QBiotics Group

QBIOTICS GROUP SHAREHOLDER UPDATE

February 2024

KEY POINTS AND HIGHLIGHTS

- Tigilanol tiglate, our lead intratumoural oncology drug, has been awarded Orphan Drug Designation for the treatment of soft tissue sarcoma (STS) by the United States Food and Drug Administration (FDA).
- Human Clinical pilot Phase II trial in STS is progressing well with nine patients treated to date and only two more patients required to finalise recruitment for this trial in New York, US.
- Patient recruitment for our Human Clinical Phase II trial in head and neck cancer (H&NC) is ongoing at four sites in UK and two sites in Australia with nine patients treated to date. To boost patient recruitment, an additional site for this trial has been opened in Lister Hospital in the UK.
- Partnering activities for the tigilanol tiglate human programme continued to progress with target companies.
- Our first-in-human Phase I/II wound healing safety trial with EBC-1013 will be entirely in Australia, with potentially suitable sites and clinical investigators already identified.
- Two key chemistry manuscripts published in high-quality peer reviewed journals.
- A key patent application covering manufacturing methods for the wound healing drug candidate EBC-1013 was published under the Patent Cooperation Treaty (PCT) arrangements.
- Search for a new CEO and Non-Executive Board members has commenced.
- Measures to conserve cash continue to be identified and implemented.
- Cash at bank as of 31 December 2023 stands at AU$46.1M. The monthly cash burn rate for Q1 FY2024 was $2.4M and for Q2 FY2024 was $2.2M down from the monthly cash burn for the same periods in FY2023 (Q1 $3.3M and Q2 $2.8M).

Dear Shareholders,

I am pleased to provide the following update on activities within QBiotics Group Limited (QBiotics) since the Annual General Meeting held on 17 November 2023 (AGM).

At the AGM, I announced that I was stepping down as CEO, taking up a new position in the company as Executive Director Strategic Alliances & Investor Relations to focus on achieving major milestones in product commercialisation, corporate finance and to improve communication with shareholders. A search for a new CEO with the skills and experience to

take us through the next growth phase of the Company is underway. In addition, a search has commenced for new Non-Executive Directors with the specific industry skills and experience to support QBiotics to achieve its potential. Dr Susan Foden, who has many years of experience on the boards of private and public biotechnology companies, has taken on the role of Executive Chair to guide us through these changes.

Patient recruitment for our two human clinical trials inevitably slowed down during the Christmas period. However, patients were still being identified for our two oncology human clinical Phase II trials with tigilanol tiglate for inclusion in the trials once the festive season was over. Commercialisation of the human oncology programme also continued with partnering discussions ongoing.

A decision was made to undertake the first-in-human wound healing clinical trial entirely in Australia. The decision was based on addressing timelines and costs. We believe the trial will be completed more quickly and more economically under the Australian system.

1. Human Oncology (tigilanol tiglate)

Clinical trials – soft tissue sarcoma

As recently announced, tigilanol tiglate has been awarded Orphan Drug Designation (ODD) for the treatment of soft tissue sarcoma by the FDA. ODD is a special status for drugs considered promising potential treatments for patients with 'rare' (orphan) diseases affecting fewer than 200,000 persons in the United States. The designation can provide for a seven-year window of exclusive marketing rights post approval, as well as exemption from user fees and eligibility for tax credits for qualified clinical trials. In addition to the financial benefits, ODD may also potentially shorten clinical development due to close collaboration with the FDA.

Patient recruitment of our human clinical pilot Phase II trial treating STS (QB46C-H07) at the site in New York, US is progressing well. We expect the recruitment of this trial to be completed by April.

Clinical trials – head & neck cancer

Patient recruitment for our Human Clinical Phase II trial in head and neck cancer (H&NC) is challenging and additional sites have been identified to increase this recruitment rate. The Princess Alexandra Hospital in Brisbane was opened mid last year, and a site in Lister Hospital in the UK was opened in December.

Partnering of tigilanol tiglate

Partnering of our human oncology programme continues to be a focus with the drug being presented at major conferences followed by one-on-one meetings with Business Development representatives from targeted companies worldwide. In addition, we have had strong interest and support from oncology key opinion leaders (KOLs).

Since the last shareholder update, the following activities have been undertaken:

- The Company presented at the Society for Immunotherapy of Cancer 1-5 November 2023 (San Diego, USA), and Bio-Europe 6-8 November 2023 (Munich, Germany).
- Professor Aurelien Marabelle from the Gustave Roussy Cancer Centre included tigilanol tiglate dog and human clinical data in his presentation "*Innovative/novel delivery of immunotherapeutics"* at the European Society for Medical Oncology 20-24 October (Madrid, Spain).
- A plenary presentation and 3 posters were given at 31st International Symposium on Chemistry of Natural Products and the 11th International Congress on BioDiversity, 15-19 October (Napoli, Italy).

2. Veterinary Oncology

Phase IV post market clinical trials continued with veterinary oncologists and equine specialists to explore the potential for market expansion for STELFONTA®, as well as to inform our human programme and establish 'pan-tumour' efficacy (i.e., efficacy is not specific to individual tumour types or specific tumour gene mutations).

3. Wound Healing (EBC-1013)

A decision has been made to undertake the first-in-human clinical trial of our wound healing drug candidate EBC-1013 entirely in Australia. We believe this will be quicker and more economical than running the trial in the UK as originally planned. Trial commencement timelines may also benefit as the trial will be run under a Clinical Trials Notification (CTN) which only requires human research ethics committee approval and subsequent notification to the Therapeutic Goods Administration (TGA), rather than the trial being subject to regulatory assessment before commencement.

