INVION LIMITED
ACN 094 730 417

Notice of General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
23 September 2021

Time of Meeting:
12pm (AEST)

The meeting will be held at:
Level 4, 96-100 Albert Road
South Melbourne, VIC 3205
And by teleconference

Any shareholders who wish to attend the General Meeting (Meeting) should monitor the Company's website for any updates about the Meeting. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting, the Company will make further information available on its website at https://inviongroup.com/. Shareholders are encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.

Following recent modifications brought to the Corporations Act 2001, no hard copy of the Notice of General Meeting, Explanatory Statement and Independent Expert's Report will be circulated. The Notice of Meeting has been given to those entitled to receive by use of one or more technologies. The Notice of Meeting is also available on the Australian Stock Exchange Announcement platform and on the Company's website at https://inviongroup.com/asx-announcements/ .

This Notice of Meeting includes an Independent Expert's Report in relation to Proposed Transactions (the subject of Resolutions 1 and 2) and the proposed issue of Options to Mr Thian Chew (the subject of Resolution 3). The Independent Expert has concluded that the Proposed Transactions and the proposed issue of Options to Mr Thian Chew are **not fair but reasonable** to non-associated Shareholders.

This Notice of Meeting including the Explanatory Statement and Independent Expert's Report should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

INVION LIMITED

ACN 094 730 417
Registered office: Level 4, 96-100 Albert Road, South Melbourne, VIC 3205

Dear Shareholders

Notice is hereby given that the General Meeting of Shareholders of Invion Limited (the "Company" or "Invion") will be held at Level 4, 96-100 Albert Road, South Melbourne, VIC 3205 on 23 September 2021 at 12pm (AEST) ("General Meeting" or "Meeting") as a hybrid meeting.

The business of this Meeting is to approve a number of transactions:

- Resolution 1: Approval to issue Shares under the Placement to RMW Cho Health Technology Limited;
- Resolution 2: Approval to acquire a licence and distribution rights to NGPDT from RMW Cho Group Limited;
- Resolution 3: Approval to issue Options to Mr Thian Chew; and
- Resolution 4: Approval to issue Options to Mr Alistair Bennallack.

Proposed Transactions

As announced to the market on 2 June 2021:

- Invion entered into a Co-Development Agreement and Exclusive Distribution and Licence Agreement with RMW Cho Group Limited ("**RMW**") to, amongst other things, co-develop Next Generation Photo Dynamic Therapy technology (including Photosoft™) ("**NGPDT**") for the treatment of atherosclerosis and infectious diseases (including viral, bacterial, fungal and parasitic). Under the Co-Development Agreement and Exclusive Distribution and Licence Agreement, Invion will gain exclusive distribution rights to the NGPDT technology in Asia Pacific[1] for these indications.
- Invion entered into a Placement Agreement with RMW Cho Health Technology Limited ("**RCHT**"), pursuant to which RCHT will provide funding of approximately A$4.5M by way of a placement of fully paid ordinary shares ("**Shares**") in Invion at an issue price of A$0.014 per Share ("**Placement**"), which represents a 2.1% discount to the five-day volume weighted average price as at 2 June 2021,

(together, the "**Proposed Transactions**").

The Placement Agreement, Co-Development Agreement and Exclusive Distribution and Licence Agreement are each subject to, among other things, approval by Shareholders.

The purpose of Resolutions 1 and 2 is to authorise the implementation of the Proposed Transactions.

Approval of remuneration changes

In addition to the Proposed Transactions, this Meeting will also seek approval for the equity-based component of the remuneration of Invion's Chief Executive Officer and Chairman, Mr Thian Chew, and Non-Executive Director, Mr Alistair Bennallack, both appointed in their positions since the last Annual General Meeting. This is the purpose of Resolutions 3 and 4.

[1] Asia Pacific includes Asia and Oceania (other than Australia and New Zealand, which are the subject of an existing distribution agreement and licence agreement with RMW), and excludes Middle East, Russia and the specified territories of China, Hong Kong, Macau and Taiwan.

Independent Expert's Report

The Board has commissioned an Independent Expert's Report prepared by PKF Melbourne (Independent Expert) in connection with the Proposed Transactions and the proposed issue of Options to Mr Thian Chew. The Independent Expert has concluded that the Proposed Transactions are **not fair but reasonable** to non-associated Shareholders. The Independent Expert has concluded that the equity-based remuneration of Mr Thian Chew is **not fair but reasonable** to non-associated Shareholders. Shareholders should carefully consider the Independent Expert's Report, a copy of which is set out in Schedule 2 to this Notice of Meeting.

The Meeting will be held as a hybrid meeting, and Shareholders will be able to participate in a live webcast of the meeting online where Shareholders will be able to participate, ask questions and cast votes at the appropriate times whilst the Meeting is in progress.

Shareholders who wish to participate in the Meeting online may register in advance for the Meeting:

https://us02web.zoom.us/webinar/register/WN_7GieXacuT9ewr1hoxVmp3Q

When: Thursday 23 September 2021 at 12PM AEST

Topic: Invion Limited General Meeting

After registering, you will receive a confirmation email containing information about joining the Meeting. The Company strongly recommends its Shareholders to lodge a directed proxy as soon as possible in advance of the Meeting even if they are planning to attend the Meeting online.

Any Shareholders who may still wish to physically attend the Meeting should be mindful of new laws, government warnings and recommendations in relation to COVID-19 and monitor Invion's website and announcements on the ASX website for updates about the Meeting. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting.

The Company is happy to accept and answer questions submitted prior to the Meeting by email to mleydin@leydinfreyer.com.au. Where a written question is raised in respect of the key management personnel of the Company, the Resolutions to be considered at the Meeting, the Company will address the relevant question during the course of the Meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above.

After registering, you will receive a confirmation email containing information about joining the Meeting. The Company strongly recommends its Shareholders to lodge a directed proxy as soon as possible in advance of the Meeting even if they are planning to attend the Meeting online.

Any Shareholders who wish to attend the Meeting online should therefore monitor the Company's website and its ASX announcements for any updates about the Meeting. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting, the Company will make further information available through the ASX website at asx.com.au (ASX: IVX) and on its website at https://inviongroup.com/.

Your sincerely

Thian Chew
Chairman and Chief Executive Officer

INVION LIMITED

ACN 094 730 417
Registered office: Level 4, 96-100 Albert Road, South Melbourne, VIC 3205

AGENDA

The Explanatory Statement and Proxy Form, which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

1. Resolution 1: Approval to issue Shares under the Placement to RMW Cho Health Technology Limited

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, conditional upon the passing of Resolution 2, for the purpose of section 611 Item 7 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, approval be given for:

(a) the issue of 321,428,571 Shares at an issue price of $0.014 per share, to be issued under a private placement to RMW Cho Health Technology Limited, as detailed in the Explanatory Memorandum; and

(b) the acquisition by RMW Cho Health Technology Limited, Honsue Cho, RMWC Pty Ltd, Mr Thian Chew and Polar Ventures Limited of a Relevant Interest in the Shares that are allotted and issued in accordance with paragraph (a)."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report in Schedule 2 to this Notice of Meeting for the purpose of section 611 Item 7 of the Corporations Act before voting on this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the matters under this Resolution 1 to non-associated Shareholders. The Independent Expert has concluded that the issue of Shares under this Resolution 1 is not fair but reasonable to non-associated Shareholders.

2. Resolution 2: Approval to acquire a licence and distribution rights to NGPDT from RMW Cho Group Limited

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, conditional upon the passing of Resolution 1, for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval be given for the Company to acquire a licence and distribution rights to NGPDT from RMW Cho Group Limited on the terms and conditions of the Co-Development Agreement and Exclusive Licence and Distribution Agreement, as detailed in the Explanatory Memorandum."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report in Schedule 2 to this Notice of Meeting for the purpose of Listing Rule 10.11 before voting on Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the matters under this Resolution 2 to non-associated Shareholders. The Independent Expert has concluded that acquisition of licence and distribution rights under this Resolution 2 is not fair but reasonable to non-associated Shareholders.

3. Resolution 3: Approval to issue Options to Mr Thian Chew

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of section 611 Item 7 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval be given for:

(a) the proposed issue of Options, and upon their exercise, the issue of their underlying Shares, to Mr Thian Chew, as described in the Explanatory Statement; and

(b) the acquisition by RMW Cho Health Technology Limited, Honsue Cho, RMWC Pty Ltd, Mr Thian Chew and Polar Ventures Limited of a Relevant Interest in the Options that are to be issued in accordance with paragraph (a) and, upon their exercise, in their underlying Shares."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report in Schedule 2 to this Notice of Meeting for the purpose of section 611 Item 7 of the Corporations Act for this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the matters under this Resolution 3 to non-associated Shareholders. The Independent Expert has concluded that the issue of Shares under this Resolution 3 is not fair but reasonable to non-associated Shareholders.

4. Resolution 4: Approval to issue Options to Mr Alistair Bennallack

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval be given for the proposed issue of zero priced Options to Mr Alistair Bennallack to the value of $54,740 in the Company, in lieu of a physical cash payment of up to 100% of director's fees for the period 22 October 2020 to 31 August 2021 and on the basis set out as described in the Explanatory Statement."

By the order of the Board

Melanie Leydin

Company Secretary

Dated: 23 August 2021

Notes

1. **Entire Notice**: The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, the Notice of Meeting.

2. **Record Date:** The Company has determined that for the purposes of the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 5pm (AEST) on 21 September 2021. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

3. **Proxies**

   a. Votes at the General Meeting may be given personally or by proxy, attorney or representative.

   b. Each Shareholder has a right to appoint one or two proxies.

   c. A proxy need not be a Shareholder of the Company.

   d. If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.

   e. Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.

   f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.

   g. A proxy must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with that corporation's constitution and the Corporations Act.

   h. To be effective, Proxy Forms must be received by the Company no later than 48 hours before the commencement of the General Meeting, this is no later than 12pm (AEST) Melbourne time on 21 September 2021. Any proxy received after that time will not be valid for the scheduled Meeting.

4. **Corporate Representative**

   A Shareholder who is a body corporate and who is entitled to attend and vote at the Meeting, or a proxy who is a body corporate and who is appointed by a Shareholder entitled to attend and vote at the meeting, may appoint a person to act as its representative at the meeting by providing that person with:

   a. a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or
   b. a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative.

5. **How the Chair will vote Undirected Proxies**

   Subject to the restrictions set out in Note 6 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed Resolutions.

6. **Voting Exclusion Statement**

   Resolution 1

   The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

   - RMW Cho Health Technology Limited;
   - Mr Honsue Cho;
   - RMWC Pty Ltd;
   - Mr Thian Chew;
   - Polar Ventures Limited; or
   - an associate of any person referred to in the preceding paragraphs.

   Resolution 2

   The Company will disregard any votes cast in favour of Resolution 2 by:

   - RMW Cho Group Limited;
   - any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
   - an associate of any person referred to in the preceding paragraphs, including Mr Honsue Cho, RMWC Pty Ltd, Mr Thian Chew and Polar Ventures Limited.

   Resolution 3

   The Company will disregard any votes cast in favour of each of Resolution 3 by or on behalf of

   - Mr Thian Chew;
   - any person(s) who will obtain a material benefit as a result of the proposed issues of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
   - an associate of any person referred to in the preceding paragraphs, including Mr Honsue Cho, RMWC Pty Ltd, Mr Thian Chew and Polar Ventures Limited.

   Resolution 4

   The Company will disregard any votes cast in favour of each of Resolution 4 by or on behalf of

   - Mr Alistair Bennallack;

- any person(s) who will obtain a material benefit as a result of the proposed issues of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an associate of any person referred to in the preceding paragraphs.

However, the above voting exclusions for Resolutions 1 to 4 do not apply to a vote cast in favour of the Resolutions by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
    ii. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Furthermore, a vote must not be cast as proxy on any of Resolutions 3 and 4 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (a "Restricted Voter") may cast a vote on any of Resolutions 3 and 4 as a proxy if:

(a) The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution(s); or

(b) The Chairman is the Restricted Voter and the written appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution(s) and expressly authorises the Chairman to exercise the proxy even though the Resolution(s) is or are connected with the remuneration of a member of the Key Management Personnel.

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

7. Enquiries

Shareholders are invited to contact the Company Secretary on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Purpose of Information

This Explanatory Statement ("Statement") accompanies and forms part of the Company's Notice of General Meeting ("**Notice**") for the General Meeting ("Meeting"), which will be held as a hybrid meeting at Level 4, 96-100 Albert Road, South Melbourne, VIC 3205 and via webinar conferencing facility on at 12.00pm (AEST) on 23 September 2021.

Resolutions 1 and 2: Approval of the Proposed Transactions

Background of the Proposed Transactions and corresponding Resolutions

The purpose of Resolution 1 is for Shareholders to approve, pursuant to section 611 Item 7 of the Corporations Act 2001 (Cth) and ASX L.R. 10.11, the Placement to RMW Cho Health Technology Limited ("**RCHT**"), pursuant to a Placement Agreement.

The purpose of Resolution 2 is for Shareholders to approve, pursuant to ASX L.R. 10.1, the acquisition of certain licence and distribution rights in the Territory pursuant to the Co-Development Agreement and Exclusive Distribution and Licence Agreement.

The Proposed Transactions are contractually connected by conditions precedent as detailed further below. The Placement Agreement, the Co-Development Agreement and the Exclusive Distribution and Licence Agreement are collectively referred to below as the "**Proposed Transactions Agreements**", the key terms of which are summarised in Schedule 1.

Background to the Company

Invion is a company limited by shares incorporated in Australia whose Shares have been publicly traded on the ASX since its listing on February 2011. Invion is a pre-clinical and clinical-stage life sciences (drug development) company that is leading the global research and development of Photosoft™ technology for the treatment of a range of cancers, where such research and clinical trials are funded by the technology licensor, RMW Cho Group Limited ("**RMW**"), via an R&D services agreement with the Company. Invion currently holds the Australia and New Zealand licence rights to the Photosoft™ technology.

Background to RMW

RMW is focused on acquiring, holding and implementing proprietary technologies and exclusive licenses for ground-breaking developments in the areas of medicine and other patented and uniquely profitable technologies RMW is a company incorporated in Hong Kong and either directly or indirectly controlled by Mr Honsue Cho.

RMW has acquired extensive know how and has developed proprietary technologies such as Photo Dynamic Therapy ("**PDT**") agents, equipment, methods, processes, techniques and protocols with respect to PDT, referred to as Next Generation Photo Dynamic Therapy and also known as Next Generation PDT Technology and/or Photosoft™ technology ("**NGPDT**").

Background to RCHT

RCHT is a company incorporated under the laws of Hong Kong. The Company has been advised that RCHT is an investment vehicle comprising high-net-worth individuals and sophisticated investors who are new investors to Invion and who are not associates of the Cho Associates.

The sole director of RCHT is Mr Honsue Cho.

As at the date of this Notice of Meeting, RCHT holds no Shares.

Associates

Based on a previous change in substantial holding notice lodged with ASX on 18 January 2021, the Company has been advised that Mr Honsue Cho, RMWC Pty Ltd, Polar Ventures and Mr Thian Chew (Invion's Executive Chairman and CEO) are associates for the purposes of section 12(2) of the

Corporations Act. Mr Thian Chew currently does not personally hold any Shares (but holds options in Shares), however he is the controller of Polar Ventures Limited.

Mr Honsue Cho is the sole director of RCHT and the Company is advised that Mr Cho is expected to continue to be a director of RCHT for at least one year following completion of the Placement.

The Company understands that RCHT is an associate of Mr Honsue Cho, RMWC Pty Ltd, Polar Ventures and Mr Thian Chew for the purposes of section 12(2) of the Corporations Act (together, the "**Cho Associates**").

Summary of the NGPDT technology

PDT, referred to as Next Generation Photo Dynamic Therapy and also known as Next Generation PDT Technology and/or Photosoft™ technology ("**NGPDT**").

NGPDT is built on medical research on Photo Dynamic Therapy ("**PDT**") that is targeted to treat a variety of indications including cancers non-invasively. NGPDT is a chlorophyll-based PDT photosensitiser. Specifically, it is a complex of chlorin, chlorophyllin and zinc which activates at two light wage sensitivity ranges – 400-410 nm, 650-660 nm.

PDT is a treatment application that involves three key components: a drug, called photosensitiser or photosensitizing agent ("**PDT agent**"), a light source with a particular type of light and tissue oxygen. The combination of these three components is thought to lead to the chemical destruction of tissues which have either selectively taken up the PDT agent or have been locally exposed to light.

In addition to targeting cancer cells, PDT is hypothesised to affect tumours in other ways, including potentially damaged blood vessels in the tumour thereby preventing the cancer from receiving necessary nutrients and/or activating an immune response that attacks tumour cells.

The Company believes there are a number of theoretical advantages to treating cancer and other indications with PDT:

- PDT can be targeted very precisely, thereby avoiding the usual side effects of systemic treatment;
- PDT can be used to de-bulk difficult-to-reach tumours prior to surgery;
- PDT is minimally invasive, in that the light source used can often be applied externally;
- PDT is reputable, unlike many radiation therapies;
- PDT is low cost; and
- PDT can be performed quickly on an outpatient basis.

Summary of the Proposed Transactions

On 2 June 2021, Invion and RMW entered into a Co-Development Agreement and an Exclusive Distribution and Licence Agreement with the following key material terms:

- Invion and RMW will co-develop the Photosoft™ technology, an improved next generation Photodynamic Therapy (PDT), in relation to atherosclerosis and infectious diseases (including viral, bacterial, fungal and parasitic) ("**Indications**") for the Territory.
- RMW will contribute its existing intellectual property and know-how in relation to the Photosoft™ technology for the Indications and Invion will pay RMW a one-time amount of A$2.25M as its contribution to development costs of the Photosoft™ technology in relation to the Indications.
- Invion and RMW will make further contributions towards the co-development of the Photosoft™ technology for the Indications as they relate to the Territory, on the basis that (subject to limited rights to renegotiate contributions in good faith):
    - for development activities that are not directly related to clinical trials or commercialisation of the Photosoft™ technology, including pre-clinical studies, research activities, and all drug formulation and manufacturing (including scale up and GMP compliance), for the Indications in the Territory, Invion will be responsible for 25% and RMW will be responsible for 75% of contributions; and
    - for development activities that are directly related to clinical trials or commercialisation of the Photosoft™ technology, including preparatory work for clinical studies and engagement with regulatory authorities, for the Indications in the Territory, Invion will be responsible for 75% and RMW will be responsible for 25% of contributions.
- Invion will gain exclusive distribution rights to the Photosoft™ technology in the Territory for the Indications.

Simultaneously, Invion and RCHT entered into a Placement Agreement pursuant to which Invion has agreed to issue 321,428,571 Shares to RCHT at an issue price of A$0.014 per Share to raise approximately A$4.5 million before costs.

Funds raised under the Placement will be used to pay:

- the costs of the Transaction;
- Invion's $2.25 million contribution to RMW;
- general working capital; and
- to fund co-development of the Photosoft™ technology for the Indications in the Territory.

A summary of the key terms of the Proposed Transaction Documents is set out in Schedule 1.

