

## **VGI Health Technology executes Term Sheet for sale of the Invictus BioPharma Group**

**Sydney, New South Wales, 14 February 2022** – VGI Health Technology Limited (NSX:**VTL** or **Company**) is pleased to announce that it has executed a non-binding Term Sheet for the sale of its wholly-owned subsidiary, the Invictus BioPharma Pty Ltd Group (**Invictus Group**) to Invictus BioPharma Holdings Ltd (**IVBHL**). IVBHL is a company founded by VTL's CEO and Managing Director, Dr Glenn Tong, VTL's Chief Scientific Officer and Chair of its Scientific Advisory Board, Dr David Kingston and VTL's wholly-owned US subsidiary, Invictus Nutraceuticals Inc's, President and CEO Mr Richard Estalella.

The Term Sheet prescribes an Exclusivity Period which extends for three months after the date of execution of the Term Sheet or the execution of a Share Purchase Agreement (**SPA**), whichever is the earlier. During this Exclusivity Period, VTL will not directly or indirectly negotiate, plan, solicit, initiate or respond to any other proposal or offer to acquire all or a substantial part of the Invictus Group.

### **The Key Terms that have been agreed in principle by VTL and IVBHL are as follows:**

- A cash payment of \$2,300,000 by IVBHL to VTL
- Issue of shares in the capital of IVBHL equating to no less than 20% of the total capital on issue in IVBHL (following any seed round capital raise dilution). These shares are to be issued to VTL on completion of the transaction.
- VTL is to be granted a first right of refusal / pre-emption in relation to any future capital raisings undertaken by IVBHL on a *pro rata* basis. As an illustrative example, if the VTL owns 20% of the IVBHL, and IVBHL conducts a capital raising for \$2,000,000, the right of first refusal/pre-emption will apply to a \$400,000 investment by VTL.
- VTL agrees to hand over the Invictus Group free of financial indebtedness on completion of this transaction. The Invictus Group includes Invictus Biotechnology Pty Ltd. which owns the patent rights to the "Transmucosal Delivery of Tocotrienols" patent estates and also the licensed patent rights from Monash University for tocotrienol prodrugs.
- IVBHL will transfer the ownership of the US subsidiary, Invictus Nutraceuticals, Inc., to VTL for nil consideration.
- IVBHL is to grant VTL an exclusive perpetual global licence to manufacture, market and sell nutraceutical products based on the Invictus Group's intellectual property rights, with a royalty payable of 10% of net profit after tax.
- IVBHL is to grant VTL an exclusive perpetual licence to manufacture, market and sell pharmaceutical products based on the Invictus Group's intellectual property rights in the Peoples Republic of China with a royalty payable of 10% of net profit after tax.

The completion of the sale and purchase of the Invictus Group to IVBHL is subject to, and conditional upon, VTL obtaining all required shareholder approvals to the transaction pursuant to the Corporations Act (Cth) 2001 (**Corporations Act**) and the NSX Listing Rules (including, but not limited to, approval under Chapter 2E of the Corporations Act, including the requirement to procure an Independent Expert's Report, and NSX Listing Rules 6.41 and 6.43).

### **Anticipated Timing for the Transaction**

The anticipated timing for this transaction is as follows:

- a) Execute SPA – 25 February 2022
- b) Complete NOM/IER - 18 March 2022
- c) ASIC review period of NOM/IER ends – 1 April 2022
- d) Issue NOM/IER to Shareholders of VTL – 5 April 2022
- e) EGM – 3 May 2022
- f) Completion – 10 May 2022

Upon completion of this transaction, VTL will focus on the manufacturing, marketing and sale of nutraceutical products which are both proprietary and patent protected, an example being NE1-Elite® and NE1-Heart®, both of which are available through Amazon.com in the US and listed as Listed Medicines on Australia's Therapeutic Goods Administrations' Australian Register of Therapeutic Goods.

### **Upcoming Board and Management Changes**

#### **VTL Changes**

Upon completion of this transaction, Drs Tong and Kingston will resign from their present roles in VTL and existing Director Mr Steven Yu will be appointed Managing Director. The Company is in discussions to appoint a new Director reflecting a more revenue generating focussed business of VTL post completion. Mr Estalella will act as an advisor to VTL in relation to the commercialisation of nutraceutical products, particularly in the US (including Canada and South America), Japan and the EU.

#### **IVBHL Changes**

Drs Tong and Kingston will take up the roles of Executive Chairman and CEO in the case of Dr Tong and Chief Medical Officer and Chair of the Scientific Advisory Board in the case of Dr Kingston for IVBHL. At the same time, Mr Estalella will resign from his present role in Invictus Nutraceuticals, Inc. and be appointed an Executive Director and the Vice President of Corporate Affairs for IVBHL.

#### **IVBHL**

Upon completion of the proposed transaction, IVBHL will be a clinical-phase drug development company which will focus on the development of drugs based on the transmucosal delivery of tocotrienols and tocotrienol prodrugs. Two drug candidates based on the transmucosal delivery of tocotrienols, **IVB001** targeting Non-Alcoholic Fatty Liver Disease (NAFLD)/Non-Alcoholic Steatohepatitis (NASH) and **IVB003** targeting Pancreatic Adenocarcinoma (Pancreatic Cancer) are presently commencing Phase II clinical studies. Two tocotrienol prodrug candidates, **IVB002** and **IVB004**, are presently being optimised in a continuing collaborative research project with Professor Christopher Porter's research group at the Monash Institute of Pharmaceutical Sciences

(MIPS) and is expected to commence formal preclinical studies in H2 of 2022 in preparation for clinical studies in 2023.

### **The Rationale for the Proposed Transaction**

The directors of VTL, through their capital raising efforts for the Company to date, have received a clear message from investors that VTL's combination of both a human consumer health business and a drug development business is difficult for most investors to understand. There are investors who understand and are interested in investing in a human consumer health business which has the potential to generate imminent revenues from product sales and there are other investors who understand and are interested in investing in a drug development business which has the potential to generate massive growth in company value through achievement of clinical development and corporate transaction milestones. However, it is seldom that both these groups of investors intersect. Further, the drug development business is more suitable for listing on a stock exchange which caters better for capital-intensive, high growth companies in the biotechnology sector.

Therefore, the directors see the proposed transaction as beneficial to VTL as it allows the Company to focus all of its resources on the commercialisation of nutraceutical products globally and to target the appropriate investor base for this type of business. At the same time, the equity stake which VTL has in IVBHL through this transaction will allow VTL's shareholders to share in any value generated by IVBHL should the drug development activities bear fruit without the need for VTL to invest heavily in IVBHL's drug development program.

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### **About VGI Health Technology Limited**

VGI Health Technology Limited trading as VGI Health Technology is an Australian public listed biotechnology company (NSX:VTL) developing and commercialising novel dietary supplements and prescription medicines based on natural products (tocotrienols) which have wide therapeutic potential, including: Delayed Onset Muscle Soreness, muscle recovery, exercise endurance, Non-Alcoholic Fatty Liver Disease (NAFLD), Non-Alcoholic SteatoHepatitis (NASH), pancreatic cancer, hyperlipidaemia, hypertension and diabetes. VTL owns and controls patent and other intellectual property rights for novel approaches to non-invasively delivering tocotrienols directly to the target tissues. The Company has a product development program for evidence-based nutraceuticals and a clinical development program for prescription medicines.

For more information see: <https://www.vgiht.com>

Investors interested in trading shares on the NSX should contact a broker who is an NSX Participant:  
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