Potentially suitable sites and clinical investigators have been identified in Australia and formal assessment processes are underway.

4. Discovery

Research continued on our product discovery pipeline focusing on early-stage preclinical development of molecules with antibiotic and anti-inflammatory activity. We also continued to further our understanding of the natural product chemistry underpinning our programmes. The following manuscripts in this area were recently published:

- Raju *et al.* (2024). Insignoic acids A – E, unusual α, β-unsaturated keto fatty acids isolated from the exocarp of Australian rainforest tree *Endiandra insignis* (Lauraceae). *Fitoterapia*. https://doi.org/10.1016/j.fitote.2023.105815
- Maioli *et al.* (2023). Novel Skeletal Rearrangements of the Tigliane Diterpenoid Core. *Journal of Natural Products.* https://doi.org/10.1021/acs.jnatprod.3c00834

5. Intellectual Property

Protection of our core intellectual property around tigilanol tiglate and our wound healing drug candidate EBC-1013 and related analogues continued to be expanded.

A new patent application was published under the Patent Cooperation Treaty (PCT) arrangements on 21 December 2023 covering manufacturing methods related to crystalline forms and methods for their production of our wound healing drug candidate EBC-1013.

6. Communication

We continually look to improve the way we communicate with our shareholders. To keep investors up to date, shareholder updates are being produced on a quarterly basis with the shareholder newsletters being issued in February, May and August and the AGM presentation in November.

7. Corporate update

I am enjoying my new role as Executive Director Strategic Alliances & Investor Relations which allows me to concentrate on driving and meeting major milestones in the Company. The search for a new CEO is underway. In addition, a search for new Non-Executive Directors with skills and experience specific to the drug development industry to support QBiotics to achieve its potential has commenced. Dr Susan Foden, who has many years of experience on the boards of private and public biotechnology companies, has taken on the role of Executive Chair to guide us through these changes.

We continued to build the company's international profile with institutional investors and pharmaceutical industry partners through presentations at major Biobusiness conferences (see section on commercialisation of tigilanol tiglate). Additionally, our relationships have been further strengthened with leading brokers and analysts through regular updates and meetings as well as through QBiotics presentations at investor conferences including the Bell Potter Healthcare Conference and E&P Small Cap Healthcare Conference late last year.

8. Financial update

Close monitoring of our financial position remains a priority and we continue to look for and implement ways to conserve cash.

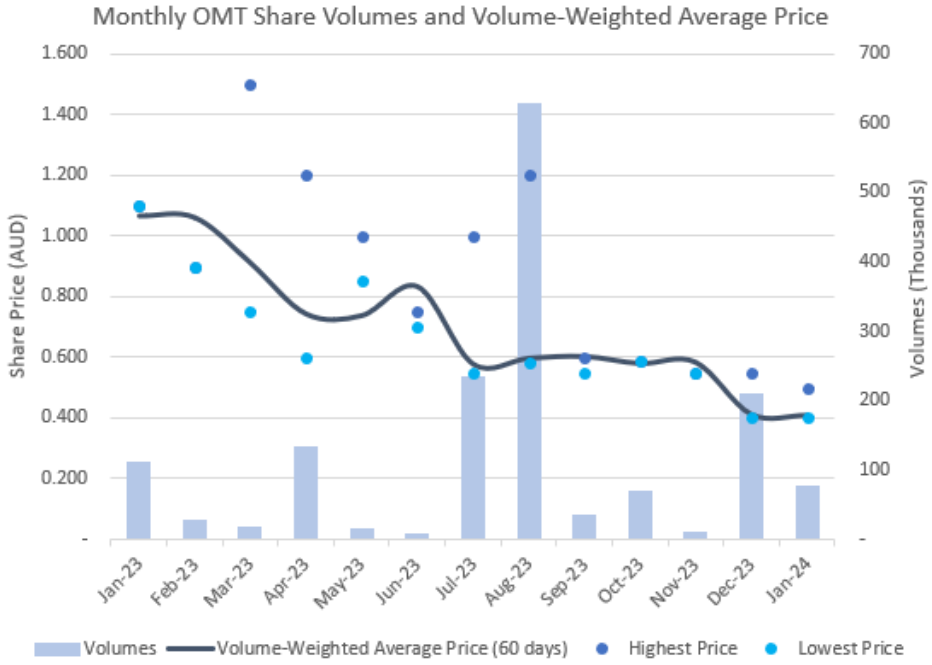
The 31 December 2023 half yearly accounts will be provided to you once approved by the Board.

As of 31 December 2023, cash at bank was AU$46.1M. The monthly cash burn rate for Q1 FY2024 was $2.4M and for Q2 FY2024 was $2.2M. The monthly cash burn for the same periods for FY2023 were Q1 $3.3M and Q2 $2.8M.

9. Buying and selling QBiotics shares

In addition to the Off Market Trading facility that has been available to investors to facilitate buying and selling shares in QBiotics, shareholder and investors may now also engage WI Capital Pty Ltd (WI), a company with an established secondary market service platform (WI Capital Platform) to facilitate the sale or purchase of QBiotics shares. For more information on WI and the WI Capital Platform please refer to the 'Buy & Sell Shares' page on the QBiotics website under the section titled, 'Option 2 – Wholesale Investor – independent secondary market'.

A summary of the recent Off Market Trading 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 Shareholder 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 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
Executive Director
Strategic Alliances & Investor Relations
Co-Founder
QBiotics Group Limited

DISCLAIMER

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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 eventuate to be inaccurate.