There are no changes to the funding arrangements between RMW and its affiliates and Invion under the existing Research and Development Services Agreement executed on 31 August 2017. RMW and its affiliates will continue to fund the Company's R&D activities relating to potential cancer treatments, including operating costs that relate to these activities. The cancer research programs remain the key area of focus for Invion.

The Proposed Transactions Agreements are subject to the satisfaction of a number of conditions precedent including but not limited to the Company obtaining approvals by its shareholders as to the matters being sought at this Meeting under Resolutions 1 and 2. All conditions precedent other than the completion of the Placement have been satisfied.

The Company is currently not aware of any information which may cause the conditions precedent to be breached or unfulfilled. However, there is a risk that these conditions precedent will be unfulfilled due to circumstances outside of its control.

Key advantages of the Proposed Transactions

The Directors consider that the key advantages to the Company and non-associated Shareholders of undertaking the Proposed Transactions are as follows:

(a) the Company and RMW will both make contributions to co-develop, and the Company will be granted exclusive commercialisation rights to, the NGPDT technology in relation to the Indications for the Territory;

(b) the NGPDT technology will expand the Company's portfolio of assets and diversify its business by expanding into the diagnosis and treatment of the Indications for the Territory in addition to cancers;

(c) there is an opportunity to build substantial value for Shareholders if the NGPDT technology is successfully proven for the Indications and the Company obtains all relevant approvals to commercialise the NGPDT technology and products in the Territory; and

(d) the potential increase in market capitalisation of the Company following completion of the Proposed Transactions and successfully proving the NGPDT technology for the Indications may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity.

Key disadvantages of the Proposed Transactions

The Directors consider that they key disadvantages to the Company and non-associated Shareholders of undertaking the Proposed Transaction are as follows:

(a) current non-associated Shareholders will have their interests in the Company diluted by the Placement and Shares currently on issue will be diluted from 100% to approximately 94.52% of issued Shares;

(b) if the Placement is completed, based on information available to the Company, the Cho Associates will have a voting power of approximately 25.04%; and

(c) there is no guarantee that the research and development in relation to, or the commercialisation of, the NGPDT technology in relation to the Indications for Territory will be successful or result in a positive outcome for Shareholders. There is a number of risk factors associated with NGPDT technology with respect to the Proposed Transactions.

Key risks if the Proposed Transactions proceed

Shareholders should consider the Independent Expert's Report in Schedule 2 when considering the risks associated with the Proposed Transactions. Based on the information available, a non-exhaustive list of the key risk factors associated with the Proposed Transactions is set out below.

Dilution risk

The Company currently has 5,539,542,295 Shares on issue and 278,144,104 unlisted options on issue. If the Proposed Transactions are approved by Shareholders the Company will issue 321,428,571 Shares to RCHT in accordance with the terms and conditions of the Placement Agreement.

The issue of these Shares will dilute the existing Shares from 100% to approximately 94.52% ownership.

There is also a risk that the interests of Shareholders may be further diluted if future capital raisings are required in order to fund its activities.

Accordingly, the issue of Shares under the Proposed Transactions will have a dilutionary effect on the Company's existing non-associated Shareholders.

Major Controlling Shareholder

As at the date of this Notice, RCHT has no Shares.

As at the date of this Notice, the Cho Associates together hold a voting power of 20.70%. Following completion of the Placement, among other things the Cho Associates will have a voting power of up to 25.04% on completion of the Proposed Transactions.

This will enable the Cho Associates to block compulsory acquisition of the Company and block special resolutions of the Company.

Completion Risk

The Proposed Transactions Agreements are subject to the satisfaction of a number of conditions precedent including but not limited to the Company obtaining approvals by its shareholders as to the matters being sought at this Meeting under Resolutions 1 and 2. All conditions precedent other than the completion of the Placement have been satisfied.

The Company is currently not aware of any information which may cause the conditions precedent to be breached or unfulfilled. However, there is a risk that the condition precedent will be unfulfilled due to circumstances outside of its control.

Technology, clinical trial and commercialisation risk

As a pre-clinical and clinical stage pharmaceutical drug development company, the Invion business is subject to risk factors both specific to its business activities and of a general nature. There is no guarantee that NGPDT will be proven successfully in relation to the Indications in the Territory or Invion may be unable to secure necessary approvals from regulatory agencies to conduct clinical trials, or that the regulatory approval to manufacture and market its products will be received. Further, there can be no guarantee that in the event of successful clinical trials and receipt of regulatory approvals, the NGPDT technology can be successfully commercialised.

Impact on the Company's capital structure

If Resolutions 1 and 2 are approved, the effect of the Proposed Transactions on the capital structure of the Company can be summarised as follows:

	Number of Shares	**% of issued capital**
Shares on issue at the date of the Notice of Meeting	5,539,542,295	94.52%
Shares to be issued under the Private Placement (Resolution 1)	321,428,571	5.48%
Total Shares upon completion of the Proposed Transactions	**5,860,970,866**	**100%**

If Resolutions 1 and 2 are passed at the Meeting and the Company issues Shares to RCHT under the Placement Agreement, the overall ownership structure of the Company will be as follows:

	Number of Shares	% of issued capital
Non-associated Shareholders	4,393,510,936	75.96%
Cho Associates (including RCHT)	1,467,459,930	25.04%
Total Shares upon completion of the Proposed Transactions	**5,860,970,866**	**100%**

Use of funds from the Placement

The Company intends to apply funds raised pursuant to the Placement, as follows:

Application of funds	Amount A$
Costs of the Proposed Transactions	$0.2M
One-off payment to RMW pursuant to the Co-Development Agreement	$2.25M
Funding of co-development of the Photosoft™ technology for the Indications in the Territory.	$1.05M
General Working Capital	$1.0M
Total	**$4.5M**

Company's Intentions if Proposed Transactions are completed

If both Resolutions 1 and 2 are passed at the Meeting and all of the Proposed Transactions are undertaken, the Company will endeavour to do the following:

- continue the Company's existing strategy and R&D programs for NGPDT in relation to cancer, which will remain the Company's main focus; and
- establish a work program with RMW for the co-development of NGPDT in relation to the Indications for the Territory.

No changes to the Board are anticipated as a result of the Proposed Transactions.

Intentions of the Cho Associates regarding the future of the Company if Proposed Transactions are completed

The Cho Associates have given the following information to the Company to assist it to meet its responsibilities under ASIC Regulatory Guide 74. The Company takes no responsibility for any omission from, or any error or false or misleading statement in this section. The Cho Associates make no statement or representation in relation to the Company, or their intentions in respect of the Company, which may change if it becomes aware of information that is not currently available to it, except as set out below.

This section sets out the present intentions of the Cho Associates in relation to the continuation of the business of the Invion group, corporate structure and employees.

The Cho Associates presently intend to support the strategy set out above by the Company, namely to continue the Company's existing strategy and R&D programs for NGPDT in relation to cancer and establish a work program with RMW for the co-development of NGPDT in relation to the Indications for the Territory.

The Cho Associates do not currently intend to make any major changes to the business or the deployment of fixed assets of the Invion group, or to transfer assets between Invion and the Cho Associates.

Other than the Placement, the Cho Associates have no current intentions to inject capital in Invion.

The Cho Associates intend to keep the present key executives and employees of Invion after completion of the Proposed Transactions. No changes to the Board are anticipated as a result of the Proposed Transactions.

The Cho Associates do not currently intend to change the financial or dividend policies of Invion after completion of the Proposed Transactions given that the Company is likely to continue to incur capital expenditure for its R&D programs.

The statements set out in this section are statements of present intention only. The Cho Associates' and the Company's intentions may change as new information becomes available or as circumstances change, and the statements in this section should be read in that context.

Important Dates

An indicative timetable for completion of the Proposed Transactions is outlined below:

Event	Indicative Date
Date of General Meeting	23 September 2021
Completion of Placement (if Resolutions 1 and 2 are approved)	Within 2 Business Days, i.e. by 27 September 2021
Payment of $2.25M paid to RMW under the Co-Development Agreement (if Resolutions 1 and 2 are approved)	Within 5 Business Days, i.e. by 30 September 2021

Approval pursuant to section 611 Item 7 of the Corporations Act

Under section 606 of the Corporations Act, subject to limited specified exemptions, a person must not acquire a 'Relevant Interest' in issued voting shares in a public company, if as a result of the acquisition any person's voting power in the company would increase:

(a) from 20% or below to more than 20%; or
(b) from a starting point that is above 20% and below 90%.

In broad terms, a person has a 'Relevant Interest' in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) has a Relevant Interest compared with the total number of voting shares in a company.

A person (second person) will be an associate of the other person (first person) if:

(a) the first person is a body corporate and the second person is:
    i. a body corporate the first person controls;
    ii. a body corporate that control the first person; or
    iii. a body corporate that is controlled by an entity that controls the first person.
(b) the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
(c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Section 611 item 7 of the Corporations Act provides an exemption to the prohibition stated above. Section 611 item 7 of the Corporations Act allows a person (and its associates) to acquire a Relevant Interest in shares that would otherwise be prohibited under section 606(2) of the Corporations Act, if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company, and:

(a) no votes are cast in favour of resolution 1 and 2 by the proposed acquirers or their associates; and
(b) there is full disclosure of all information that is known to the proposed acquirer and its associates or known to the Company that is material to a decision on how to vote on resolutions 1 and 2, including:
    i. the identity of the person proposed to make the acquisition and their associates;
    ii. the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;
    iii. the voting power that person would have as a result of the acquisition;

iv. the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition; and

v. the voting power that each person's associates would have as a result of the acquisition.

Accordingly, Shareholder approval is being sought under Resolution 1 in respect of the issue of Shares under the Placement which will result in RCHT increasing its voting power in the Company to more than 20% and the Cho Associates increasing their voting power in the Company from a point above 20% and below 90%.

Approval pursuant to ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of shareholders, issue or agree to issue equity securities to certain persons, including:

(a) A related party;

(b) A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the entity;

(c) A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity pursuant to a relevant agreement which gives them a right or expectation to do so;

(d) An associate of a person referred to in the paragraphs above; or

(e) A +person whose relationship with the entity or a person referred to in the paragraphs above is such that, in ASX's opinion, the issue or agreement should be approved by security holders.

The Company is seeking the approval of Shareholders under Resolution 1 pursuant to Listing Rule 10.11 for the proposed issue of the Shares under the Placement to RCHT.

If Resolution 1 and 2 are passed, the Company will be able to proceed with the issue of Shares and RCHT will receive the Shares set out above.

If either Resolution 1 or 2 is not passed, the Company will not proceed with the issue of Shares to RCHT, and RCHT will not receive the Shares as described above.

If approvals are given under Listing Rule 10.11, approvals are not required under Listing Rule 7.1. The effect of this is that the issue of Shares will not be included in the Company's 15% annual placement capacity allowed to be issued by the Company without Shareholder approval under Listing Rule 7.1.

Listing Rule 10.13 sets out a number of matters which must be included in the notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 1:

(a) the 321,428,571 Shares under the Placement are proposed to be issued to RMW Cho Health Technology Limited;

(b) RCHT following falls into the category in Listing Rule 10.11.1 or 10.11.4, as it is controlled by Mr Honsue Cho, who is an associate of Mr Thian Chew (Executive Chair and CEO);

(c) the Shares will be issued not later than one month after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the Listing Rules) and it is anticipated that the allotment will occur on the same date;

(d) the Shares will be issued at $0.014 and the Shares will be issued on the same terms as the existing class of Shares;

(e) the funds raised will amount to approximately $4.5 million before costs;

(f) a summary of the material terms of the Placement Agreement is set out in Schedule 1; and

(g) a voting exclusion statement is included in this Notice.

Approval pursuant to ASX LR 10.1

ASX L.R. 10.1 provides that an entity (or any of its subsidiaries) must not acquire a "substantial asset" from, or dispose of a substantial asset to, any of the following persons without the approval of the entity's security holders:

(a) a related party;

(b) a subsidiary;

(c) a "substantial holder", if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities;

(d) an associate of a person referred to in (a) to (c) above; or

(e) a person whose relationship to the entity is such that, in ASX's opinion, the transaction should be approved by security holders.

Under Listing Rule 10.2, an asset is "substantial" if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The acquisition of rights by Invion from RMW in relation to the NGPDT technology is considered as an acquisition of a "substantial asset" as the value of the consideration will be more than 5% of the equity interests of Invion.

Approval under Listing Rule 10.1 is required because the Company understands that RMW is controlled by Mr Honsue Cho and is an associate of the Cho Associates, who together hold a relevant interest in more than 20.70% of issued Shares as at the date of this Notice.

Resolution 2 seeks the required shareholder approval to the issue under and for the purposes of Listing Rule 10.1.

Independent Expert's Report

Listing Rule 10.10.2 requires that a notice of meeting seeking shareholder approval under Listing Rule 10.1 must contain a report from an independent expert stating whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

Further, ASIC Regulatory Guide 74 provides that a notice of meeting that seeks approval under section 611 item 7 of the Corporations Act must include an independent expert's report which states whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

Accordingly, for the purposes of Resolutions 1 and 2, the Directors have appointed the Independent Expert and commissioned it to prepare a report as to whether or not, in their opinion, the Proposed Transactions are fair and reasonable to non-associated Shareholders.

What is fair and reasonable must be judged by the Independent Expert in all the circumstances of the proposal. This requires taking into account the likely advantages to non-associated Shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

The Independent Expert has concluded that the Proposed Transactions are **not fair but reasonable** to the non-associated Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is attached as Schedule 2.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Proposed Transactions will result in the issue by the Company of 321,428,571 Shares to RCHT, an entity controlled by Mr Honsue Cho who is an associate of Mr Thian Chew (Executive Chair and CEO).

The Directors (excluding Mr Chew) consider that RCHT and RMW may be related parties of the Company pursuant to section 228 of the Corporations Act. Notwithstanding this the Directors (excluding Mr Chew) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in

respect of the issue of Shares under the Placement to RCHT because the Proposed Transactions are on arm's length terms.

Conditionality of Resolutions 1 and 2

Each of Resolutions 1 and 2 are conditional upon the other Resolution being approved. That is, each of Resolutions 1 and 2 will only be passed if both Resolutions are passed at the Meeting. In the event that one of Resolutions 1 or 2 is not approved, then:

(a) the Proposed Transactions will not proceed;

(b) the Proposed Transactions Agreements will be terminated as the condition precedent for Shareholder approval has not been satisfied;

(c) the Company will not be able to co-develop the NGPDT with RMW in relation to the Indications for the Territory, nor commercialise the NGPDT technology for the Indications in the Territory; and

(d) the Company will need to seek alternate finance or capital raising options to ensure that it has sufficient working capital to meet its ongoing requirements.

Directors' recommendations in relation to Proposed Transactions

The Directors (other than Mr Thian Chew) do not have any material interest in the outcome of the voting on Resolutions 1 and 2 at the Meeting other than as a result of their interest arising solely in the capacity of Shareholders of the Company.

The Directors (with Mr Chew abstaining) have unanimously approved the proposal to put the resolutions to Shareholders.

Based on the information available (including, as described in this Explanatory Memorandum) each of the Directors (with Mr Chew abstaining) consider that the Proposed Transactions are in the best interest of the Company and unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2 at the Meeting

Resolution 3: Issue of Options to Mr Thian Chew

Background

Resolution 3 of the Notice seeks Shareholder approval for the purpose of Section 611 Item 7 of the Corporations Act and Listing Rule 10.14 and all other purposes for the issue of options to the Chief Executive Officer of the Company under the Company's Employee Share Option Plan (**the Plan**).

ASX Listing Rules 10.14 requires a listed entity to obtain prior Shareholder approval for the issue of securities to a Director of the Company under an employee equity incentive scheme.

The Company is proposing to issue options to Mr Thian Chew (Chief Executive Officer) under the Employee Share Options Plan ("Options"). In accordance with ASX Listing Rule 7.2 (Exception 14), if approval is given under ASX Listing Rule 10.14 for the proposed grant of Options to Mr Thian Chew, no further approval will be required under ASX Listing Rule 7.1 for the proposed grant of Options or the shares issued upon exercise of those options by Mr Thian Chew. The effect of this is that the grant of those options or the issue of shares on the exercise of those options will not be included in the Company's 15% annual placement capacity allowed to be issued by the Company without shareholder approval under ASX Listing Rule 7.1.

Terms of Options

The terms of the Options are:

- vest as follows:
    - On grant date: 25% of Options vest;
    - 1 November 2021: 25% of Options vest;
    - 1 November 2022: 25% of Options vest;
    - 1 November 2023: 25% of Options vest;
- exercise price: $0.017;
- expire on 23 September 2025, i.e. 4 years after the grant date; and
- upon exercise, entitle the holder to one fully paid ordinary share in the Company (details of the option grant of each Director is outlined below):

Resolution	Name of the Director	Nature	Number of Options
Resolution 3	Mr Thian Chew	Chairman and Chief Executive Officer	138,488,557

The Company has prepared an assessment of the indicative fair value of the Options as summarised below. The value is indicative only, based on assumptions relevant at the date of the calculation, being 20 July 2021. Different assumptions may be relevant at grant date which may alter the value of the Options for financial reporting purposes.

In addition to directors' fees of $90,000 for his duties as Chairman, the total remuneration package for Mr Thian Chew for his duties as the Chief Executive Officer comprises of $309,000 (inclusive of superannuation if applicable) (**Remuneration Package**) and the Annual short term incentive of up to 50% of the Remuneration Package, and would be increased by the total dollar amount set out in the following table, based on the assumptions. The actual valuation amount will not be calculated until the Options are issued, when the exercise price will be known (at which time other assumptions may also have changed).

Assessment	
Indicative fair value per Option	$0.00946
Number per Director	Mr Thian Chew- 138,488,557 Options
Total $ per Director	Mr Thian Chew- $1,310,102
Total Options	138,488,557
Total $	$1,310,102

The indicative fair value was calculated using the Black-Scholes valuation model. This is a theoretical valuation and Shareholders should note that the Options are not quoted and cannot be transferred. The Options cannot be exercised unless they vest and the exercise price must be paid to the Company upon their exercise.

