QBiotics Group
Naturally Inspired.
Scientifically Defined.

# SHAREHOLDER UPDATE

Dear Shareholder,

I am pleased to provide the following shareholder update on QBiotics Group Limited (QBiotics).

## 1. Financial update

QBiotics remains in a sound financial position. As of 31 March 2023, the Company held $64.4M as cash and term deposits and had an average cash burn rate of approximately $6.6M per quarter. However, given the volatility and uncertainty in the commercial and capital markets, QBiotics' senior management and Board continue to be cognisant of the Company's current cash position and the most effective options for cash deployment.

Cash outflow for the period to 31 March 2023 was $29.8M including (i) personnel $9.2M, (ii) suppliers $19.3M of which the principal costs relate to clinical trial service providers, and (iii) CAPEX and lease $1.3M. Cash inflow for the same period was $10.0M including (i) $6.4M FY22 R&D Tax Incentive, (ii) $2.2M sales of STELFONTA®, (iii) $0.2M options exercised, and (iv) $1.2M GST and interest.

Refer to the Interim Finance Report for the period ended 31 December 2022 and Annual Financial Report for the year ended 30 June 2022 for more details.

## 2. Human Oncology (tigilanol tiglate)

In February 2023, QBiotics announced that our clinical strategy for the development of our intratumoural oncology pharmaceutical is now focused on Head and Neck Cancer (H&NC) and Soft Tissue Sarcoma (STS) as the primary preferred indications for demonstrating clinical efficacy of tigilanol tiglate. As shareholders are aware, our two melanoma trials have closed.

QBiotics' H&NC Phase II clinical trial (QB46C-H08) is currently being conducted at four sites in the UK, under a Clinical Trial Application (CTA) with the UK regulator the Medicines and Healthcare Products Regulatory Agency (MHRA), and two sites in Australia, under a Clinical Trials Notification with the Australian regulator the Therapeutic Goods Administration (TGA). Two sites are currently open for patient recruitment (one in the UK and one in Australia) with remaining sites opening over the coming months. One patient has been treated on the trial.

QBiotics' STS Phase II clinical trial (QB46C-H07) is being conducted at the renowned Memorial Sloan Kettering Cancer Center in the USA, which is now open for patient recruitment. The trial is under an Investigational New Drug (IND) Application with the Food and Drug Administration (FDA).

An out-licensing deal for our human oncology pharmaceutical asset is a primary focus. QBiotics recently engaged a highly experienced commercialisation specialist to assist the team to achieve a successful partnering outcome. Major biotechnology science and partnering conferences are being attended during the year to both present tigilanol tiglate data and meet with selected companies for initial discussions. Conferences being attended in June include the 9th Annual Immuno-oncology Innovation Forum, the American Society of Clinical Oncology and the BIO International Convention.

Outcomes of QBiotics' Head and Neck Squamous Cell Carcinoma Phase I/IIa clinical trial (QB46C-H03) is due to be reported in the coming weeks.

### 3. Vet Oncology (STELFONTA®)

Our veterinary oncology pharmaceutical, STELFONTA®, is registered and marketed in the USA, EU, UK and AU for the treatment of Mast Cell Tumours (MCT) in dogs. Market uptake of the drug continues to be much slower than forecast. However, over 15,000 dogs have been treated to date and feedback from veterinarians and pet owners who have used STELFONTA® is positive. An independent market assessment for the drug has been undertaken, which confirmed our initial appraisal of the market for STELFONTA®. Consequently, we remain optimistic about the market potential for the drug.

Phase IV post market clinical trials with veterinary oncologists and equine specialists are being undertaken to explore the potential for market expansion for STELFONTA®, as well as to inform our human programme. Clinical trials in canine STS and equine melanoma are ongoing, and an international trial (AU, UK, Spain, Netherlands, Sweden, USA) in equine sarcoids has finalised recruitment and is in the reporting phase.

### 4. Wound Healing (EBC-1013)

EBC-1013 is our pharmaceutical topical wound healing gel with potential for the treatment of chronic and acute wounds and burns. Current focus for human development is the treatment of a type of chronic wound called venous leg ulcers. Development towards our first-in-human clinical trial for this indication has made good progress. Toxicology studies have now concluded and the Good Manufacturing Practice (GMP) production of the drug product suitable for human application has been completed. A second Scientific Advice meeting with the MHRA was attended, where clarification of the trial protocol for submission was undertaken. The Clinical Trials Authorisation (CTA) application for commencement of our first-in-human Phase I/IIa safety trial in recalcitrant venous leg

ulcers is on schedule for the planned submission by early June. Site selection for the trial has commenced and lead investigators identified.

