.98)
Diluted loss per share (cents)	(5.04)	(7.98)
Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic EPS	42,443,541	31,948,414
Weighted average number of ordinary shares outstanding during the half year used in the calculation of diluted EPS	42,443,541	31,948,414
Options and rights eligible for conversion into ordinary shares in future		
Options	316,000.00	518,076.00
Convertible notes	-	13,150,000.00
	316,000.00	13,668,076.00

Options and rights eligible for conversion into ordinary shares in future have an anti-dilutive effect, hence diluted EPS is same as basic EPS.

8 Related Party Transactions

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 Group 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 are shown below:

Regional Healthcare Group Pty Ltd	December 2022 \$	December 2021 \$
The Company and its controlled entities incurred cost for services provided by Regional Healthcare Group Pty Ltd.*		
Corporate and administration expenses	66,840	59,609
	66,840	59,609

	December 2022 \$	June 2022 \$
Outstanding Balance at the end of the reporting period *	9,982	15,688

* Mr M Stang is Director and shareholder of Regional Healthcare Group Pty Ltd.

Aeris Environmental Ltd	December 2022 \$	December 2021 \$
The Company and its controlled entities incurred cost for services provided by Aeris Environmental Ltd.*		
Accounting expenses	-	12,810
	-	12,810

	December 2022 \$	June 2022 \$
Outstanding Balance at the end of reporting period *	-	12,916

* Mr M Stang is Director and shareholder of Aeris Environmental Ltd.

Loan from M Stang, Non-Executive Deputy Chairman	December 2022 \$	June 2022 \$
Outstanding balance	-	442,291

	December 2022 \$	December 2021 \$
Interest paid on loan	17,546	17,837
Loan repaid	442,291	-

Vectus Biosystems Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

	December 2022 \$	June 2022 \$
9 Commitments		
(a) Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable for the laboratory facility at North Ryde:		
Within one year	14,810	14,810
One to five years	-	-
	<u>14,810</u>	<u>14,810</u>
(b) Operating commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
<i>Research and development expenses</i>		
Within one year	827,150	1,909,544
One to five years	-	-
	<u>827,150</u>	<u>1,909,544</u>
(c) Capital expenditure commitments		
There are no capital expenditure commitments.		

10 Events Subsequent to Reporting Date

There have been no matters or circumstances that have arisen since 31 December 2022 that have significantly affected, or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2022, of the consolidated entity;
- (b) the results of those operations; or
- (c) the state of affairs, in the financial years subsequent to 31 December 2022, of the consolidated entity.

Vectus Biosystems Limited

DIRECTORS' DECLARATION

Directors' Declaration

In the Directors' opinion:

- 1 the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- 2 the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- 3 there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Maurie Stang

Non-Executive Director and Deputy Chairman

Sydney, 24 February 2023

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

To the Directors of Vectus Biosystems Limited

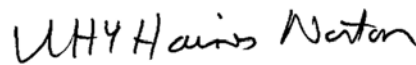
I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

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



Mark Nicholaeff
Partner
Sydney
24 February 2023



UHY Haines Norton
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Vectus Biosystems Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vectus Biosystems Limited ("the Company"), and the entities it controlled during the half-year (together "the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vectus Biosystems Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

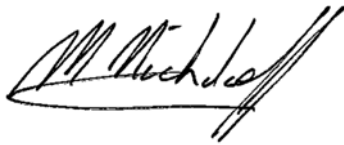
Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

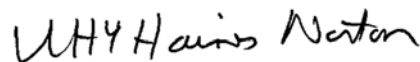


Mark Nicholaeff

Partner

Sydney

Dated: 24 February 2023



UHY Haines Norton

Chartered Accountants

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