The assumptions used in the valuation model were as follows:

Assumptions:	
Valuation date	20 July 2021^
Spot price (19 July 2021)	$0.014
Exercise price*	$0.017
Vesting date	On grant date: 25% of Options vest 1 November 2021: 25% of Options vest 1 November 2022: 25% of Options vest 1 November 2023: 25% of Options vest
Expiry date	4 years after grant date, i.e. 23 September 2025
Expected future volatility+	104%
Risk free rate	0.442%
Dividend yield	Nil
Probability of all options vesting	100%

^Based on the issue date assumed as being the valuation date.
+Based on assessment of estimated future volatility of the Company

As at the date of this Notice, the Director who is proposed to receive the Options has the following direct and indirect interests in shares and/or options of the Company:

Director/Shareholder (and/or associate(s))	Existing Shares	Existing Options
Mr Thian Chew	546,857,721 (9.9%)	36,920,613

Following issue of the Options, Mr Thian Chew (or his nominee(s)) would hold 175,409,170 Options. If all or Mr Chew's Options were to be exercised, including those subject to this Resolution (assuming no other director exercised their options, and there were no other issues of shares, including those relating to proposed resolutions to be considered at this Meeting), the above percentage would increase as follows:

Director	Existing%	New%
Mr Thian Chew	9.9%	12.6%

Assuming that:

- Resolutions 1, 2 and 3 are passed at the Meeting;
- the Company issues Shares to RCHT under the Placement Agreement;
- the Company issues the Options to Mr Chew pursuant to Resolution 3 and those Options vest and are exercised; and
- the Company does not issue any further securities and no other Options are exercised,

the overall ownership structure of the Company will be as follows:

	Number of Shares	% of issued capital
Non-associated Shareholders	4,393,510,936	73.23%
Shares issued to Mr Chew on exercise of Options granted pursuant to Resolution 3	138,488,557	2.31%
Cho Associates (including Shares issued to RCHT under Resolution 1 and Shares issued to Mr Chew on exercise of Options granted pursuant to Resolution 3)	1,605,948,487	26.77%
Total Shares	**5,999,459,423**	**100%**

Corporations Act

The Board has formed the view that the issue of Options to the Chairman and Chief Executive Officer (or their respective nominee(s)) do not require Shareholder approval under section 208 of the Corporations Act as the issue constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

A 'financial benefit' is defined in section 229 of the Corporations Act and includes granting an option to a related party.

Section 228 of the Corporations Act defines a 'related party' for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)). Section 228(5) provides that an entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time within the previous 6 months.

In reaching this view, the Board considers the proposed grant of Options aligns the interests of the above Director with the interests of Shareholders. The grant of Options to the above Director is a cost-effective form of remuneration when compared to the payment of cash consideration.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position, and the Company's objective to use available cash to fund its operations in the near future, and in order to compensate the Chairman and Chief Executive Officer in line with

current market practices and the remuneration of previous CEO's of the Company, Options provide an appropriate and meaningful remuneration component to the Chairman and Chief Executive Officer that is aligned with Shareholder interests.

The Chairman and Chief Executive Officer who is proposed to receive Options was not present during the decision-making process, including any decision to put to shareholders the proposed issue of their respective Options or otherwise regarding the proposed issues of their respective Options.

If Resolution 3 is passed and the Options are issued, the Director proposed to receive securities under Resolution 3 (including direct and indirect interests) will have a relevant interest as set out in the table on page 10 of the Explanatory Statement.

ASX Listing Rule 10.14

The Company is proposing to issue the Options under the Plan, which is an employee incentive scheme as defined in the Listing Rules.

Listing Rule 10.14 provides that a listed company must not, without the approval of shareholders, permit any of the following persons to acquire equity securities under an employee incentive scheme:

- 10.14.1: a director of the Company;
- 10.14.2: an associate of a director of the Company; or
- 10.14.3: a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

The proposed issue of the Options falls within Listing rules 10.14.1 and/or 10.14.2 above, as the proposed recipient of the Options is a director of the Company and therefore requires the approval of the Company's shareholders under Listing rule 10.14.

Resolution 3 seeks the required shareholder approval to the issue under and for the purposes of Listing Rule 10.14.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Options and the Director (or their nominee(s)) will receive the number of Options set out in the table on page 10 of the Explanatory Statement, with the increase in his remuneration and potential increase in their shareholdings as described on page 9.

If Resolution 3 is not passed, the Company will not proceed with the issue of the Options to the Director, and the Director (or his nominee(s)) will not receive the Options or potential shareholdings as described on page 9.

If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

The following information is given under ASX Listing Rule 10.15 in respect of the proposed acquisition of Options by the Director under Resolution 3:

(a) the proposed recipient is Mr Thian Chew, or his nominee(s) (each of which would be an associate of the Director);
(b) the proposed recipient is a director of the Company;
(c) 138,488,557 Options are proposed to be issued to Mr Thian Chew;
(d) details of Mr Chew's current total remuneration package are set out in the commentary for Resolution 3, on page 9 above;
(e) details of the securities previously issued to the Director under the Plan are:

Number and type of securities	**Average acquisition price paid**
138,488,557 Options	Nil

(f) information regarding or containing:
    i. a summary of the material terms of Options;
    ii. an explanation of why Options are being used; and
    iii. the value attributed by the Company to the Options and its basis;

    is set out above;

(g) the Options will be issued as soon as practicable after the date of the Meeting, with the issue date being no later than 3 years after the date of the Meeting;
(h) the Options will be issued for nil consideration;
(i) a summary of the material terms of the Plan is set out in Appendix A;

(j) details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under listing rule 10.14;
(k) any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule; and
(l) a voting exclusion statement is included in this Notice.

Board Recommendation

The Board (with Mr Chew abstaining) unanimously recommends that shareholders vote in favour of Resolution 3. The Chairman will vote undirected proxies in favour of Resolution 3.

Company's Intentions if Resolution 3 is approved

Shareholders should refer to the explanatory statements for Resolutions 1 and 2 above in relation to the intentions of the Company. No Board changes are anticipated if Resolution 3 is approved.

Intentions of the acquirers regarding the future of the Company if Resolution 3 is approved

Shareholders should refer to the explanatory statements for Resolutions 1 and 2 above in relation to the intentions of the Cho Associates. No Board changes are anticipated if Resolution 3 is approved.

Approval pursuant to section 611 Item 7 of the Corporations Act

As noted above, under section 606 of the Corporations Act, subject to limited specified exemptions, a person must not acquire a 'Relevant Interest' in issued voting shares in a public company, if as a result of the acquisition any person's voting power in the company would increase:

(a) from 20% or below to more than 20%;
(b) from a starting point that is above 20% and below 90%.

Shareholder approval is being sought under Resolution 3 in respect of the issue of Shares on exercise of Options by Mr Chew which may result in the Cho Associates increasing their voting power in the Company from a point above 20% and below 90%.

Independent Expert's Report

ASIC Regulatory Guide 74 provides that a notice of meeting that seeks approval under section 611 item 7 of the Corporations Act must include an independent expert's report which states whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

The Independent Expert has concluded that the issue of Options to Mr Chew pursuant to this Resolution 3 is **not fair but reasonable** to the non-associated Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is attached as Schedule 2.

Board Recommendation

The Board (with Mr Chew abstaining) believes that Resolution 3 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

Resolution 4: Issue of Options to Mr Alistair Bennallack

Background

Resolution 4 seeks shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of options to Non-Executive Director of the Company, Mr Alistair Bennallack (or his nominee(s)), as consideration for 100% of the Director's fees payable to them for the period from 22 October 2020 to 31 August 2021. The Directors seek Shareholder approval on this Resolution to take zero price options ("Options") in lieu of the Company making a physical cash payment for up to 100% of Director's fees owed.

The total remuneration package for Mr Bennallack is $54,740. The deemed issue price of the Options will be based on a 14-day VWAP at the date of the General Meeting.

The Company is currently reviewing its corporate overheads which include Directors and management fees in order to maintain cash reserves and ensure that resources including cash are effectively applied as part of cost reduction strategies currently under implementation. The Company is of the view that remunerating Directors by way of equity aligns the interests of shareholders and Directors, while reducing cash expenditure.

Terms of Options-

The terms of the Options are-

- vest immediately upon issue;
- exercise price will be $0.00 per Share;
- expire on 31 October 2024; and
- upon exercise, entitle the holder to one fully paid ordinary share in the Company (details of the option grant for Mr Bennallack is outlined below):

Resolution	**Name of the Director**	**Nature**	**Value of Directors fees to be issued as options**
Resolution 4	Mr Alistair Bennallack	Chair & Chief Executive Officer	$54,740

The number of options to be issued to Mr Bennallack will be equal to the respective value of the Director's fees divided by the VWAP for the 14 days, prior to the issue date of the Options, upon which Shares of the Company traded on ASX at the date of the General Meeting (14-day VWAP). The following table sets out illustrative examples of the number of options granted assuming different example 14-day VWAPs in lieu of the directors fees not paid in cash.

Example 14-day VWAP ($):	**0.0119 (1.19 cents)**	**0.0126 (1.26 cents)**	**0.0133 (1.33 cents)**	**0.014 (1.4 cents)**	**0.0147 (1.47 cents)**	**0.0154 (1.54 cents)**	**0.0161 (1.61 cents)**
Resolution 4 number of options issued to Mr Bennallack	4,600,000	4,344,444	4,115,789	3,910,000	3,723,810	3,554,545	3,400,000

As at the date of this Notice, the Director who is proposed to receive the Options has the following direct and indirect interests in Shares and/or options of the Company:

Director/Shareholder (and/or associate(s))	**Existing**		**Existing**
	Shares	**%**	**Options**
Mr Alistair Bennallack	13,333,333	0.24%	20,443,211

Following issue of the Options, based on an assumed 14-day VWAP of $0.0138 (1.38 cents), being the 14-day VWAP as at 19 July 2021, Mr Alistair Bennallack (or his nominee(s)) would hold 3,966,667 Options. If Mr Bennallack were to exercise his Options (assuming there were no other issue of Shares), the above percentages would increase as follows:

Director	**Existing Shares %**	**New Shares %**
Mr Alistair Bennallack	0.00%	0.4%

Corporations Act

The Board has formed the view that the issue of Options to Mr Alistair Bennallack (or his respective nominee(s)) does not require Shareholder approval under section 208 of the Corporations Act as the issue constitutes "reasonable remuneration" in accordance with section 211 of the Corporations Act.

A "financial benefit" is defined in section 229 of the Corporations Act and includes granting an option to a related party.

Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)). Section 228(5) provides that an entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time within the previous 6 months.

In reaching this view, the Board considers the proposed grant of Options aligns the interests of each of the above Director with the interests of Shareholders. The grant of Options to the above Director is a cost-effective form of remuneration when compared to the payment of cash consideration.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position, and the Company's objective to use available cash to fund its operations in the near future, and in order to compensate the above Director in line with current market practices, Options provide an appropriate and meaningful remuneration component to the above Director that is aligned with Shareholder interests.

The Director who is proposed to receive Options was not present during the decision-making process, including any decision to put to shareholders the proposed issue of their respective Options or otherwise regarding the proposed issue of their respective Options.

If Resolution 4 is passed and the Options are issued, the Director proposed to receive securities under Resolution 4 (including direct and indirect interests) will have a relevant interest as set out in the table on page 9 of the Explanatory Statement.

Approval pursuant to ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of shareholders, issue or agree to issue equity securities to certain persons, including:

- 10.11.1: related party; or
- 10.11.4: an associate of a related party.

The proposed issue of Options falls within Listing Rule 10.11.1 and/or 10.11.4 above, as the proposed recipient of the Options is a director of the Company and is therefore a related party of the Company. The proposed issue of the Options therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

Resolution 4 seeks the required shareholder approval to the issue under and for the purposes of Listing Rule 10.11.

If Resolution 4 is passed, the Company will be able to proceed with the issue of Options and the Director (or his nominee(s)) will receive the value of Options set out in the table on page 13, with the potential increase in their shareholdings as described on page 13.

If Resolution 4 is not passed, the Company will not proceed with the issue of the Options to the Director, and the applicable Director (or his nominee(s)) will not receive the Options or potential shareholdings as described on page 13.

If approvals are given under Listing Rule 10.11, approvals are not required under Listing Rule 7.1. The effect of this is that the grant of those options or the issue of Shares on the exercise price of those options will not be included in the Company's 15% annual placement capacity allowed to be issued by the Company without shareholder approval under Listing Rule 7.1.

The following information is given under Listing Rule 10.13 in respect of the proposed issue of Options to the Director under Resolution 4:

(a) the proposed recipient is Mr Alistair Bennallack, who is a Director of the Company, or his respective nominee(s) (each of which would be an associate of the respective Director);

(b) the recipient is a related party of the Company as he is a Director of the Company;

(c) Options to the value of $54,740 are proposed to be issued to Mr Alistair Bennallack. The number of Options to be issued is not fixed and will be calculated as the value of the Options to be issued divided by the 14-day VWAP at the date of this Meeting;

(d) the material terms of the Options are set out above;

(e) the Options will be issued no later than one month after the date of the Meeting;

(f) the Options will be issued for nil consideration;

(g) the Options will be issued in lieu of remuneration. As such there is no issue price for, and the Company will not receive cash from, the issue of the Options;

(h) details of the Director's current total remuneration package are set out in the commentary of Resolution 4 on page 12 of the Explanatory Statement; and

(i) a voting exclusion statement is included in this Notice.

Board Recommendation

The Board (with Mr Bennallack abstaining) recommends that shareholders vote in favour of Resolution 4. The Chairman will vote undirected proxies in favour of Resolution 4.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"**$**" means Australian Dollars;

"**ASX**" means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

"**ASX L.R.**" or "**Listing Rule(s)**" means a listing rule issued by ASX as amended from time to time;

"**AEST**" means Australian Eastern Standard Time.

"**Board**" means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

"**Chairman"** means the person appointed to chair the Meeting of the Company convened by the Notice;

"**Cho Associates**" means Honsue Cho, RMWC Pty Ltd, Mr Thian Chew and Polar Ventures Limited, and following completion of the Placement, also includes RCHT;

"Closely Related Party" means

(a) a spouse or child of the member; or
(b) has the meaning given in section 9 of the Corporations Act.

"**Co-Development Agreement**" means the co-development agreement entered into between Invion and RMW dated 2 June 2021;

"**Company**" means Invion Limited ACN 094 730 417;

"**Constitution**" means the constitution of the Company as at the date of the Meeting;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Director**" means a Director of the Company;

"**Exclusive Distribution and Licence Agreement**" means the exclusive distribution and licence agreement entered into between Invion and RMW dated 2 June 2021;

"**Explanatory Statement**" means the explanatory statement which forms part of this Notice;

"Independent Expert" means PKF Melbourne;

"**Indications**" means atherosclerosis and infectious diseases (including viral, bacterial, fungal and parasitic);

"NED" means each of the Non-Executive Directors of the Company;

"**NGPDT**" means Next Generation Photo Dynamic Therapy and also known as Next Generation PDT Technology and/or Photosoft™ technology;

"**Notice**" means this Notice of Meeting including the Explanatory Statement;

"**Placement**" means 321,428,571 ordinary fully paid Shares at an issue price of A$0.014 per Share to be issued to RCHT pursuant to the terms and conditions of the Placement Agreement;

"**Placement Agreement**" means the placement letter entered into between Invion and RMW dated 2 June 2021;

"**Proposed Transactions**" means:

(a) the Placement; and
(b) the acquisition of exclusive distribution rights by Invion from RMW pursuant to the terms and conditions of the Co-Development Agreement and Exclusive Distribution and Licence Agreement;

"**Proxy Form**" means the proxy form attached to the Notice;

"**Resolution**" means a resolution referred to in the Notice;

"**RCHT**" means RMW Cho Health Technology Limited;

"**RMW**" means RMW Cho Group Limited;

"**Section**" means a section of the Explanatory Statement;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means shareholder of the Company;

"**Share Registry**" means Link Market Services (ABN 54 083 214 537);

"**Territory**" means Asia and Oceania (other than Australia and New Zealand), excluding Middle East, Russia and the specified territories of China, Hong Kong, Macau and Taiwan;

"**Trading Day**" means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

"**VWAP**" means volume weighted average price.

Schedule 1 Key terms of the Proposed Transaction Agreements

Co-Development Agreement

The key terms of the Co-Development Agreement are summarised below:

(a) (**Conditions precedent**) The performance of the Co-Development Agreement is subject to and conditional upon:

(i) the completion of the Placement in accordance with its terms (such completion being conditional upon, among other things, approval by Invion's shareholders of the matters set out in Resolutions 1 and 2);

(ii) execution of the Exclusive Distribution and Licence Agreement by Invion and RMW; and

(iii) RMW providing evidence to Invion's reasonable satisfaction that all intellectual property rights in the NGPDT owned by RMWC Unlimited Innovation Pty Ltd has been assigned to RMW.

(b) (**Co-Development of NGPDT**):

(i) Invion and RMW agree to jointly develop the NGPDT in relation to the Indications, including for diagnosis and treatment of the Indications, for the Territory on the terms and conditions of the Co-Development Agreement; and

(ii) Invion and RMW agree to contribute toward the joint development of NGPDT, determined as follows:

A. RMW will contribute intellectual property rights in the NGPDT ("**NGPDT IP**") on the terms set out in the Co-Development Agreement;

B. Invion will pay RMW an amount of an amount of A$2.25 million on the date 5 Business Days after satisfaction of the conditions precedent, as a contribution towards the development of the NGPDT IP as it relates to the Indications and the Territory, having regard to its proportion of contributions;

C. for development activities that are not directly related to clinical trials or commercialisation of NGPDT for use in connection with the Indications a Territory (including pre-clinical studies and research activities, pharmacokinetic and safety information or other relevant information, and drug formulation and manufacturing activities, including acquiring plant and equipment, scale up, good manufacturing practice (GMP) compliance), Invion will be responsible for 25%, and RMW will be responsible for 75%, of all contributions (by value) by the parties in relation to such development activities (whether by way of funding or other in-kind contributions); and

D. for development activities that are directly clinical trials and commercialisation of NGPDT for use in connection with the Indications, and any preparatory work undertaken for such clinical trials including engagement with regulatory authorities in a Territory, Invion will be responsible for 75% and RMW will be responsible for 25%, of all contributions (by value) by the parties in relation to such development activities (whether by way of funding or other in-kind contributions).

(c) (**Exclusive distribution and licence**): In consideration of the contributions made by Invion for the joint development of the NGPDT under the Co-Development Agreement, RMW agrees to grant an exclusive licence to use the NGPDT IP (including any improvements thereof) and any inventions in connection with NGPDT owned by RMW, and to distribute NGPDT products and procedures, in relation to the Indications in the Territory on the terms and conditions of the Exclusive Distribution and Licence Agreement. No additional consideration will be payable by Invion for the grant of such rights (excluding for the purchase of NGPDT products to be distributed by Invion in the Territory).

(d) (**Intellectual property warranties and indemnity by RMW**) RMW has given customary warranties and indemnities in relation to the NGPDT IP on terms that are customary for transactions of this nature.

(e) (**Term and termination**): The Co-Development continues until terminated by notice where:

(i) a party breaches any material term and the breach is not capable of remedy, or the party in breach fails to remedy the breach within 30 business days after receipt of a notice from the non-defaulting party requiring the breach to be remedied; or

(ii) a party is affected by an insolvency event.

(f) (**Reimbursement to Invion**) If either the Co-Development Agreement or the Exclusive Distribution and Licence Agreement is terminated, and Invion is unable to obtain the benefits commensurate to its contributions as contemplated under the Co-Development Agreement, including where the NGPDT is unable to be commercialised by Invion in the Territory (or any part of the Territory), then RMW agrees to pay to Invion an amount for compensation for its contributions made under this Agreement.

Exclusive Distribution and Licence Agreement

The key terms of the Exclusive Distribution and Licence Agreement are summarised below:

(a) (**Condition precedent**) The performance of the Exclusive Distribution and Licence Agreement is subject to and conditional upon the execution of the Co-Development Agreement by Invion and RMW and each of the conditions precedent referred to in clause 2(a) of that agreement being satisfied.