As with QBiotics' oncology programme, wound healing veterinary data informs and supports our human programme. A dose determination study in dogs is planned to clarify treatment regimes for human application.

QBiotics product pipeline continues to build value in the company:

| Area | Molecule | Target | Stage of Development | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Discovery | Pre-clinical | Phase I | Phase II | Phase III | Regn./ Marketing | Partner |
| Oncology Human | Tigilanol tiglate | Head & Neck Cancer | QB46C-H03: Phase I/II reporting | | | | - | | |
| | | | QB46C-H08: Phase II recruiting | | | | | | |
| | | Soft Tissue Sarcoma (STS) | QB46C-H07: Phase II recruiting | | | | | | |
| Oncology Vet | Canine | Mast Cell Tumours | STELFONTA® - marketed EU, USA, UK and Australia | | | | | | Virbac |
| | Canine | STS and Oral Melanoma | Phase IV recruiting | | | | | | |
| | Equine | Sarcoids and Melanoma | Phase IV sarcoids reporting; Phase IV melanoma recruiting | | | | | | |
| W/healing Human | EBC-1013 | Venous Leg Ulcers | QB1013C-H201 Phase I/IIa Sep23 | | | | | | |
| Wound healing Vet | | Chronic/ wounds, burns | Veterinary models - ongoing | | | | | | |
| Antibiotics | Leads | Multi Resistant Organisms | Leads developing | | | | | | |
| Antinflam./ Neuroprotect | Leads | Alzheimer's, arthritis | Leads developing | | | | | | |

## 5. Communicating QBiotics' Science

Communication of our scientific outcomes is important to both inform the clinical, commercial and capital sectors and to initiate broader discussion with each of these areas. The Company continues to present our research outcomes at various key conferences. Presentations made were:

- Society for Immunotherapy of Cancer (SITC) November 2022 Boston USA: A poster on induction of immunogenic cell death by tigilanol tiglate was presented by Dr Jason Cullen, Research Fellow at the Queensland Institute of Medical Research Berghofer (QIMRB).

- Veterinary Meeting and Expo (VMX) – the largest global veterinary GP January 2023 Orlando USA: An oral presentation on STELFONTA® treatment regimes and case studies was presented by US veterinary oncologist, Dr Sue Ettinger.

- Biotech Showcase January 2023 San Francisco: An oral presentation on QBiotics and product development was presented by Dr Tracey Mynott Business Development Manager QBiotics.
- The European Wound Management Association (EWMA) May 2023 Milan: An oral presentation and poster on the EBC-1013 wound healing drug inducing

acute inflammatory response in skin cells promoting innate immune recruitment and subsequent closure of chronic infected wounds were presented by Dr Jason Cullen, Research Fellow at the QIMRB.

Outcomes of our key programs continue to be accepted by highly reputable journals. Following are details of manuscripts recently published.

- Brown G.K., Campbell J.E., Jones P.D., De Ridder T.R., Reddell P. and Johannes C.M. (2021). Intratumoural Treatment of 18 Cytologically Diagnosed Canine High-Grade Mast Cell Tumours with Tigilanol Tiglate. *Frontiers in Veterinary Science*. 8:675804.doi:10.3389/fvets.2021.675804

- De Ridder T, Reddell P, Jones P, Brown G and Campbell J (2021). Tigilanol Tiglate-Mediated Margins: A Comparison with Surgical Margins in Successful Treatment of Canine Mast Cell Tumours. *Frontiers in Veterinary Science* 8:764800.doi:10.3389/fvets.2021.764800

