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**AUS BIO ANNUAL GENERAL MEETING
WEDNESDAY, 18TH NOVEMBER 2020 – VIRTUAL AGM**

**CHAIRMAN'S ADDRESS
ROBERT THOMAS, AO**

Ladies and Gentlemen,

Thank you very much for attending this 2020 Aus Bio Annual General Meeting which is being held as a Virtual AGM. As explained in my letter to you outlining the Notice of Annual General Meeting, the Board resolved some weeks ago to hold this year's AGM as a Virtual AGM due to the significant impact Covid-19 has had on us all as individuals, families and communities. As this is a Virtual AGM there a couple of changes that will occur which are different from how we have previously conducted Aus Bio AGMs.

The first is, you are able to vote at any time during the AGM and up to five minutes after I close the Meeting. This closure will occur prior to Peter Jenkins's presentation.

Secondly, the results of a poll will be collated by Link Market Services and the results of the poll will be posted on the Aus Bio website. I will announce the results of the Proxy voting when resolutions 1 and 2 are resolved. As Chairman of the Meeting, I intend to vote undirected proxies in favour of each item of business.

This morning, I along with Peter Jenkins your CEO, will give you an update on the significant progress your Company has achieved, both strategically and also scientifically over the past 12 months. As in past years, I will initially deal with both research and financial matters before outlining in more detail the establishment of the Joint Venture Vehicle now known as AusVir Therapeutics Pty Ltd. Our Joint Venture Partner is Morningside Venture Investments Ltd, which is part of the Morningside Group run by the Chan family from Hong Kong and Boston.

The contract research program with the University of Melbourne ended in late November last year but not before we had chosen a back-up lead drug candidate which has also shown remarkable prophylactic efficacy. Since early March this year AusVir Therapeutics has had control of the Influenza Drug Development Program and has continued to work closely with our team.

I turn now to our Respiratory Project, where for the last few years we have targeted the development of a therapeutic for chronic obstructive pulmonary disease (COPD) which is a major cause of illness and death throughout the world. We have now completed five mouse smoking experiments all of which have shown very encouraging and promising results to the extent that we have signed a Collaboration Development Agreement with AusVir Therapeutics to take the project forward. We currently have a sixth smoking experiment underway, and the results will be available in early CY2021.

We have also signed an agreement with Monash University to look at the efficacy of our respiratory compounds and in particular the lead compound MD9990-3 in two further respiratory diseases, Idiopathic Pulmonary Fibrosis (IPF) and Allergic Airways disease (Asthma). As I mentioned last year, IPF has no effective therapy and is a chronic relentless condition that leads to respiratory failure.

It is anticipated that we will commence the IPF study early next year and then some months later the Monash team will investigate the efficacy of our lead compound in the animal model of asthma.

Financials

I now turn to our financials which have been outlined in the Operational Review which you received in October.

Aus Bio's operating profit for the year ending 30th June 2020 was \$469,974 (2019 \$1,692,910 net loss) and net operating cash outflow was \$31,945 (2019 \$1,049,476).

As at June 2020 Aus Bio had net assets of \$1,671,905 (2019 \$1,201,931). Available cash and cash equivalents at 30th June were \$1,093,405 (2019 \$1,125,351). Aus Bio has accumulated losses of \$20,491,000 (2019 \$20,960,974).

Aus Bio's anticipated cash at 31 December 2020 is \$1,180,000. This includes the recent receipt of a successful R&D Tax Incentive application of \$620,000. Aus Bio currently receives approximately \$56,420 per month from AVT for the provision of technical, scientific guidance and advice. This agreement will be reviewed in Q1 2021.

I now turn to our Joint Venture arrangement with Morningside Ventures and to AusVir Therapeutics which is the corporate entity which now holds the intellectual property from our Influenza Project. AusVir also has a “a call option” on our Respiratory Project

Peter Jenkins will expand further and in more detail on the Joint Venture but from an operational point of view, it is working well. Aus Bio currently holds approximately 85% of the issued shares of AVT. That percentage ownership will be diluted as the key development milestones are met and subsequent tranche payments from Morningside to AusVir are received.

Aus Bio, Morningside Ventures and AusVir have entered into a binding Shareholders Agreement which governs the relationship as to how the JV company operates. Peter Jenkins and I are the Directors representing Aus Bio on the board of AVT and Dr Ronald Farquhar and Dr Jason Dinges represent Morningside. Both Ron and Jason have significant commercial, legal and drug development experience. For the time being the board has agreed that we will delay the appointment of a fifth and independent director to the AVT board.

As noted in 2020 Operational Review, our Aus Bio representatives attend a weekly conference with AusVir personnel which includes industry advisors and contractors. AusVir received the first tranche payment of AUD \$3.51 million in March this year. The second tranche payment is due on or about 31st March next year and will coincide with completion of the de-risking activities and late lead optimisation of the influenza lead candidate. This will result in a draw-down from Morningside to the Joint Venture company of approximately AUD \$4,000,000. AusVir has appointed an internationally regarded organisation which is head quartered in Europe to continue the development of the Influenza Project. This involves the scale up to commercial quantities of the lead candidate and other associated de-risking activities which include confirmation of a selection of the lead candidate, through validation of both the chemistry and also efficacy. Some of the efficacy work will be done both by us Bio “in house” and also at Monash University.

AusVir has also commissioned a leading US based Market Research Company to delineate gaps in the influenza anti-viral market.

A final report is anticipated by the end of November. An interim report suggests that the intra nasal delivery of a long acting influenza anti-viral in a pre- exposure preventative (PrEP) community setting will have market support.

Before closing, I would like to mention the retirement in April this year of Mr Ken Windle. Ken provided over an 18-year period with Aus Bio an outstanding contribution, particularly in guiding the Research and Development Committee and initiatives of your company. We sincerely thank Ken for his contribution likewise I would like on behalf of all in Aus Bio to express our gratitude to Professor Lorena Brown and her team at the University of Melbourne for the work she co-ordinated for Aus Bio over a period of many years, particularly overseeing the In vivo animal work that has in part resulted in where we are today. Lori Brown has now retired and we wish her well in the years to come.

In closing, I do wish to acknowledge that my Board is certainly aware and very grateful for the continuing support and significant patience shown by all shareholders. Whilst we have not had an equity raising for more than two and a half years, it is probable that we will need to raise some funds in the first half of 2021. This will ensure that we have sufficient funding to take the company forward and also to support the respiratory program.

Your Board is certainly excited and pleased that we have the opportunity of working with the Morningside Group who have proven to date to be a world class Partner who have both the financial and drug development experience to bring both drug candidates to population in need. We look forward to the next 18 months or so with anticipatory excitement.



Robert Thomas, AO
Chairman