(b) (**Licence and appointment**) RMW:

(i) appoints Invion as its exclusive distribution of the NGPDT products and procedures for the Indications in the Territory; and

(ii) grants to Invion an an exclusive, perpetual, royalty free licence to Use the NGPDT IP (including any improvements to the NGPDT IP and any inventions in connection with NGPDT owned by RMW in relation to the Indications in the Territory.

(c) (**Obligations and warranties**) Invion and RMW have agreed to certain obligations, and to give certain representations and warranties, that are customary for transactions of this nature.

(d) (**Intellectual property warranties and indemnity by RMW**) RMW has given customary warranties and indemnities in relation to the NGPDT IP on terms that are customary for transactions of this nature.

(e) (**Sub-licences**) Invion has the right to negotiate with third parties and grant sub-licences within the Territory on the conditions set out in the agreement.

(f) (**Term and termination**): The Co-Development continues until terminated by notice where:

(i) a party breaches any material term and the breach is not capable of remedy, or the party in breach fails to remedy the breach within 30 business days after receipt of a notice from the non-defaulting party requiring the breach to be remedied; or

(ii) a party is affected by an insolvency event.

(g) (**Reimbursement to Invion**) If either the Co-Development Agreement or the Exclusive Distribution and Licence Agreement is terminated, and Invion is unable to obtain the benefits commensurate to its contributions as contemplated under the Co-Development Agreement, including where the NGPDT is unable to be commercialised by Invion in the Territory (or any part of the Territory), then RMW agrees to pay to Invion an amount for compensation for its contributions made under this Agreement.

Schedule 2 Independent Expert's Report

[insert]

APPENDIX A – SUMMARY OF THE MATERIAL TERMS OF THE EMPLOYEE SHARE OPTION PLAN

What securities are granted under the Option Plan?	Options will be granted, each being eligible to subscribe for one Invion Share, subject to the ASX Listing Rules and the terms of the Option Plan.
	
	An Invion Share issued on the exercise of an Option will rank equally with all other Invion Shares on issue.
	
	Issue of Options to Chairman and CEO
	
	The terms of the Options are –
	
	• Vest:
	  • On grant date: 25% of Options vest;
	  • 1 November 2021: 25% of Options vest;
	  • 1 November 2022: 25% of Options vest;
	  • 1 November 2023: 25% of Options vest;
	• exercise price: $0.017; and
	• expire 4 years after the grant date.

Who can participate?	Any employee (including any director, part-time or full-time employee or consultant) of the Company or its subsidiaries who is declared by the Board to be eligible (**Eligible Participant**).
How are eligible employees invited?	The Board may from time to time determine that an Eligible Participant may participate in the Option Plan by inviting the person to apply for the grant of Options. The invitation may be made on the terms determined by the Board, including as to: • the number of Options for which the participant may apply; • the date on which the Options are granted; • the exercise price for the Options; • the vesting conditions of the Options; and • the forfeiture of the Options. The eligible employee must return the application form duly completed and signed to the Company by the due date and time, together with a cheque for any amount payable in respect of the grant of the Options (if any).
How are Options granted?	After the Company accepts a duly completed application form, the Company will grant the relevant number of Options to the participant, and issue a certificate evidencing the grant of the Options.
Will Options be listed on the ASX?	No, Options granted under the Option Plan will not be listed.
Are there any vesting conditions?	The Board may determine in its sole discretion the nature of any vesting conditions. The vesting conditions will be contained in the invitation to participants. Options may not be exercised unless the vesting conditions (if any) have been met. Options will vest on: • the date the vesting conditions are satisfied; or • the date the vesting conditions are waived by the Board; or • if the vesting of the Options is not subject to vesting conditions, the date • the Options are granted to the participant.
What is the exercise price?	After the Options have vested, the participant must give a notice of exercise to the Company and pay the exercise price (if any) prior to the expiry date of the Option, as specified in the invitation. After a participant has validly exercised the Options, the Company will issue to the participant the number of Invion Shares the participant is entitled to through the exercise of the Options.
Are the Options transferable?	A participant must not sell, assign, transfer, grant security over, or otherwise deal with an Option granted under the Option Plan unless required by law (including transfer upon death or legal incapacity of the Option holder).

What happens on retirement, disability or death of the eligible officer or employee?	Within 20 business days, the Board may issue a written notice that the Options will not be forfeited. The Board may determine in its discretion whether the employee's options are deemed to have vested.
When do the Options lapse?	An Option will lapse when it has been forfeited. Options will be forfeited where: • a participant ceases employment with the Company other than by retirement, disability, or death, or any other circumstance identified by the Board; or • any applicable vesting conditions have not been met by the due date; or • the Board determines an employee has acted fraudulently or • dishonestly, or has wilfully breached his/her duties as an employee; or • a participant becomes insolvent; or • a participant ceases to be an Eligible Participant and either is in direct competition with the Company; or • another forfeiture event as specified in the relevant invitation occurs. The Board has discretion to determine that, notwithstanding a forfeiture event, the Options are not forfeited.
Adjustments	If there is a reorganisation of capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of capital), the rights of each participant will be changed to the extent necessary to comply with the ASX Listing Rules. If there is a bonus issue or pro rata issue (as those terms are defined under the ASX Listing Rules) the Board may determine that the exercise price for all Options issued under the Option Plan will be adjusted in the manner specified in ASX Listing Rule 6.22
Can the Option Plan be amended?	The Board may at any time amend the Option Plan, including the terms and conditions upon which any Options have been granted under the Option Plan. However, no such amendment may be made if the amendment materially reduces the rights of any holder of Options issued to them prior to the
	date of the amendment, other than an amendment that is introduced primarily: • for the purpose of complying with or conforming to present or future legislation governing or regulating the maintenance or operation of the Option Plan; • to correct any manifest error or mistake; • to allow the implementation of an employee share trust arrangement; • to take into consideration possible adverse tax implications in respect of the plan including changes to applicable tax legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation, unless otherwise agreed to in writing by all participants adversely affected by the proposed amendment.
Who manages and administers the Option Plan?	The Option Plan is managed and administered by the Board.
Option Plan limits	The Board will not grant Options under the Option Plan if: • the number of Invion Shares which would be issued if all of the current Options issued under the Option Plan were exercised; and • the number of Invion Shares which have been issued as a result of the exercise of Options issued under any employee incentive scheme, where the Options were issued during the preceding three years, but excluding any Options granted or Invion Shares issued by way of or as a result of certain excluded offers, would exceed 5% of the then current number of Invion Shares on issue.

18 August 2021

The Independent Directors
Invion Limited
Level 4, 100 Albert Road
SOUTH MELBOURNE VIC 3205

Dear Directors

Re: Independent Expert's Report

1. Introduction

The directors of Invion Limited ("**Invion**" or "**IVX**" or the "**Company**") have requested PKF Melbourne Corporate Pty Ltd ("**PKF Corporate**") to prepare an Independent Expert's Report ("**IER**") in respect of the proposed transaction that would see the Company enter into two agreements being a:

- Co-Development Agreement and Exclusive Distribution and Licence Agreement with RMW Cho Group Limited ("**RMW**") (referred to as the "**Proposed Commercial Agreement**"); and
- Placement Agreement with RMW Cho Health Technology Limited ("**RCHT**") (referred to as the "**Placement Agreement**").

RMW is a company incorporated in Hong Kong and, along with its affiliates, is focused on acquiring, holding and implementing proprietary technologies and exclusive licenses for ground-breaking developments in the areas of medicine and other patented and uniquely profitable technologies. RMW and its affiliates are the licensor of the Photosoft™ technology and are funding the research and clinical trials in respect of this technology.

RCHT is an associate of RMW and is also a company incorporated in Hong Kong as an investment vehicle comprising high-net-worth individuals and sophisticated investors.

Mr Honsue (Michael) Cho is the founder of RMW and a current director of RCHT and through his controlled entities holds a relevant interest representing 20.69% of the voting power in Invion (the "**Cho Interest**"). Should the proposed transaction complete, Mr Cho will not hold an economic interest in RCHT, however, he will continue to be a director of RCHT for at least one year.

The proposed transaction may result in the voting power of the Cho Interest in Invion increasing from a starting point that is above the 20% limit imposed by Section 606 of the Corporations Act 2001 (the "**Act**").

Mr Thian Chew, the Chairman and Chief Operating Officer of Invion is also the Managing Partner of Polar Ventures Limited, which is considered to be an associate of RMW and Mr Cho.

The Australian Securities Exchange (ASX) Listing Rule 10.1 requires that a company obtain shareholder approval at a general meeting when the acquisition of a substantial asset is made from a related party or a shareholder holding shares in at least 10% of the company's voting securities. As Mr Chew is considered to be a related party and as Mr Cho holds more than 10% of the Company's issued capital, both Mr Chew and Mr Cho are considered to be related parties of Invion. Accordingly, ASX Listing Rule 10.1 requires that the Company obtain shareholder approval for the proposed transaction.

2. The Proposed Transaction

2.1 Background to the Proposed Transaction

On 2 June 2021, Invion announced that it had signed the Proposed Commercial Agreement and the Placement Agreement.

The Proposed Commercial Agreement has been entered into by Invion and RMW to co-develop the Photosoft™ technology, an improved next generation Photodynamic Therapy ("**PDT**" or "**NGPDT**") (referred to as the "**Technology**"), in relation to atherosclerosis and infectious diseases including viral, bacterial, fungal and parasitic (collectively referred to as the "**Indications**"). The Proposed Commercial Agreement consists of the following, among other things:

- Invion will gain exclusive distribution rights to the Technology in Asia Pacific which includes Asia and Oceania but excludes Australia and New Zealand, Middle East, Russia and specified territories of China, Hong Kong, Macau and Taiwan (collectively referred to as the "**Territory**"). Invion's distribution rights within Australia and New Zealand are subject to existing agreements with RMW (the "**Existing Commercial Agreement**");

- RMW will contribute its existing intellectual property and know-how in relation to the Technology for the Indications and Invion will pay RMW an amount of AU$2.25 million as contribution to the development costs of the Technology in relation to the Indications; and

- Future contributions will be made by Invion and RMW towards the co-development of the Technology for the Indications as they relate to the Territory and dependent on whether development activities are related to clinical trials or commercialisation of the Technology.

  For development activities that are related to clinical activities or commercialisation of the Technology for the Indications in the Territory, including preparatory work for clinical studies and engagement with regulatory authorities, Invion will be responsible for 75% of the contributions and RMW will be responsible for 25% of the contributions.

  The opposite contribution split will be applicable for development activities that are not related to clinical activities or commercialisation of the Technology for the Indications in the Territory, including pre-clinical studies, research activities, and all drug formulation and manufacturing.

  The future contributions to be made by Invion and RMW under the Proposed Commercial Agreement are collectively referred to as the "**Future Contributions**" in the balance of this report.

The Placement Agreement between Invion and RCHT would see RCHT acquire 321,428,571 Ordinary Shares in Invion at an issue price of AU$0.014 per share raising approximately AU$4.5 million before costs. Part of these funds will be used by Invion towards its initial and future contributions in respect to the Technology under the Proposed Commercial Agreement.

2.2 Proposed Resolutions to be Approved by Shareholders

Invion is seeking shareholder approval at the forthcoming General Meeting ("**GM**"). The Notice of General Meeting (the "**Notice**") requires the shareholders to vote on the following ordinary resolutions:

Resolution 1: Approval to issue Shares under the Placement to RMW Cho Health Technology Limited

"That, conditional upon the passing of Resolution 2, for the purpose of section 611 Item 7 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.11 and for all other purposes, approval be given for:

(a) the issue of 321,428,571 Shares at an issue price of $0.014 per share, to be issued under a private placement to RMW Cho Health Technology Limited, as detailed in the Explanatory Memorandum; and

(b) the acquisition by RMW Cho Health Technology Limited, Honsue Cho, RMWC Pty Ltd, Thian Chew and Polar Ventures Limited of a Relevant Interest in the Shares that are allotted and issued in accordance with paragraph (a)."

Resolution 2: Approval to acquire a licence and distribution rights to NGPDT from RMW Cho Group Limited

"That, conditional upon the passing of Resolution 1, for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval be given for the Company to acquire a licence and distribution rights to NGPDT from RMW Cho Group Limited on the terms and conditions of the Co-Development Agreement and Exclusive Licence and Distribution Agreement, as detailed in the Explanatory Memorandum."

Resolution 3: Approval to issue Options to Mr Thian Chew

"That, for the purpose of section 611 Item 7 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval be given for:

(a) the proposed issue of Options, and upon their exercise, the issue of their underlying Shares, to Mr Thian Chew, as described in the Explanatory Statement; and

(b) the acquisition by RMW Cho Health Technology Limited, Honsue Cho, RMWC Pty Ltd, Mr Thian Chew and Polar Ventures Limited of a Relevant Interest in the Options that are to be issued in accordance with paragraph (a) and upon their exercise, in their underlying Shares."

Resolution 4: Approval to issue Options to Mr Alistair Bennallack

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval be given for the proposed issue of zero priced Options to Mr Alistair Bennallack to the value of $54,740 in the Company, in lieu of a physical cash payment of up to 100% of director's fees for the period 22 October 2020 to 31 August 2021 and on the basis set out as described in the Explanatory Statement."

We have been requested to provide an opinion on whether Resolutions 1, 2 and 3 are fair and reasonable to the Non-Associated Shareholders.

Resolutions 1 and 2 are contractually connected by conditions precedent and, as such, they are interdependent on each other and shareholders have to approve both of these resolutions for them to become effective. For this reason we regard Resolutions 1 and 2 as together forming part of one overall transaction and in the balance of this report we refer to this transaction as the Proposed Transaction (the "**Proposed Transaction**").

Whilst Resolutions 1 and 2 are interdependent on each other, Resolution 1 seeks approval for the Cho Interest to increase their voting power in Invion for the purposes of section 611 (item 7) of the Corporations Act, whereas Resolution 2 seeks approval for the issue of consideration securities to RMW pursuant to ASX Listing Rule 10.1. Although these are separate regulatory requirements they form part of the one overall transaction and, as such, we have provided one opinion in respect of the overall Proposed Transaction incorporating Resolutions 1 and 2.

Resolution 3 seeks approval for the Cho Interest to increase their voting power in Invion for the purposes of section 611 (item 7) of the Corporations Act. Resolution 3 is not interdependent on Resolutions 1 and 2 and, as such, we have provided a separate opinion in respect of Resolution 3 on a stand-alone basis as well as on the assumption that Resolutions 1 and 2 are approved as this will result in the maximum voting power to be held by the Cho Interest in Invion.

2.3 Impact of the Proposed Transaction and Resolution 3

The Proposed Transaction will result in the issue of 321,428,571 Invion shares to RCHT under the Placement Agreement. Should Invion shareholders approve Resolution 3 of the Notice and should Mr Chew exercise all of the options proposed to be issued to him (the "**Chew Options**"), this will result in the issue of an additional 138,488,557 Invion shares to Mr Chew.

We have summarised in the table below the impact of the Proposed Transaction and the exercise of the Chew Options subject to Resolution 3 of the Notice on Invion's voting power.

Table 1

	if Res 1 to 3 not approved		if Res 1 & 2 approved only		if Res 1 to 3 approved		if Res 3 approved only	
Invion Limited Shareholder name	**Number of shares held**	**Voting power**	**Number of shares held**	**Voting power**	**Number of shares held**	**Voting power**	**Number of shares held**	**Voting power**
Cho Associates[1]								
Polar Ventures Limited[2]	546,857,721	9.87%	546,857,721	9.33%	685,346,278	11.42%	685,346,278	12.07%
RMWC Pty Ltd	314,547,156	5.68%	314,547,156	5.37%	314,547,156	5.24%	314,547,156	5.54%
Mr Honsue Cho	284,626,482	5.14%	284,626,482	4.86%	284,626,482	4.74%	284,626,482	5.01%
RMW Cho Health Technology Limited	-	0.00%	321,428,571	5.48%	321,428,571	5.36%	-	0.00%
	1,146,031,359	20.69%	1,467,459,930	25.04%	1,605,948,487	26.77%	1,284,519,916	22.62%
Shengli Wang and associated entities	681,440,371	12.30%	681,440,371	11.63%	681,440,371	11.36%	681,440,371	12.00%
BNP Paribas Nominees Pty Ltd	327,388,912	5.91%	327,388,912	5.59%	327,388,912	5.46%	327,388,912	5.77%
ACSLNC Pty Ltd	275,988,000	4.98%	275,988,000	4.71%	275,988,000	4.60%	275,988,000	4.86%
Other Non-Associated Shareholders	3,108,693,653	56.12%	3,108,693,653	53.04%	3,108,693,653	51.82%	3,108,693,653	54.75%
Total Non-Associated Shareholders	4,393,510,936	79.31%	4,393,510,936	74.96%	4,393,510,936	73.23%	4,393,510,936	77.38%
Total shares on issue	5,539,542,295	100.00%	5,860,970,866	100.00%	5,999,459,423	100.00%	5,678,030,852	100.00%

[1] represents the Cho Interest

[2] represents the interest of Mr Chew including the additional shares under Resolution 3 of the Notice should the options be exercised

As can be seen from the above table, if the Non-Associated Shareholders approve the Proposed Transaction this will result in an increase in the voting power of the Cho Interest from below 20.69% to up to 25.04%. If Shareholders approve the Proposed Transaction and Resolution 3, the Cho Interest will increase from 20.69% to up to 26.77%. Accordingly, the Proposed Transaction cannot take place without prior approval by the Invion shareholders in accordance with Section 611 item 7 of the Act.

As can also be seen from the above table, if the Non-Associated Shareholders do not approve the Proposed Transaction but approve Resolution 3, the Cho Interest may increase from 20.69% to up to 22.62%. Accordingly, Resolution 3 cannot take place without prior approval by the Invion shareholders in accordance with Section 611 item 7 of the Act.

The Directors of Invion have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise the shareholders whether the Proposed Transaction and Resolution 3 are fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders (all shareholders entitled to vote on the Proposed Transaction).

3. Summary opinions

In our opinion, the Proposed Transaction is **not fair but is reasonable to the Non-Associated Shareholders**. Our principal reasons for reaching this opinion are:

Fairness – the Proposed Transaction

- In Section 7 of this report, we assessed the value of an Invion Ordinary Share on a control basis before the Proposed Transaction to be in a range of AU$0.012 to AU$0.015 per share;

- In Section 10 of this report, we assessed the value of an Invion Ordinary Share on a minority basis after the Proposed Transaction to be in a range of AU$0.010 to AU$0.014 per share; and

- As the minority value range mid-point (AU$0.0120 per share) of an Invion Ordinary Share after the Proposed Transaction is less than the control value range mid-point (AU$0.0135 per share) of an Invion Ordinary Share before the Proposed Transaction, we have concluded that the Proposed Transaction is **not fair**.

Reasonableness – the Proposed Transaction

The reasons for assessing the Proposed Transaction as **reasonable** are:

- If Shareholders do not approve the Proposed Transaction, Invion will need to seek alternative funding to contribute to unfunded research and development activities as well as identify new complementary assets and/or business opportunities that it can advance which may require extensive management focus and expense to secure in order to provide shareholders with a new value proposition. Any alternative funding may be on less favourable terms to the Placement Agreement.