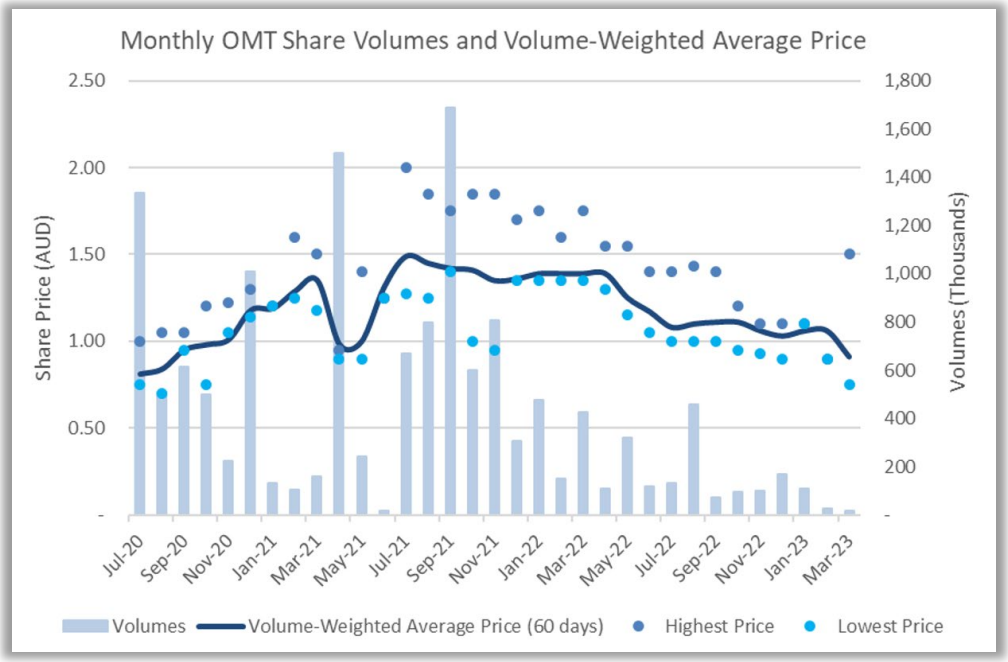
- Mitu, S.A., Stewart, P., Tran T.D., Reddell P.W., and Cummins S.F. 2022. Identification of gene biomarkers for tigilanol tiglate content in *Fontainea picrosperma. Molecules* 27:3980

- Powell L.C, Cullen J.K, Boyle G.M, De Ridder T, Yap P-Y, Xue W, Pierce C.J, Pritchard M.F, Menzies G.E, Abdulkarim M, Adams J.Y.M, Stokniene J, Francis L.W, Gumbleton M, Johns J, Hill K.E, Jones A.V, Parsons P.G, Reddell P and Thomas D.W (2022). Topical, immunomodulatory epoxy-tiglianes induce biofilm disruption and healing in acute and chronic skin wounds. *Science Translational Medicine*. *Accepted*.

Please refer to our website for copies of all scientific and clinical publications related to QBiotics programs: https://qbiotics.com/product-pipeline/oncology/publications.

## 6. Buying and selling QBiotics shares

As QBiotics is an Australian public unlisted company there is no recognised secondary market for trading the Company's shares. However, shareholders are able to buy and sell shares via a process documented in the Buy & Sell Shares page on the QBiotics website. The website sets out the steps for buying or selling shares in QBiotics and provides a list of recently completed off market transfers (OMT) including date, volume and prices traded. A summary of the recent OMT data can be found in the graph below.




If you have any questions, or require clarification on any of the above, please do not hesitate to contact the company. Shareholder enquires should be directed to QBiotics Group Investor Relations Manager, Ken Pointon. Ken can be contacted by telephoning (07) 3870 8933 or emailing ken.pointon@qbiotics.com. Shareholders are encouraged to view the announcements page of the Company's website for the latest Company announcements.

Thank you for your ongoing support which underpins all of our achievements. Together we are building an extraordinary company. As always, it is a pleasure to share the journey with you.

Yours sincerely,

Dr Victoria Gordon
Chief Executive Officer & Managing Director
QBiotics Group Limited

DISCLAIMER

This shareholder update contains summary information about QBiotics and the business conducted by it as at the date of this update. The information in this update is for general purposes only, does not purport to be complete or comprise all information required by shareholders or investors to make an informed decision on any investment in QBiotics. In preparing this update, QBiotics did not take into account the investment objectives, financial situation and particular needs of any particular investor. Further advice should be obtained from a professional investment adviser before taking any action on any information dealt with in this update. Those acting upon any information without advice do so entirely at their own risk. Whilst this shareholder update is based on information from sources which are considered reliable, no representation or warranty, express or implied, is made or given by or on behalf of QBiotics, any of its directors, or any other person about the accuracy, completeness or fairness of the information or opinions contained in this update. No responsibility or liability is accepted by any of them for that information or those opinions or for any errors, omissions, misstatements (negligent or otherwise) or for any communication written or otherwise, contained or referred to in this update. Neither the Company nor any of its directors, officers, employees, advisers, associated persons or subsidiaries are liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon any statement in this update or any document supplied with this update, or by any future communications in connection with this update or those documents and all of those losses and damages are expressly disclaimed. Any opinions expressed reflect the Company's position at the date of this update and are subject to change.

This shareholder update may contain forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements that are not of historical facts may be deemed to be forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties, assumptions and other factors that are in some cases beyond the Company's control. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. As a result, any or all of the Company's forward-looking statements in this update may turn out to be inaccurate.