- If Shareholders approve the Proposed Transaction and all other conditions precedent are met, this will consolidate the support of the Cho Associates as a strategic partner and shareholder of Invion. This support may be by way of future research and development towards clinical and non-clinical activities as well as additional level of financial support and technical expertise which may add further market confidence and provide additional shareholder value for Invion's shareholders. However, if Shareholders do not approve the Proposed Transaction, this may discourage the Cho Associates from continuing its support of Invion in respect of the Existing Commercial Agreement and any new business opportunities.

- Whilst in Section 11 of this report we assessed the Proposed transaction as not being fair, in reaching this opinion we valued an Invion Ordinary Share before the Proposed Transaction on a control basis and after the Proposed Transaction on a minority basis. This approach is mandated by Regulatory Guide 111. However in reality the Cho Interest currently controls 20.69% of Invion's voting power and this will only increase to 25.04% if shareholders approve the Proposed Transaction. As the Cho Interest already holds in excess of 20% of Invion's voting power and approval of the Proposed Transaction only modestly increases the level of control, we have also assessed the Proposed Transaction by comparing the minority value of an Invion Ordinary Share before the Proposed Transaction (AU$0.010 to AU$0.012) with a minority value of an Invion Ordinary Share after the Proposed Transaction and if assessed on this basis, the Proposed Transaction would be fair.

- The acquisition of the Proposed Commercial Agreement will expand Invion's access to a larger market in which the Technology can be utilised for those Indications for the Territory and this may be value accretive to Invion. This may be attractive to new investors and may result in greater coverage by analysts, resulting in greater liquidity of the market in Invion's shares. If Shareholders do not approve the Proposed Transaction, Invion's advancement of the Technology will be limited to the rights under the Existing Commercial Agreement.

In our opinion, Resolution 3 is **not fair but is reasonable**. Our principal reasons for reaching this opinion are:

Fairness – Resolution 3 assuming Resolutions 1 and 2 are approved

- In Section 14 of this report, we assessed the value of an Invion Ordinary Share on a control basis before Resolution 3 but after the Proposed Transaction to be in a range of AU$0.013 to AU$0.017 per share;

- In Section 14 of this report, we assessed the value of an Invion Ordinary Share on a minority basis after the Proposed Transaction and the exercise of the Chew Options to be issued under Resolution 3 to be in a range of AU$0.0 011 to AU$0.014 per share; and

- As the minority value range mid-point (AU$0.0125 per share) of an Invion Ordinary Share after the Proposed Transaction and the exercise of the Chew Options to be issued under Resolution 3 is less than the control value range mid-point (AU$0.0150 per share) of an Invion Ordinary Share before Resolution 3 but after the Proposed Transaction, we have concluded that the Proposed Transaction is **not fair**.

Fairness – Resolution 3 assuming Resolutions 1 and 2 are not approved

- In Section 7 of this report, we assessed the value of an Invion Ordinary Share on a control basis before Resolution 3 and before the Proposed Transaction to be in a range of AU$0.012 to AU$0.015 per share;

- In Section 14 of this report, we assessed the value of an Invion Ordinary Share on a minority basis after the exercise of the Chew Options to be issued under Resolution 3 but before the Proposed Transaction to be in a range of AU$0.0 009 to AU$0.012 per share; and

- As the minority value range mid-point (AU$0.0105 per share) of an Invion Ordinary Share after the exercise of the Chew Options to be issued under Resolution 3 but before the Proposed Transaction is less than the control value range mid-point (AU$0.0135 per share) of an Invion Ordinary Share before Resolution 3 and before the Proposed Transaction, we have concluded that the Proposed Transaction is **not fair**.

Reasonableness – Resolution 3

The reasons for assessing Resolution 3 as **reasonable** are:

- Shareholders should be aware that whilst Invion is seeking approval of Resolution 3 pursuant to Section 611 item 3, this approval is not required to issue the Chew Options. Technically approval of the conversion of the Chew Options by Shareholders is also not required as Mr Chew is permitted to exercise the options pursuant to Section 611 item 9 (creep provisions).

- If Shareholders approve Resolution 3, the Company will only raise funds from the issue of the Chew Options when they are exercised. Accordingly, the Company may raise up to AU$2,354,305 (138,488,557 options x AU$0.017 exercise price) through the issue of the options rather than using external funding. However, it is unlikely that the Chew Options will be exercised until and unless the options are well in the money and, as such, it would be expected that the Invion share price is well above existing share price trading levels. If exercised, the Company will issue an additional 138,488,557 Invion shares and this may be dilutive to the Non-Associates Shareholders of Invion.

- As the Chew Options are unlisted and not freely transferable, Mr Chew will not be able to benefit from the sale of the Chew Options and, as such, will be required to pay the exercise price to convert the Chew Options to Invion Ordinary Shares should he wish to benefit from the Chew Options.

- If Shareholders approve Resolution 3, Mr Chew will be issued 138,488,557 unlisted options. We have set out our assessed indicative value of the Chew Options in Appendix C of this report. Accordingly, the indicative value of the Chew Options that Mr Chew may receive the benefit of is approximately AU$1.302 million.

- If Shareholders do not approve Resolution 3, the Company may be required to remunerate Mr Chew an additional amount in lieu of receipt of the Chew Options using existing cash resources or cash resources from the Placement or alternative funding sources.

- If Shareholders approve the Resolution 3 only, the Cho Associates may control up to 22.62% of Invion's voting power. As a result, the combined shareholding of the Non-Associated Shareholders may be diluted from 79.31% to 77.38% and they may have reduced ability to influence the operating, financing and strategic decision of Invion.

4. Structure of this report

The remainder of this report is divided into the following sections:

5. Purpose of the report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001 – Section 611**

  Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company:

  (a) from 20% or below to more than 20%; or

  (b) from a starting point that is above 20% and below 90%.

  Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

  Invion is seeking shareholder approval for the Proposed Transaction under item 7 of Section 611 of the Act, as the voting power of the Cho Interest will increase from a starting point that is above 20% and below 90% as provided by Section 606 of the Act.

- **ASX Listing Rules 10.1 and 10.2**

  Listing Rules 10.1 and 10.2 require a company to obtain shareholder approval at a general meeting when the disposal or acquisition of a substantial asset, which has a value in excess of 5% of the shareholders' funds, as set out in the latest financial statements given to the ASX, is to be made to or from:

  (a) a related party;

  (b) a subsidiary;

  (c) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;

  (d) an associate of a person referred to in paragraphs (i), (ii) or (iii) above; or

  (e) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

  As

  - RMW is controlled by Mr Honsue Cho who is an associate of the Cho Interest;
  - the Cho Interest holds more than 10% of the Ordinary Shares in Invion; and
  - the quantum of the initial expenditure which Invion has agreed to contribute towards the Technology as part of the Proposed Transaction of AU$2.25 million exceeds 5% of the equity interest of Invion as set out in the latest financial statements given to the ASX (5% x total equity of AU$5.28 million as at 31 December 2020 = AU$264,000);

  Listing Rule 10.1 will apply to the Proposed Transaction.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

RG 111 – Content of Expert Reports ("RG111")

RG 111.24 An issue of shares by a company otherwise prohibited under s606 may be approved under item 7 of s611 and the effect on the company's shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of s611 that are comparable to takeover bids under Ch 6 include:

(b) a company issues securities in exchange for cash, as a consequence, the allotee acquires over 20% of the company. The allotee could have achieved the same or a similar outcome by using a cash-rich entity to make a scrip takeover bid for the company.

RG 111.55 Generally, ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.

RG 111.53 When analysing related party transactions, it is important that an expert focuses on the substance of the related party transaction, rather than the legal mechanism. For example, where a related party transaction is made up of a number of separate components, the expert should consider the overall effect of the related party transaction.

RG 111.54 Where the related party transaction is one component of a broader transaction or a series of transactions involving non-related parties (such as a control transaction), the expert should carefully consider what level of analysis of the related party aspect is required: see also RG 111.4. In this consideration, the expert should bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction.

RG 111.56 Where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Ch 2E or ASX Listing Rule 10.1), this should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information. See Regulatory Guide 76 Related Party Transactions (RG 76) at RG 76.106 – RG 76.111 for further details.

RG 111.57 A proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made:

(a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and

(b) for control transactions, on the basis referred to in RG 111.11.

RG 111.58 Where the proposed transaction consists of an asset acquisition by the entity, it is 'fair' if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. Where the financial benefit given by the entity is securities in the entity and the consideration is securities in another entity held by a related party, the value of the entity's securities should be compared to the value of the securities it is purchasing.

RG 111.10 It has long been accepted in Australian mergers and acquisitions practice that the words 'fair and reasonable' in s640 establish two distinct criteria for an expert analysing a control transaction:

(a) is the offer 'fair'; and

(b) is it 'reasonable'?

That is, 'fair and reasonable' is not regarded as a compound phrase.

RG 111.11 Under this convention, an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer[1]. This comparison should be made:

(a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and

(b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.

RG 111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is 'reasonable' if it has assessed the issue price as being 'not fair' applying the test in RG 111.11.

ASIC Regulatory Guide 111 requires that the Proposed Transaction and Resolution 3 be assessed as if they were a takeover of Invion. In assessing a takeover bid, Regulatory Guide 111 states that the expert should consider whether the Proposed Transaction is both "fair" and "reasonable".

[1] In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC has expressed the view that transactions purpose to item 7 of Section 611 should be assessed by "comparing the fair market value of the company's shares pre-transaction on a control basis, with the fair market value of the company's shares post-transaction on a minority basis".

RG 76.105 To ensure that members are provided with sufficient information to assess a proposed related party transaction and decide how to vote, it may be necessary for entities to include a valuation from an independent expert with a notice of meeting for member approval under Ch 2E or Pt 5C.7 where:

(a) the financial benefit is difficult to value;

(b) the transaction is significant from the point of view of the entity (see RG 76.113); or

(c) the non-interested directors do not have the expertise or resources to provide independent advice to members about the value of the financial benefit.

RG 76.107 Independent valuation advice on a proposed related party transaction can help members better understand and assess the proposal and make an informed decision about how to vote. Independent valuation advice can also play an important part in maintaining investor confidence in the management of the entity.

RG 76.109 There is no express requirement in Ch 2E for an independent expert report to be obtained for provision to members with a notice of meeting. However, we encourage independent expert reports to be obtained and sent to members with the accompanying explanatory material in the circumstances set out in RG 76.105.

RG 76.110 In our view, under Ch 2E and directors' duties, directors have a general obligation to include information about the value of a financial benefit in a notice of meeting for member approval of a related party benefit. The directors' fiduciary duty of disclosure generally requires notices of meeting for approval of asset sales or acquisitions to include the material information necessary for members to assess whether a transaction is for a fair price, and whether the terms and conditions are onerous or disadvantageous: Sunraysia at 635.

RG 76.111 The economic and commercial considerations addressed in the examples in s219(2) would often require directors to provide information about the value of the benefit.

RG 76.112 In some cases, a notice of meeting for approval of a related party benefit could include information about the value of the financial benefit in the form of advice from the non-interested directors. However, given the complexities and inherent conflicts of interest involved in many related party transactions, it is sometimes more appropriate for an entity to commission an independent expert to give an opinion on the proposed transaction.

RG 76.113 A transaction can be significant from the point of view of an entity – so that an independent expert report may be necessary (see RG 76.104(b)) – for reasons other than the dollar value involved. For example, a transaction may be considered to be significant if it involves a change of business activities or strategic direction, the replacement of the full board, substantial dilution of existing members, or if it is very complex.

RG 76.114 Regulatory guide 111 *Content of Expert Reports* (RG 111) provides guidance on the content of expert reports for related party and other transactions and how experts should assess related party transactions.

- **General**

  The terms “fair” and “reasonable” are not defined in the Act, however, guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

  The Proposed Transaction (Resolutions 1 and 2)

Fairness	the Proposed Transaction is “fair” if the value of the minority shares held by the Non-Associated Shareholders’ in Invion after the Proposed Transaction is equal to or greater than the control value of the shares in Invion before the Proposed Transaction.
Reasonableness	the Proposed Transaction is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received.

  What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

  The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as follows:

  (i) In determining whether the Proposed Transaction is fair, we have:

  - assessed the value of Invion before the Proposed Transaction and determined the control value of one Invion Ordinary Share;
  - assessed the value of Invion after the Proposed Transaction and determined the minority value of one Invion Ordinary Share; and
  - compared the control value of one Invion Ordinary Share before the Proposed Transaction with the minority value of one Invion Ordinary Share after the Proposed Transaction.

  (ii) In determining whether the Proposed Transaction is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Transaction.

  Resolution 3

  (i) In determining the fairness of Resolution 3, we have:

  - assessed the value of Invion before Resolution 3 and before and after the Proposed Transaction and determined the control value of one Invion Ordinary Share;
  - assessed the value of Invion before and after the Proposed Transaction and after the exercise of the Chew Options to be issued under Resolution 3 and determined the minority value of one Invion Ordinary Share; and
  - compared the control value of one Invion Ordinary Share before Resolution 3 and before and after the Proposed Transaction with the minority value of one Invion Ordinary Share before and after the Proposed Transaction and after the exercise of the Chew Options to be issued under Resolution 3.

  (ii) In determining whether Resolution 3 is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting Resolution 3.

6. Invion - key information

6.1 Background

6.1.1 Invion is an Australian pre-clinical stage life sciences company that is focused on the global research and development of the Technology for the treatment of a range of cancers. Invion currently holds the Australia and New Zealand licence rights to the Technology under the Existing Commercial Agreement.

6.1.2 Invion is developing the Technology as an improved next generation Photodynamic Therapy (**PDT**). PDT uses non-toxic photosensitisers and visible light in combination with oxygen to produce cytotoxic-reactive oxygen that kills malignant cells, shuts down tumours and stimulates the immune system. PDT is a potential alternative to surgery and treatment via radiotherapy and chemotherapy. Under the Existing Commercial Agreement, RMW and its affiliates will continue to fund research and clinical trials relating to potential cancer treatments as the licensor of the Technology.

6.1.3 In addition to the above, Invion has several research and development agreements and partnerships in place. These include:

- **Research agreement with Peter MacCallum Cancer Centre ("Peter Mac")** – under this agreement Peter Mac will undertake pre-clinical and in-vitro studies on Invion's IVX-PDT Photodynamic therapy for ano-genital cancers.

- **Research and Development Services Agreement and Manufacturing and Supply Agreement with Guilin Pavay Biotechnology Co., Ltd ("Pavay Biotech")** – under these agreements, held by Invion's wholly-owned subsidiary, EpiTech Dermal Science Pty Ltd ("**EpiTech**"), EpiTech will manage the research, development and production specifications for the supply of Australian-made dermatological ingredients that will be used in the formulation of dermatology products to be manufactured by Pavay Biotech and test-marketed to Chinese consumers. Currently, EpiTech is a licensee of the Technology however this is on a non-exclusive basis for use with respect to photoactive products or ingredients provided for cosmetic (non-medical) human and for veterinary use. Epitech does not own any intellectual property and is selling raw material to Pavay in support of Pavay's research and development initiatives.

- **Research partnership with Hudson Institute of Medical Research ("Hudson Institute")** - Invion has filed a provisional patent in respect of a new Active Pharmaceutical ingredient (**API**) called 'INV-043' and initial tests have been caried out by the Hudson Institute. As INV-043 is being developed in accordance with the Existing Commercial Agreement, it has been assumed that INV-043 has been treated as being part of the Existing Commercial Agreement.

6.1.4 Further detailed information in relation to the existing license right held by Invion in respect to the Existing Commercial Agreement incorporating the provisional patent (INV-043), is provided in the Acuity Technology Management Pty Ltd[2] ("**Acuity**") Independent Valuation Report (see Attachment 1 to this report).

[2] Acuity specializes in the appraisal and valuation of IP and knowledge-based intangible assets. Acuity has experience in valuing technologies, projects and businesses in a diversity of industries including medical and life sciences.

6.2 Directors

Invion's Board of Directors and other key executives at the date of this report are presented in the table below.

Table 2

Invion Limited Board of Directors
Mr Thian Chew (Executive Chairman and CEO)
Mr Alan Yamashita (Non-Executive Director)
Mr Robin Merriel (Non-Executive Director)
Mr Alistair Bennallack (Non-Executive Director)

Source: ASX

6.3 Issued capital

6.3.1 As at the date of this report, Invion had on issue 5,539,542,295 fully paid Ordinary Shares. The major shareholders of Invion and their associates as at the date of this report are presented in the table below and they held approximately 47.5% of the issued ordinary capital of Invion.

Table 3

Invion Limited Shareholder name	Number of shares held	Percentage interest
Cho Associates		
Polar Ventures Limited	546,857,721	9.87%
RMWC Pty Ltd	314,547,156	5.68%
Mr Honsue Cho	284,626,482	5.14%
	1,146,031,359	20.69%
Shengli Wang and associated entities	681,440,371	12.30%
BNP Paribas Nominees Pty Ltd	327,388,912	5.91%
ACSLNC Pty Ltd	275,988,000	4.98%
Yong Chen	200,000,000	3.61%
	2,630,848,642	47.49%

Source: ASX, Invion

6.3.2 As at the date of this report, shares held by the strategic shareholders, directors and employees total 3,358,361,536[3] IVX shares or 60.6% of the issued capital. The balance of the issued capital is 2,181,180,759 or 39.4% of the issued capital and this represents the 'free float' that is readily tradeable on market.

[3] Sourced from S&P Capital IQ

6.3.3 Invion also has 274,704,679 unlisted Options on issue that are convertible into Ordinary Shares of Invion. We have presented the terms of these securities in the table below.

Table 4

Invion Limited Options	Total number	Exercise price	Expiry date
Unlisted options	199,434,880	AU$0.0300	12-Feb-23
Unlisted options	2,725,761	AU$0.0200	30-Oct-23
Unlisted options	20,443,211	AU$0.0172	31-Aug-24
Unlisted options	15,928,570	AU$0.0200	01-Jul-24
Unlisted options	20,443,211	AU$0.0177	22-Oct-24
Unlisted options	5,689,623	AU$0.0000	31-Oct-24
Unlisted options	2,725,762	AU$0.0106	31-Oct-24
Unlisted options	7,313,661	AU$0.0000	31-Oct-24
	274,704,679		

Source: ASX

6.3.4 Having regard to the above table and with the exception of the options that have a zero exercise price (13,003,284 options), we have not treated all other options (261,701,395) on an as converted basis in the balance of this report after considering their expiry dates and exercise prices as well as the trading in Invion shares leading up to the trading halt that was the subject of the Proposed Transaction (refer to Section 7.3 of this report).

6.3.5 We have treated those options with a zero exercise price on an as converted basis and, as such, we have calculated the fully diluted shares on issue of Invion to be 5,552,545,579 (Ordinary Shares 5,539,542,295 plus zero exercise price Unlisted Options 13,003,284) in the balance of this report for valuation purposes only but not to determine the change in voting power (refer to Table 1 of this report) as until the options are converted to Ordinary Shares the option holders will not have voting rights in Invion.

6.4 Statements of financial position

Invion's consolidated statements of financial position as at 30 June 2019, 30 June 2020 and 31 December 2020 are presented in the table below.

Table 5

Invion Limited Consolidated Statement of Financial Position	Audited 30-Jun-19 AU$	Audited 30-Jun-20 AU$	Reviewed 31-Dec-20 AU$
Current Assets			
Cash and cash equivalents	771,313	618,843	521,075
Trade and other receivables	120,575	271,845	215,983
Other current assets	50,270	26,173	115,152
	942,158	916,861	852,210
Non-Current Assets			
Property, plant and equipment	4,819	3,891	2,270
Intangibles	5,115,000	4,840,000	4,702,500
	5,119,819	4,843,891	4,704,770
Total Assets	6,061,977	5,760,752	5,556,980
Current Liabilities			
Trade and other payables	490,567	281,731	187,872
Insurance premium funding	-	-	92,388
Provisions	63,875	34,091	-
Unearned income	50,270	11,000	-
	604,712	326,822	280,260
Total Liabilities	604,712	326,822	280,260
Net Assets	5,457,265	5,433,930	5,276,720
Equity			
Issued capital	130,555,435	130,555,435	130,939,698
Reserves	23,119,839	1,990,206	2,300,351
Accumulated losses	(148,218,009)	(127,111,711)	(127,963,329)
Total Equity	5,457,265	5,433,930	5,276,720

Source: Invion's annual report for the financial year ended 30 June 2020 and half year report for the six months ended 31 December 2020

6.5 Operating performance

Invion's consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2019 ("**FY19**"), 30 June 2020 ("**FY20**") and the half year ended 31 December 2020 ("**HY21**") are presented in the table below.

Table 6

Invion Limited Consolidated Statement of Profit or Loss And Other Comprehensive Income	Audited FY19 AU$	Audited FY20 AU$	Reviewed HY21 AU$
Revenue from continuing operations	3,882,096	3,476,784	1,244,321
Other income	(28,823)	72,570	89,368
Expenses			
Cost of sales	-	-	(9,142)
Employee benefits expense	(701,721)	(701,460)	(566,517)
Depreciation and amortisation expenses	(309,568)	(277,906)	(139,121)
Administration & corporate expenses	(1,411,608)	(889,405)	(451,996)
Rent and occupancy expense	(99,794)	(102,734)	(22,828)
Share-based payment expense	(1,350,168)	(930,559)	(209,547)
Research & development costs	(2,230,333)	(1,551,296)	(785,436)
Patent costs	(26,561)	(9,014)	(720)
Business development	(269,725)	(40,874)	-
Loss before income tax expense from continuing operations	(2,546,205)	(953,894)	(851,618)
Income tax expense	-	-	-
Loss after income tax expense from continuing operations	(2,546,205)	(953,894)	(851,618)
Profit after income tax expense from discontinued operations	1,482,107	-	-
Loss after income tax expense for the period attributable to the owners of Invion Limited	(1,064,098)	(953,894)	(851,618)
Other comprehensive income			
Unrealised exchange differences on translation of foreign subsidiary	(1,851,548)	-	-
	(1,851,548)	-	-
Total comprehensive income for the period attributable to the owners of Invion Limited	(2,915,646)	(953,894)	(851,618)

Source: Invion's annual report for the financial year ended 30 June 2020 and half year report for the six months ended 31 December 2020

6.6 Cash flow statements

Invion's consolidated statements of cash flows for FY19, FY20 and HY21 are presented in the table below.

Table 1

Invion Limited Consolidated Statement of Cash Flows	Audited FY19 AU$	Audited FY20 AU$	Reviewed HY21 AU$
Cash flows from operating activities			
Receipts from customers	3,299,935	3,537,000	1,320,000
Payments to suppliers and employees	(5,406,962)	(3,849,786)	(1,507,136)
Research and development tax incentive	-	91,770	-
COVID-19 incentives	-	68,000	89,300
Interest received	1,334	546	68
Net cash outflow from operating activities	(2,105,693)	(152,470)	(97,768)
Cash flows from investing activities			
Payment for Property, Plant and Equipment	(6,054)	-	-
Subsidiary Bank Account transferred on spin-out	(7,554)	-	-
Net cash outflow from investing activities	(13,608)	-	-
Net cash cash inflow financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	(2,119,301)	(152,470)	(97,768)
Cash and cash equivalents at beginning of period	2,891,371	771,313	618,843
Net foreign exchange differences	(757)	-	-
Cash and cash equivalents at end of period	771,313	618,843	521,075

Source: Invion's annual report for the financial year ended 30 June 2020 and half year report for the six months ended 31 December 2020

7. Valuation of Invion before the Proposed Transaction

7.1 Value definition

PKF Corporate's valuation of Invion is on the basis of 'fair market value', defined as:

'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.

7.2 Valuation methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

7.3 Share price history

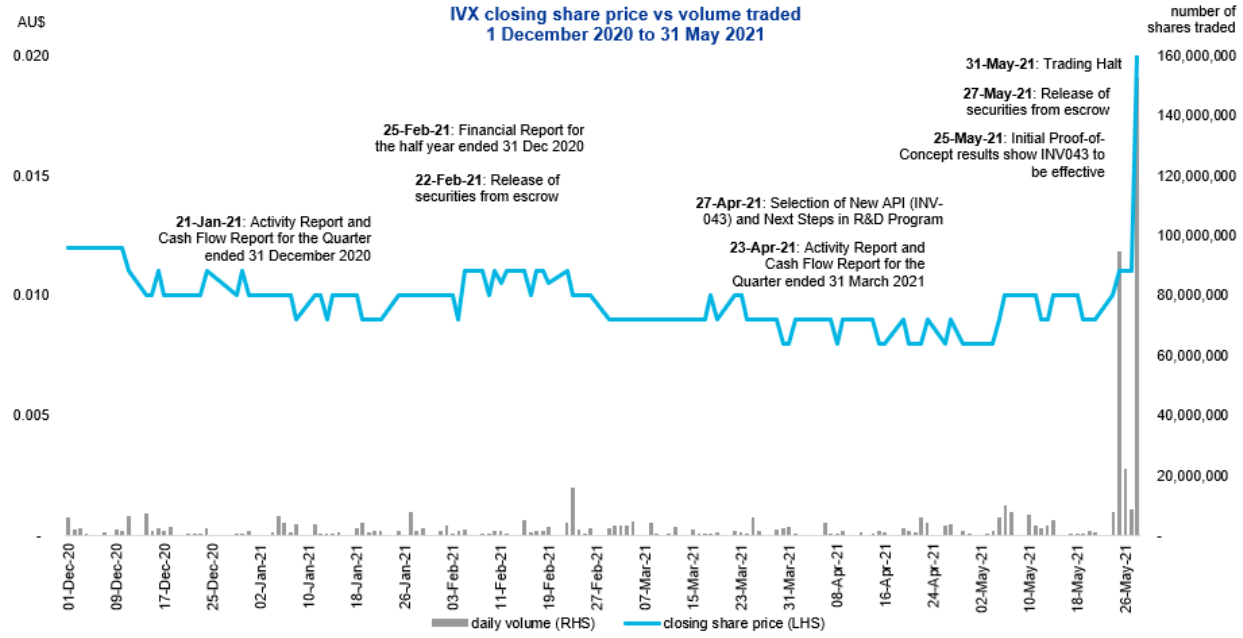
7.3.1 The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction.

7.3.2 As the share price history of Invion will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to consider in assessing the value of a share in Invion.

7.3.3 We note that the Proposed Transaction was announced to the ASX on 2 June 2021 following a trading halt on 31 May 2021 and we have analysed the share price of Invion up to the date of the trading halt.

7.3.4 We have set out below a graph showing the daily closing share price and volume of Invion shares up to the date of the trading halt as well as a selection of market sensitive announcements on the ASX.

Graph 1



Source: ASX, PKF Corporate analysis

7.3.5 As can be seen from the graph above, Invion's share price traded in a tight range on relatively low volume over the 6 month period leading up to the date of the trading halt. Although, following the market announcement on 25 May 2021 the volume of Invion share's traded spiked and so did the share price range. On 25 May 2021, Invion's share price traded in a range of AU$0.011 to AU$0.015 and on 28 May 2021, the last trading day prior to the trading halt on 31 May 2021, Invion's share price increased on significant volume, closing at a high of AU$0.020. There is no explanation to suggest the reason for the trading activity on 28 May 2021 apart from an anticipation by the market in respect to the Proposed Transaction. The closing share price of Invion was AU$0.020 on 28 May 2021 being the last trading day prior to the trading halt announced to the market on 31 May 2021.

7.3.6 We have also examined the recent share prices and trading volumes in Invion shares up to 28 May 2021 being the last trading day prior to the trading halt with respect to the Proposed Transaction, including the volume weighted average price ("**VWAP**") of Invion shares based on closing daily prices on the ASX for business trading dates. We have set out our analysis in the table below.

Table 8

Invion Limited	Shares Traded		VWAP	Share Price (AU)	
Share price analysis	Number	Value (AU)	AU	Low	High
5 days to 28 May 2021	285,056,313	$4,500,915	$0.016	$0.009	$0.020
10 days to 28 May 2021	287,331,318	$4,521,888	$0.016	$0.009	$0.020
30 days to 28 May 2021	352,461,665	$5,126,487	$0.015	$0.008	$0.020
60 days to 28 May 2021	393,577,885	$5,491,841	$0.014	$0.008	$0.020
90 days to 28 May 2021	460,907,428	$6,169,040	$0.013	$0.008	$0.020
180 days to 28 May 2021	617,509,674	$7,832,810	$0.013	$0.008	$0.020

Source: ASX, PKF Corporate analysis

7.3.7 As can be seen from the above table, the VWAP has gradually increased leading up to 28 May 2021 and this increase is primarily as a result of the trading activity experienced on 28 May 2021. Over the period of our analysis, the Invion shares traded in a range of AU$0.008 to AU$0.020, however, for the same period prior to 28 May 2021 the Invion shares traded in a range of AU$0.008 to AU$0.015. As we have concluded that there is no explanation to suggest the reason for the trading activity on 28 May 2021 apart from an anticipation by the market in respect to the Proposed Transaction, we have also examined the recent share prices and trading volumes in Invion shares up to 27 May 2021, being the last trading day prior to 28 May 2021. We have set out our analysis in the table below.

Table 9

Invion Limited Share price analysis	Shares Traded Number	 Value (AU)	VWAP AU	Share Price (AU) Low	 High
5 days to 27 May 2021	133,184,853	$1,455,919	$0.011	$0.009	$0.015
10 days to 27 May 2021	139,649,772	$1,519,479	$0.011	$0.009	$0.015
30 days to 27 May 2021	200,627,319	$2,081,100	$0.010	$0.008	$0.015
60 days to 27 May 2021	244,026,114	$2,467,722	$0.010	$0.008	$0.015
90 days to 27 May 2021	312,285,884	$3,153,293	$0.010	$0.008	$0.015
180 days to 27 May 2021	466,453,328	$4,798,156	$0.010	$0.008	$0.015

Source: ASX, PKF Corporate analysis

7.3.8 As set out in paragraph 6.3.2 of this report, the 'free float' of Invion shares that are readily tradeable on market comprise of 2,181,180,759 shares. We have calculated the volume of shares traded in Invion over the past 60 business trading days of the 'free float'. We have set out our analysis in the table below.

Table 10

Invion Limited Share volume		% of free float traded 5 days	 10 days	 30 days	 60 days
Number of shares traded to 28 May 2021		285,056,313	287,331,318	352,461,665	393,577,885
IVX free float	**2,181,180,759**	13.07%	13.17%	16.16%	18.04%

Source: ASX, PKF Corporate analysis

7.3.9 Based on the above information, our analysis and our commentary, we consider that the market in Invion shares is relatively liquid and, as such, we have considered the share price valuation methodology in assessing the market value of Invion shares. Accordingly, we have formed the opinion that the Invion shares have a market value in a range of AU$0.010 to AU$0.012 per share as at 31 May 2021 being the date of the trading halt in respect to the Proposed Transaction.

7.3.10 The share prices upon which we have formed our opinion reflect the prices at which minority parcels of shares are traded on a daily basis and, as such, do not incorporate a control premium. Accordingly, we have considered the application of a control premium which represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of Invion could be acquired.

7.3.11 In assessing the control premium to be applied to the share price of Invion, we have relied on the relevant matrix from the RSM Control Premium Study – 2017 applicable to Invion. We have summarised this research in the table below.

Table 11

Analysis by	Criteria	Control premium 20 days pre-announcement	
		Average	Median
All transactions		34.50%	27.00%
Industry	Health Care	41.20%	26.80%
Consideration type	Cash	36.90%	29.60%
Size	> $50m to <= $100m	37.00%	30.20%

Source: RSM Control Premium Study - 2017

7.3.12 The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets. We note that the above research sets out statistical information about actual control premia paid and, as such, includes an unknown uplift on account of potential acquisition synergy benefits. We are of the opinion that the control premium in a transaction that did not include expected synergies would be lower.

7.3.13 After considering the above, we have applied a control premium in a range of 21.0% to 28.0% to the minority share price of one Invion share in a range of AU$0.010 to AU$0.012 per share. We have summarised the results of this calculation in the table below.

Table 12

Invion Limited Share price methodology	Low	High
Value per IVX share (minority)	AU$0.010	AU$0.012
Control premium	21.0%	28.0%
Value per IVX share (control)	**AU$0.012**	**AU$0.015**

Source: PKF Corporate analysis

7.3.14 Having regard to the above, we have concluded that the control value of an Invion share is in a range of **AU$0.012 to AU$0.015 per share** as assessed under the share price valuation methodology.

7.4 Capitalisation of future maintainable earnings

7.4.1 Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

7.4.2 As Invion is a research and development company and as it does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value the Invion shares.

7.5 Net present value of future cash flows

7.5.1 An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.

7.5.2 Invion generated negative cash flows from operations during FY19 and FY20 as well as HY21 (refer to Section 6.6 of this report). Invion receives funds from RMW under its existing Research and Development Services Agreement.

7.5.3 As Invion does not have any current long term cash flow forecasts available that can be used to value the Invion shares and as Invion has an immediate focus on research and development, the net present value of the future cash flows methodology cannot be used to value Invion or any of its assets. However, this valuation methodology has been utilised by Acuity in forming their opinion of the value of the Existing Commercial Agreement which incorporates the value of the provisional patent (INV-043). A fully copy of the Acuity Independent Valuation Report is set out as Attachment 1 to this report.

7.6 Asset based methods

7.6.1 This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realization costs.

As at 31 December 2020, Invion reported net assets as per the reviewed statement of financial position of approximately AU$5.277 million (refer to Section 6.4 of this report). We provide the following comments:

- Invion held cash and cash equivalents totalling approximately AU$521,000. Since 31 December 2020, Invion's net cash movement to 30 March 2021 was a cash outflow of approximately AU$201,000; and

- Invion's major asset is its existing exclusive licence to commercialise Photosoft™. We note that the carrying value of this license is based on the past transaction value less accumulated amortisation. As at 31 December 2020, its book value was AU$4,702,500, however, this may not represent the market value of this asset and, as such, we have engaged Acuity to assist us in assessing the market value of the Existing Commercial Agreement which incorporates the value of the provisional patent (INV-043).

In light of the above comments, we have adjusted the net assets of Invion and reflected our adjustments in the table below and in the corresponding notes.

Table 13

Invion Limited Net asset approach	notes	Low AU$	High AU$
Reported net assets as at 31 December 2020		5,276,720	5,276,720
Cash outflow to 31 March 2021	1	(201,000)	(201,000)
Intangibles - Existing Commercial Agreement (book value)	2	(4,702,500)	(4,702,500)
Intangibles - Existing Commercial Agreement (market value)	2	5,600,000	7,500,000
Adjusted net assets		5,973,220	7,873,220

Source: Invion's half year report for the six months ended 31 December 2020, Invion's cash flow report for the quarter ended 31 March 2021 management report, Acuity, PKF Corporate analysis

Note 1: During the quarter ended March 2021 Invion's net cash flow movement was a decrease of approximately AU$201,000. As this reduction to Invion's cash position is not reflected as part of the net assets as at 31 December 2020, we have adjusted the net assets of Invion accordingly. We have assumed that there has been no other material change to Invion's other assets or liabilities.

Note 2: We have engaged Acuity to assist us in assessing the value of the Existing Commercial Agreement incorporating the value of the provisional patent (INV-043). A fully copy of the Acuity Independent Valuation Report is set out as Attachment 1 to this report. Acuity has ascribed a preferred value of AU$6.6 million to this asset with a low and high valuation range of AU$5.6 million and AU$7.5 million. Acuity has assumed the utilisation of the accumulated losses currently available to Invion in assessing these values.

As the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation, we have adopted the low and high valuation range provided by Acuity. We have adjusted the reported book value of this asset as at 31 December 2020 (AU$4,702,500) to reflect the market value range ascribed by Acuity.

We note that should Invion realise the value of the Existing Commercial Agreement based on the market value range ascribed by Acuity and the book value reported as at 31 December, any assumed gain from the realisation of this asset will not exceed the accumulated losses of Invion and, as such, a deferred tax liability is unlikely to arise.

In addition to the above, Invion's wholly-owned subsidiary, EpiTech, has agreements in place with Pavay Biotech (refer to Paragraph 6.1.3 of this report). EpiTech is a licensee of the Technology and it does not own any intellectual properties and does not prepare forecasts given the infancy of its operations. Accordingly, agreements held by EpiTech have not been recognised as intellectual properties and as they are yet to be commercialised and, as such, they cannot be objectively measured as there are no known future economic benefits to be generated from such agreements at this point in time.

We also note that as at 31 December 2020, Invion has approximately AU$127.963 million in accumulated losses that a potential acquirer may utilise to reduce its tax liability. However, the availability of those accumulated losses would require a potential acquirer to continue to carry on the same business as Invion currently does without significant changes. Accordingly, we have not attributed any specific value to accumulated losses as they are specific to the circumstances of a potential acquirer and whether those losses can be utilised. We also note that the available accumulated losses have been utilised in Acuity's assessment of the value of the Existing Commercial Agreement.

Based on the net assets valuation methodology, the value of Invion is in a range of say AU$5.973 million to AU$7.873 million. As Invion has 5,552,545,579 Ordinary Shares on issue on a fully diluted basis (refer to Paragraph 6.3.5 of this report), the Invion shares have a net asset backing in a range of **AU$0.0011 to AU$0.0014 per share**.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Given Invion's level of cash assets, funding available from its research and development agreements and support from its major shareholders, we do not consider that an orderly realisation of its assets is an appropriate valuation methodology to use in assessing the value of Invion at this point in time.

(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

We consider that this methodology is an inappropriate valuation methodology to use as Invion has existing cash resources, funding available from its research and development agreements, support from its major shareholders and an ability to raise capital.

7.7 Comparable market transactions

7.7.1 Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

7.7.2 On 31 August 2017, Invion announced on the ASX that it proposed to acquire the Existing Commercial Agreement for a value of AU$5.5 million payable using Invion Ordinary Shares. Following receipt of shareholder approval on 30 November 2017, Invion acquired the Existing Commercial Agreement. Although this transaction relates to the same asset, advancements under the Existing Commercial Agreement have occurred since 2017 which are highlighted in the Acuity Independent Valuation Report and, as such, the original acquisition price of the Existing Commercial Agreement may have materially changed. For this reason, we have not relied on this past transaction to ascribe a value to the Existing Commercial Agreement.

7.7.3 We are not aware of any specific rules of thumb to be applied to valuing Invion as there are no directly comparable market transactions as Invion's assets are unique. For this reason, we have not used the comparable market transaction valuation methodology to value Invion.

7.8 Alternate acquirer

7.8.1 The value that an alternative offeror may be prepared to pay to acquire Invion is a relevant valuation methodology to be considered.

7.8.2 We are not aware of any offers for the Invion shares nor its intellectual property assets and we can see no reason as to why an offer would be initiated at this time without the consent and support of its shareholders.

7.9 Conclusion

7.9.1 The applicable valuation methodologies that we have considered are summarised in the table below.

Table 14

Invion Limited Valuation methodology	section	Low AU $	High AU $
Share price history	7.3	0.0120	0.0150
Net asset approach	7.6.1 (a)	0.0011	0.0014

7.9.2 As can be seen from the table above, there is a clear disconnect between the valuation of an Invion Ordinary Share derived from the share price history valuation methodology and the net asset based approach. We provide the following comments:

- The results of the share price history valuation methodology reflect the recent trading volume and performance in Invion shares following announcement to the ASX of the results of INV-043.
- The results of the net asset approach valuation methodology are based on the value of its net assets at a point in time and this value incorporates the assessed market value to Invion's Existing Commercial Agreement as its only intangible asset.
- The low end of the share price valuation range is approximately 860% higher than the high end of the net asset valuation range. There is market evidence that the market is placing a significant premium on the net assets of Invion as well as any other opportunity that the Technology for the treatment of a range of cancers presents for Invion. Accordingly, this suggests that the net asset value attributed to Invion may not sufficiently consider the full potential of Invion's intangible assets.

7.9.3 Having regard to the above, we have elected to prefer the share price history valuation methodology as it reflects the market value of Invion shares. We have therefore concluded the fair market value of an Invion share lies in a range of **AU$0.0120 to AU$0.0150 per share, with a mid-point of AU$0.0135 per share, on a control basis.**

8. Proposed Commercial Agreement - key information

8.1 Background

8.1.1 The Proposed Commercial Agreement comprises of a co-development agreement and an exclusive distribution and licencing agreement between RMW and Invion to co-develop the Technology for the treatment of the Indications. Invion will become the exclusive distributor of certain products and procedures in respect to the application of the Technology for the Territory.

8.1.2 Further detailed information in relation to the Proposed Commercial Agreement is provided in Section 2.1 of this report as well as the Acuity Independent Valuation Report (see Attachment 1 to this report).

9. Assessment of the value of the Proposed Commercial Agreement to be acquired by Invion

9.1 Value definition

PKF Corporate's valuation of the New Commercial Agreement to be acquired by Invion is on the basis of 'fair market value' as defined in paragraph 7.1 of this report.

9.2 Valuation methodologies

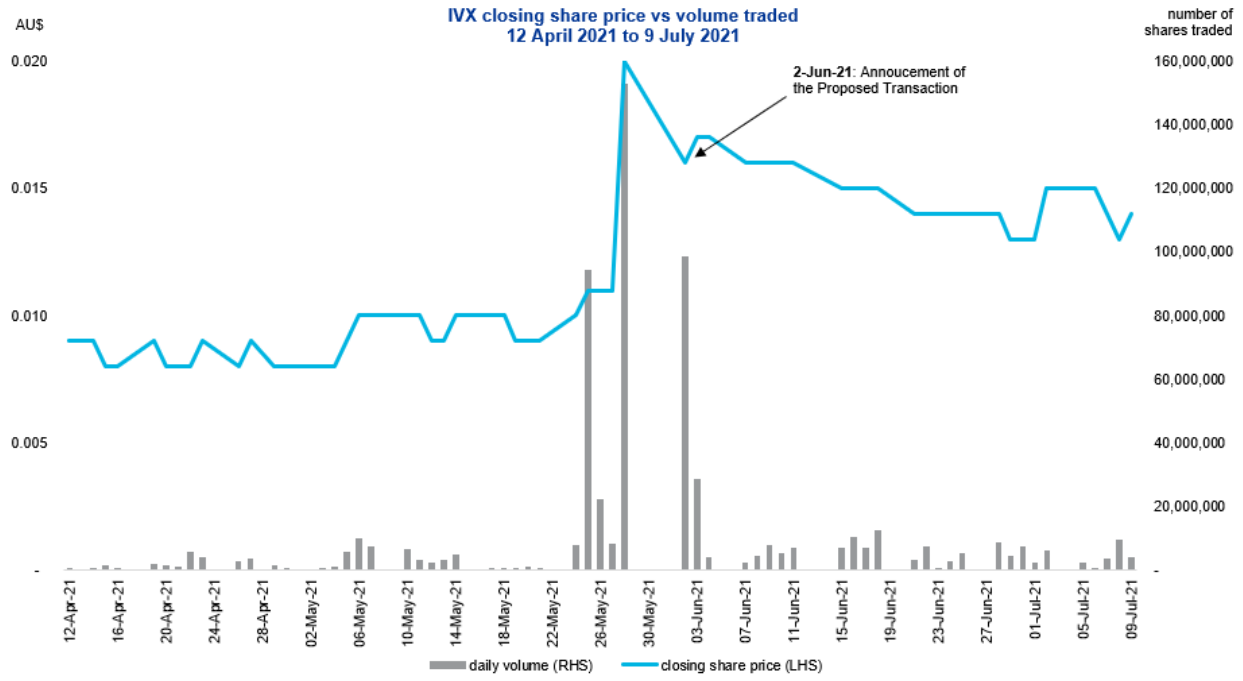
In selecting appropriate valuation methodologies, we considered the applicability of the generally accepted valuation methodologies as set out in paragraph 7.2 of this report.

9.3 Share price history

9.3.1 Whilst it is not possible to value the Proposed Commercial Agreement being acquired by reference to the share price history of Invion, as the Proposed Transaction was announced on the ASX on 2 June 2021 the share market has had an opportunity to evaluate the Proposed Transaction.

9.3.2 We have set out below a graph showing the daily closing share price and volume of Invion shares before and after the announcement of the Proposed Transaction.

Graph 2



Source: ASX, PKF Corporate analysis

9.3.3 As can be seen from the graph above and after considering our comments at paragraph 7.3.5 of this report, Invion's share price immediately traded at higher levels following the anticipation of the announcement of the Proposed Transaction, however the share price has since trended downwards albeit at share price levels above those at which it traded prior to May 2021. Although Invion experienced high volume trading on 2 June 2021 and 3 June 2021, trading volumes have subsequently reduced.

9.3.4 Whilst it is not possible to place a value on the Proposed Commercial Agreement being acquired by Invion by reference to the share price, there is evidence that the share market has neither viewed the Proposed Transaction as materially favourable or unfavourable for the Invion shareholders at this point in time.

9.4 Capitalisation of future maintainable earnings

9.4.1 As the Proposed Commercial Agreement relates to distribution rights of a technology that is at a research and development stage, we consider that the capitalisation of maintainable earnings methodology is not an appropriate methodology to use to value the Proposed Commercial Agreement to be acquired by Invion.

9.5 Net present value of future cash flows

9.5.1 This valuation methodology has been utilised by Acuity in forming its opinion of the value of the Proposed Commercial Agreement. A fully copy of the Acuity Independent Valuation Report is set out as Attachment 1 to this report.

9.5.2 Acuity has ascribed a preferred value of AU$12.2 million to the Proposed Commercial Agreement with a low and high valuation range of AU$9.1 million and AU$15.2 million. As the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation, we have adopted the low and high valuation range provided by Acuity.

9.5.3 Acuity has not placed any value on any benefits that may be gained by Invion in accordance with the Future Contributions under the Proposed Commercial Agreement as their commercial value cannot be objectively assessed.

9.6 Asset based methods

9.6.1 This methodology is based on the realisable value of a company's identifiable net assets. If shareholders approve the Proposed Transaction, the Proposed Commercial Agreement will be an identifiable asset of Invion. Accordingly, the underlying value of the Proposed Commercial Agreement can be assessed in accordance with the Acuity Independent Valuation Report set out under the net present value of future cash flows methodology.

9.7 Comparable market transactions

9.7.1 As the Proposed Commercial Agreement is exclusive to Invion there are no directly comparable market transactions for such an agreement and, as such, we have not used the comparable market transaction valuation methodology to value the Proposed Commercial Agreement.

9.8 Alternate acquirer

9.8.1 We are not aware of any alternative proposals received to acquire the Proposed Commercial Agreement and we can see no reason as to why an offer would be initiated at this time.

9.9 Conclusion

9.9.1 Under the net present value of future cash flows methodology, we have concluded that the value of the Proposed Commercial Agreement that Invion may acquire, if shareholders approve the Proposed Transaction, is based on the valuation range derived from the Acuity Independent Valuation Report of AU$9.1 million to AU$15.2 million.

9.9.2 We have not placed any value on any benefits that may be gained by Invion in accordance with the Future Contributions under the Proposed Commercial Agreement as their commercial value cannot be objectively assessed.

10. Valuation of Invion after the Proposed Transaction

10.1 The value of Invion after the Proposed Transaction will comprise of its value before the Proposed Transaction together with the funds raised under the Placement Agreement and the value of the Proposed Commercial Agreement less the consideration payable. In Section 7 of this report, we assessed the value of a Invion share before the Proposed Transaction to be in a range of AU$0.012 to AU$0.015. In Section 9 of this report, we assessed the value of the Proposed Commercial Agreement to be in a range of AU$9.1 million to AU$15.2 million.

10.2 To estimate the minority value of an Invion share after the Proposed Transaction, we have eliminated the premium for control. In Section 7.3 of this report, we selected a control premium in a range of 21.0% to 28.0% and the reciprocal minority discount is in a range of 17.4% to 21.9%. We have set out in the table below our assessment of the value of Invion after the Proposed Transaction, on a minority basis.

Table 15

Invion Limited **Valuation after the Proposed Transaction**	section	formula	**if Res 1 & 2 approved only** **Low**	 **High**
Value of an Invion share before the Proposed Transaction (control basis)	7.9	a	AU$0.012	AU$0.015
Total ordinary shares on issue before the Proposed Transaction[1]	6.3.1	b	5,552,545,579	5,552,545,579
Value of Invion before the Proposed Transaction (control basis)		c = a x b	AU$66,630,547	AU$83,288,184
Value of the Proposed Commercial Agreement	9.9	d	AU$9,100,000	AU$15,200,000
Adjusted value of Invion after the Proposed Transaction (control basis)		e = c + d	AU$75,730,547	AU$98,488,184
Control premium elimination to obtain minority value	7.3.13	f	21.9%	17.4%
Value of Invion after the Proposed Transaction (minority basis)		g = e x (1 - e)	AU$59,145,557	AU$81,351,240
Shares to be issued under the Placement Agreement	2.2	h	321,428,571	321,428,571
Issue price	2.2	i	AU$0.014	AU$0.014
Funds to be received if the Proposed Transaction is approved		j = h x i	AU$4,500,000	AU$4,500,000
Upfront consideration payable for the Proposed Commercial Agreement	2.1	k	AU$(2,250,000)	AU$(2,250,000)
Adjusted value of Invion after the Proposed Transaction (minority basis)		l = g + j + k	AU$61,395,557	AU$83,601,240
Total ordinary shares on issue in Invion after the Proposed Transaction		m = b + h	5,873,974,150	5,873,974,150
Value of an Invion share after the Proposed Transaction (minority basis)		n = l / m	AU$0.010	AU$0.014

[1] based on a fully diluted basis, refer to Section 6.3 of this report

10.3 In our opinion, after completion of the Proposed Transaction the value of an Invion Ordinary Share will be in a range of say **AU$0.010 to AU$0.014 per share, with a mid-point of AU$0.012 per share, on a minority basis**.

11. Assessment as to Fairness – the Proposed Transaction

11.1 The Proposed Transaction is 'fair' if the value of the minority shares held by the Non-Associated Shareholders' in Invion after the Proposed Transaction is equal to or greater than the control value of the shares in Invion before the Proposed Transaction.

11.2 In Section 7 of this report, we assessed the value of an Invion Ordinary Share on a control basis before the Proposed Transaction to be in a range of AU$0.012 to AU$0.015 per share, with a mid-point of AU$0.0135 per share.

11.3 In Section 10 of this report, we assessed the value of an Invion Ordinary Share on a minority basis after the Proposed Transaction to be in a range of AU$0.010 to AU$0.014 per share, with a mid-point of AU$0.0120 per share.

11.4 As the minority value range mid-point (**AU$0.0120 per share**) of an Invion Ordinary Share after the Proposed Transaction is less than the control value range mid-point (**AU$0.0135 per share**) of an Invion Ordinary Share before the Proposed Transaction, we have concluded that the Proposed Transaction is **not fair**.

12. Assessment as to Reasonableness – the Proposed Transaction

12.1 Prior to deciding whether to approve or reject the Proposed Transaction, the shareholders of Invion should also consider the following significant factors:

Advantages

- If Shareholders approve the Proposed Transaction and all other conditions precedent are met, this will consolidate the support of the Cho Associates as a strategic partner and shareholder of Invion. This support may be by way of future research and development towards clinical and non-clinical activities as well as additional level of financial support and technical expertise which may add further market confidence and provide additional shareholder value for Invion's shareholders. However, if Shareholders do not approve the Proposed Transaction, this may discourage the Cho Associates from continuing its support of Invion in respect of the Existing Commercial Agreement and any new business opportunities.

- The acquisition of the Proposed Commercial Agreement will expand Invion's access to a larger market in which the Technology can be utilised for those Indications for the Territory and this may be value accretive to Invion. This may be attractive to new investors and may result in greater coverage by analysts, resulting in greater liquidity of the market in Invion's shares. If Shareholders do not approve the Proposed Transaction, Invion's advancement of the Technology will be limited to the rights under the Existing Commercial Agreement.

- Assuming research and development activities with respect to the Proposed Commercial Agreement are advanced and the research and development activities are commercially successful, there may be significant upside for Invion shareholders.

Disadvantages

- In Section 11 of this report, we assessed the Proposed Transaction as being not fair.

- If Shareholders approve the Proposed Transaction, the Cho Associates will control up to 25.04% of Invion's voting power. As a result, the combined shareholding of the Non-Associated Shareholders will be diluted from 79.31% to 74.96% and they will have reduced ability to influence the operating, financing and strategic decision of Invion. As the voting power of the Cho Associates will increase beyond 25% it may have the capacity to block the passing of a special resolution.

- There is a high degree of risk in entering into commercial agreements as the obligations of the other parties may not be completed due to an incapacity to fulfill their contractual obligations and/or disagreements on research and development programs in particular the future contributions between Invion and RMW under the Proposed Commercial Agreement.

Other factors

- Whilst in Section 11 of this report we assessed the Proposed transaction as not being fair, in reaching this opinion we valued an Invion Ordinary Share before the Proposed Transaction on a control basis and after the Proposed Transaction on a minority basis. This approach is mandated by Regulatory Guide 111. However in reality the Cho Interest currently controls 20.69% of Invion's voting power and this will only increase to 25.04% if shareholders approve the Proposed Transaction. As the Cho Interest already holds in excess of 20% of Invion's voting power and approval of the Proposed Transaction only modestly increases the level of control, we have also assessed the Proposed Transaction by comparing the minority value of an Invion Ordinary Share before the Proposed Transaction (AU$0.010 to AU$0.012) with a minority value of an Invion Ordinary Share after the Proposed Transaction and if assessed on this basis, the Proposed Transaction would be fair.

- In Section 9.3 of this report, we analysed the share price of Invion before and after the announcement of the Proposed Transaction. We observed that there is evidence that the share market has neither viewed the Proposed Transaction as materially favourable or unfavourable for the Invion shareholders.

- If Shareholders do not approve the Proposed Transaction, Invion will need to seek alternative funding to contribute to unfunded research and development activities as well as identify new complementary assets and/or business opportunities that it can advance which may require extensive management focus and expense to secure in order to provide shareholders with a new value proposition. Any alternative funding may be on less favourable terms to the Placement Agreement.

12.2 Based on the above, we consider that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and for this reason, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Invion.

13. Assessment as to Fairness and Reasonableness – the Proposed Transaction

After considering the above matters, we have concluded that the Proposed Transaction is **not fair but is reasonable to the Non-Associated Shareholders**.

14. Assessment as to Fairness and Reasonableness – Resolution 3

14.1 Resolution 3 seeks approval to issue up to 138,488,557 Invion options to Mr Chew under Invion's Employee Share Option Plan and as part of Mr Chew's remuneration package as Chairman and CEO of Invion. The terms of the Chew Options are detailed in the Notice as well as Appendix C of this report. We note that the Chew Options have an exercise price of AU$0.017 per option and if exercised they would raise up to AU$2,354,305 in cash for Invion.

14.2 As Resolution 3 is not interdependent on Resolutions 1 and 2, we have provided a separate opinion in respect of Resolution 3 on a stand-alone basis as well as on the assumption that Resolutions 1 and 2 are approved as this will result in the maximum voting power to be held by the Cho Interest in Invion.

14.3 Assessment as to fairness – Resolution 3 assuming Resolutions 1 and 2 are approved

14.3.1 Resolution 3 is 'fair' if the value of the minority shares held by the Non-Associated Shareholders' in Invion after the Proposed Transaction and the exercise of the Chew Options to be issued under Resolution 3 is equal to or greater than the control value of the shares in Invion before Resolution 3 but after the Proposed Transaction. Although Resolution 3 is not interdependent on the Proposed Transaction, as we have concluded that the Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders in Section 13 of this report, we have considered Resolution 3 on the assumption that the Proposed Transaction is approved.

14.3.2 We have set out in the table below our assessment of the value of Invion after the Proposed Transaction and the exercise of the Chew Options to be issued under Resolution 3 on a minority basis.

Table 16

Invion Limited **Valuation after the Proposed Transaction and Resolution 3**	section	formula	**if Res 1, 2 & 3 approved** **Low**	 **High**
Adjusted value of Invion before Resolution 3 but after the Proposed Transaction (control basis)	10.2	a	AU$75,730,547	AU$98,488,184
Funds to be received if the Proposed Transaction is approved	10.2	b	AU$4,500,000	AU$4,500,000
Upfront consideration payable for the Proposed Commercial Agreement	2.1	c	AU$(2,250,000)	AU$(2,250,000)
Value of Invion before Resolution 3 but after the Proposed Transaction (control basis)		d = a + b + c	AU$77,980,547	AU$100,738,184
Total ordinary shares on issue in Invion before Resolution 3 but after the Proposed Transaction	10.2	e	5,873,974,150	5,873,974,150
Value of an Invion share before Resolution 3 but after the Proposed Transaction (control basis)		f = d / e	AU$0.013	AU$0.017
Adjusted value of Invion before Resolution 3 but after the Proposed Transaction (minority basis)	10.2	g	AU$61,395,557	AU$83,601,240
Shares to be issued from the exercise of the Chew Options (Resolution 3)	14.1	h	138,488,557	138,488,557
Exercise price	14.1	i	AU$0.017	AU$0.017
Funds to be received following the exercise of the Chew Options		j = h x i	AU$2,354,305	AU$2,354,305
Value of Invion after the Proposed Transaction and the exercise of the Chew Options (minority basis)		k = g + j	AU$63,749,863	AU$85,955,545
Total ordinary shares on issue in Invion after the Proposed Transaction and the exercise of the Chew Options		l = e + h	6,012,462,707	6,012,462,707
Value of an Invion share after the Proposed Transaction and the exercise of the Chew Options (minority basis)		m = k / l	AU$0.011	AU$0.014

[1] based on a fully diluted basis, refer to Section 6.3 of this report

14.3.3 In our opinion, after the Proposed Transaction and the exercise of the Chew Options to be issued under Resolution 3 the value of an Invion Ordinary Share will be in a range of say **AU$0.011 to AU$0.014 per share, with a mid-point of AU$0.0125 per share, on a minority basis**.

14.3.4 As the minority value range mid-point (**AU$0.0125 per share**) of an Invion Ordinary Share after the Proposed Transaction and the exercise of the Chew Options to be issued under Resolution 3 is less than the control value range mid-point (**AU$0.0150 per share**) of an Invion Ordinary Share before Resolution 3 but after the Proposed Transaction, we have concluded that Resolution 3 is **not fair**.

14.4 Assessment as to fairness - Resolution 3 assuming Resolutions 1 and 2 are not approved

14.4.1 Resolution 3 is 'fair' if the value of the minority shares held by the Non-Associated Shareholders' in Invion after the exercise of the Chew Options to be issued under Resolution 3 is equal to or greater than the control value of the shares in Invion before Resolution 3 and before the Proposed Transaction.

14.4.2 We have set out in the table below our assessment of the value of Invion after the exercise of the Chew Options to be issued under Resolution 3 but before the Proposed Transaction on a minority basis.

Table 17

Invion Limited **Valuation before the Proposed Transaction and after Resolution 3**	section	formula	**if Res 3 approved only** **Low**	 **High**
Value of an Invion share before the Proposed Transaction (control basis)	7.9	a	AU$0.012	AU$0.015
Total ordinary shares on issue before the Proposed Transaction[1]	6.3.1	b	5,552,545,579	5,552,545,579
Value of Invion before the Proposed Transaction (control basis)		c = a x b	AU$66,630,547	AU$83,288,184
Shares to be issued from the exercise of the Chew Options (Resolution 3)	14.1	d	138,488,557	138,488,557
Exercise price	14.1	e	AU$0.017	AU$0.017
Funds to be received following the exercise of the Chew Options		f = d x e	AU$2,354,305	AU$2,354,305
Adjusted value of Invion after the exercise of the Chew Options (control basis)		g = c + f	AU$68,984,852	AU$85,642,489
Control premium elimination to obtain minority value	7.3.13	h	21.9%	17.4%
Value of Invion after the Proposed Transaction (minority basis)		i = g x (1 - h)	AU$53,877,170	AU$70,740,696
Total ordinary shares on issue in Invion after the exercise of the Chew Options		j = b + d	5,691,034,136	5,691,034,136
Value of an Invion share after the exercise of the Chew Options (minority basis)		k = i / j	AU$0.009	AU$0.012

[1] based on a fully diluted basis, refer to Section 6.3 of this report

14.4.3 In our opinion, after the exercise of the Chew Options to be issued under Resolution 3 the value of an Invion Ordinary Share will be in a range of say **AU$0.009 to AU$0.012 per share, with a mid-point of AU$0.0105 per share, on a minority basis**.

14.4.4 In Section 7 of this report, we assessed the value of an Invion Ordinary Share on a control basis before Resolution 3 and before the Proposed Transaction to be in a range of AU$0.012 to AU$0.015 per share, with a mid-point of AU$0.0135 per share.

14.4.5 As the minority value range mid-point (**AU$0.0105 per share**) of an Invion Ordinary Share after the exercise of the Chew Options to be issued under Resolution 3 but before the Proposed Transaction is less than the control value range mid-point (**AU$0.0135 per share**) of an Invion Ordinary Share before Resolution 3 and before the Proposed Transaction, we have concluded that Resolution 3 is **not fair**.

14.5 Prior to deciding whether to approve or reject Resolution 3, the shareholders of Invion should also consider the following significant factors:

- We assessed Resolution 3 as being not fair in both scenarios.
- Shareholders should be aware that whilst Invion is seeking approval of Resolution 3 pursuant to Section 611 item 3, this approval is not required to issue the Chew Options. Technically approval of the conversion of the Chew Options by Shareholders is also not required as Mr Chew is permitted to exercise the options pursuant to Section 611 item 9 (creep provisions).
- If Shareholders approve Resolution 3, the Company will only raise funds from the issue of the Chew Options when they are exercised. Accordingly, the Company may raise up to AU$2,354,305 (138,488,557 options x AU$0.017 exercise price) through the issue of the options rather than using external funding. However, it is unlikely that the Chew Options will be exercised until and unless the options are well in the money and, as such, it would be expected that the Invion share price is well above existing share price trading levels. If exercised, the Company will issue an additional 138,488,557 Invion shares and this may be dilutive to the Non-Associated Shareholders of Invion.
- The exercise price of the Chew Options (AU$0.017 per option) are proposed to be issued at a 21% premium to the closing share price of an Invion share on 9 July 2021 (AU$0.014).
- As the Chew Options are unlisted and not freely transferable, Mr Chew will not be able to benefit from the sale of the Chew Options and, as such, will be required to pay the exercise price to convert the Chew Options to Invion Ordinary Shares should he wish to benefit from the Chew Options.
- If Shareholders approve Resolution 3, Mr Chew will be issued 138,488,557 unlisted options. We have set out our assessed indicative value of the Chew Options in Appendix C of this report. Accordingly, the indicative value of the Chew Options that Mr Chew may receive the benefit of is approximately AU$1.302 million.
- If Shareholders do not approve Resolution 3, the Company may be required to remunerate Mr Chew an additional amount in lieu of receipt of the Chew Options using existing cash resources or cash resources from the Placement or alternative funding sources.
- If Shareholders approve Resolution 3 only, the Cho Associates may control up to 22.62% of Invion's voting power. As a result, the combined shareholding of the Non-Associated Shareholders may be diluted from 79.31% to 77.38% and they may have reduced ability to influence the operating, financing and strategic decision of Invion.
- If Shareholders approve the Proposed Transaction and Resolution 3, the Cho Associates may control up to 26.77% of Invion's voting power. As a result, the combined shareholding of the Non-Associated Shareholders may be diluted from 79.31% to 73.23% and they may have reduced ability to influence the operating, financing and strategic decision of Invion. As the voting power of the Cho Associates may increase beyond 25% it may have the capacity to block the passing of a special resolution.

14.6 Based on the above, we consider that the advantages of Resolution 3 outweigh the disadvantages of Resolution 3, and for this reason, we consider that Resolution 3 is **reasonable** for the Non-Associated Shareholders of Invion.

14.7 After considering the above matters, we have concluded that Resolution 3 is **not fair but is reasonable to the Non-Associated Shareholders**.

15. Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

15.1 PKF Corporate

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

15.2 Financial Services Offered by PKF Corporate

PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

15.3 General Financial Product Advice

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

15.4 Independence

At the date of this report, none of PKF Corporate, Mr Paul Lom, Mr Steven Perri nor Mr Stefan Galbo have any interest in the outcome of the Proposed Transaction, nor any relationship with Invion, RMW, RCHT and associated entities or any of their directors.

Drafts of this report were provided to and discussed with the management of Invion and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with Invion that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

PKF Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

15.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately AU$25,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

15.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at level 12, 440 Collins Street, Melbourne Vic 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

PKF Melbourne Corporate Pty Ltd

Paul Lom
Director

Steven Perri
Director

Appendix A

Invion Limited

Sources of Information

The key documents we have relied upon in preparing this report are:

- Invion's Annual Report – 30 June 2020;
- Invion's Half Year Report – 31 December 2020;
- Exclusive distribution and licensing agreement between RMW Cho Group Limited and Invion Limited dated 2 June 2021;
- Co-development agreement between RMW Cho Group Limited and Invion Limited dated 2 June 2021;
- Invion's draft resolution relating to the Proposed Transaction for the purpose of the Notice of General Meeting and Explanatory Memorandum;
- Acuity Independent Valuation Report dated July 2021;
- Research data from publicly accessible web sites in particular Invion's ASX announcements; and
- Discussions with the management of Invion.

Appendix B

Invion Limited

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the Directors of Invion Limited pursuant to Section 606 of the Corporations Act 2001 and Chapter 10 of the ASX listing rules to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr Paul Lom, director of PKF Corporate, and Mr Stefan Galbo, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Galbo is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist). He has been responsible for the preparation of valuation reports relating to shares, businesses, options and performance rights and intellectual property for the purpose of acquisitions, divestments, litigation, taxation and capital reconstruction.

Mr Steven Perri, a director of PKF Corporate reviewed this report. Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

3. Consent

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

Appendix C

Valuation of the Chew Options

If shareholders approve Resolution 3, Mr Chew is entitled to receive 138,488,557 unlisted options in four equal tranches. The terms of the Chew Options are detailed in the Notice and we have set out below the key terms for valuation purposes.

Exercise price:	AU$0.017 per option
Vesting conditions:	25% to vest on grant date 25% to vest on 1 November 2021 25% to vest on 1 November 2022 25% to vest on 1 November 2023
Expiry period:	4 years after grant date

In assessing the maximum value of the Chew Options, we have adopted the Black-Scholes option valuation model and the assumptions and inputs used in its application are set out below.

Share price:	AU$0.0140 per share based on the closing share price of an Invion share on 9 July 2021.
Risk-free rate:	the risk-free interest rates are based on Treasury Bond yields as at 9 July 2021 and sourced from the Reserve Bank of Australia with a maturity approximating an expiry date of 4 years after 9 July 2021 of 0.445%
Volatility:	the volatility used in option pricing models is typically calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specific period. We source historical volatility information for Australian listed companies from a quarterly research report issued by Rozetta Technology Pty Ltd which calculates volatility over a four-year historical period. We have assessed the volatility of Invion to be 104%.

The adoption of the Black-Scholes option valuation model assumes that the Chew Options will be exercised at their expiry date and, as such, this results in the maximum value of the Chew Options. For this reason, we have not chosen to adopt an alternative option valuation model that would consider an early exercise of the Chew Options.

Using the above inputs and the application of the Black-Scholes option valuation model, we have assessed the indicative value of the Chew Options which Mr Chew may receive to be AU$0.0094 per option. The total value of the Chew Options has been assessed to be AU$1,301,792 (AU$0.0094 per option x 138,488,557 total options).

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acuity
TECHNOLOGY MANAGEMENT

20 July 2021

The Directors
PKF Melbourne Corporate Pty Ltd
Level 12, 440 Collins Street
Melbourne, VIC 3000

Dear Directors

Independent Valuation Report - Invion Limited

Current Indications & Territory and New Applications & Territory

At your request we have prepared valuations of intellectual Property ("IP") and distribution rights as available to Invion Limited ("Invion" or the "Company") from RMW Cho Group Limited ("RMWCG") as currently available to the Company under its Exclusive Distribution and Licence Agreement dated 31 December 2018 ("2017 Agreement") and as proposed under the Exclusive Distribution and Licence Agreement dated 2 June 2021 ("2021 Agreement"). Associated with these two agreements are the R&D Services Agreement from 2018 and the Co-development Agreement, dated 2 June 2021.

PKF Melbourne Corporate Pty Ltd ("PKF Corporate") has been retained by Invion to prepare an independent expert's report ("IER") for the benefit of the shareholders of Invion to vote their acceptance of terms associated with the adoption of the 2021 Agreement. PKF Corporate has in turn sought guidance from Acuity Technology Management Pty Ltd ("Acuity") on the fair valuations of the IP and Distribution rights prior to entering the 2021 Agreement and as may be the case after the 2021 Agreement.

Invion is a Melbourne-based, Australian Securities Exchange-listed company conducting research into the use of Photo Dynamic Therapy ("PDT") as a therapeutic modality for treating cancer. RMWCG owns extensive knowhow and has developed proprietary technologies such as PDT reagents, equipment, techniques and protocols with respect to PDT, which it refers to as Next Generation PDT ("NGPDT") or Photosoft™. The 2017 Agreement relates specifically to the development of Photosoft™ for cancer treatment and limits distribution rights to Australia and New Zealand.

The 2021 Agreement will extend development of Photosoft™ to the treatment of atherosclerosis and infectious diseases with distribution rights expanded to include defined countries in the Asia Pacific region, including India, Singapore, Japan and Korea. RMWCG will continue funding Invion's cancer research activities under the R&D Services Agreement signed in 2018, which covers development for global markets, and will fund 75% of non-clinical activities and 25% of clinical activities for the additional medical uses defined in the 2021 Agreement.

As part of the transaction to expand the rights available to Invion, RMW Cho Health Technology Limited, a company associated with RMWCG, will provide funding of approximately $4.5 million by way of a share placement at an issue price of $0.014 per share. Invion, will pay RMHCG $2.25 million as a one-time amount as its contribution for RMWHG's existing IP in the new indications.

Invion shareholders will be required to approve the transaction by voting, amongst other matters, on:

- The ratification and approval of the issue of shares to RMW Cho Health Technology Limited; and
- Approval of a co-development agreement and an exclusive distribution and licence agreement with RMWCG dated 2 June 2021.

As part of its analysis on the fairness and reasonableness of the above two resolutions to existing shareholders, PKF Corporate is required to present fair valuations of the Company's rights under the agreements both prior to and after ratifying the 2021 Agreement. The following report presents deliberations and opinions by Acuity on the current 2017 Agreement and the 2021 Agreement, and respective valuations as may exist in an open market between arm's length and unstressed vendor and acquirer. The valuations of both agreements are largely premised on the future potential of the products deriving from the respective uses of the IP in the relevant territories using a risk adjusted discounted cash flow approach.

Our valuations of the agreements have been determined on the basis that they provide Invion with rights to In-Process Research and Development ("IPR&D") and, on successful completion, distribution in the designated territories, as:

- Cancer related IPR&D with Australia and New Zealand distribution rights – 2017 Agreement; and
- Atherosclerosis and infection with Asia Pacific distribution rights – 2021 Agreement.

It is Acuity's opinion, as presented in the attached report, that the current value of the IPR&D and distribution rights under the 2017 Agreement is approximately $6.5 million and as proposed in the 2021 Agreement (to be ratified), $12.2 million.

Acuity specialises in the appraisal and valuation of IP and knowledge-based intangible assets. The company has experience in valuing technologies, projects and businesses in a diversity of industries including medical and life sciences, chemistry, process engineering, automotive, mining, environmental, water and wastewater treatment, internet, software, electronics and telecommunications. Details of our qualifications and experience are summarised in Section 7 of the valuation opinion. Further details can be found at www.acuitytechnology.com.au. The attached report, summarizing our analysis and valuations, was prepared solely by the undersigned, Dr David Randerson, as Managing Director of Acuity.

Yours sincerely

D H RANDERSON. PhD
Managing Director

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acuity
TECHNOLOGY MANAGEMENT

Invion Limited – Independent Valuation Report as at 30 June 2021

Valuation of Current Photodynamic Therapy Licence Rights and Rights as Proposed under 2021 Agreement

Executive Summary

Acuity Technology Management has examined the Intellectual Property ("IP") owned by the RMW Cho Group Limited ("RMWCG"), which underpins the Photosoft™ technology and its applications, and the markets for products in the Asia Pacific region. The purpose of the analyses is to support an Independent Expert Report ("IER") being prepared by PKF Corporate to be included in a Notice of Meeting to Invion Limited shareholders for consideration in relation to a recently signed agreement to extend development of the IP into additional clinical indications and exploitation of these new indications in expanded territories.

Our valuations are for IP and distribution rights as made available to Invion Limited ("Invion" or the "Company") by RMWCG and currently available to the Company under its Exclusive Distribution and Licence Agreement dated 31 December 2018 ("2017 Agreement") and as proposed under the Exclusive Distribution and Licence Agreement dated 2 June 2021 ("2021 Agreement"). Associated with these two agreements are the R&D Services Agreement from 2018 and the Co-development Agreement, dated 2 June 2021.

The following table summarizes our assessed valuations of the assets:

Table 1: IP Valuation as at 30 June 2021

	Preferred	Low	High
2017 Agreement	**$6.6 mil**	$5.6 mil	$7.5 mil
2021 Agreement	**$12.2 mil**	$9.1 mil	$15.2 mil

* This table should be read in conjunction with assumptions outlined in later sections of the report.

Our analysis of the 2017 Agreement's rights considers Photosoft™'s potential application to skin cancers (melanoma and non-melanoma) as a topical cream or gel, and an Intra-venous ("IV") product for internal cancers such as prostate, non-small cell lung cancer ("NSCLC"), ovarian, penile cancers and mesothelioma with future distribution restricted to the Australian and New Zealand markets. The 2021 Agreement rights relate to development of Photosoft™ for atherosclerosis (using angioplasty as surrogate for estimating market size) and the treatment of infectious diseases (based on hepatitis C, multi-drug resistant tuberculosis ("TB") and severe pneumonia incidence) in the newly defined territories. For the purpose of our analysis we have, outside of Australia and New Zealand, divided the Asia Pacific countries into Low Income Countries ("LIC") with an estimated population of 2.7 billion and High Income Countries ("HIC") being Singapore, Japan and South Korea.

Although a number of techniques suitable for valuing intangible assets, and specifically IP, were considered, the principal method used is based on a Net Present Value ("NPV") of free cash flows using revenue forecasts and expenses developed by Acuity. The method is considered the most suitable for intangible assets and In-process Research and Development ("IPR&D") in the medical and pharmaceuticals fields where developmental research may be incomplete and products have yet to be launched or establish a market presence.[1] The financial models are based on cash flow projections that may be achieved following further R&D and commercialisation of the IP with probability and discount rate adjustments based on an examination of risks to the successful completion and market introduction of the products.[2] It is the most commonly used approach within the pharmaceutical sector.

Invion has considerable safety and efficacy data obtained in animal models for a number of cancer types for the photo-active agent, IVX-PO3, which it deemed adequate to progress to Phase 1 (safety) clinical studies. However, the Company recently announced the identification of a new molecule, designated INV-043, which they report as 50 times more potent that IVX-P03 and 600 times more potent than an approved photosensitiser, talaporfin sodium (approved in Japan (in 2004) for PDT of lung cancer and marketed as Laserphyrin®). The current valuation assumes that INV-043 is the drug candidate of choice for future cancer development, albeit at a preclinical stage of development.

The modelling of the proposed products' prospective cash flows starts with the incidence and prevalence of targeted diseases (such as cancer or infections) and/or treatments (angioplasty for atherosclerotic vessels) and determines a market share based on the subsets of patients for whom it may be of benefit and potential competition, and applies an Average Selling Price ("ASP") determined by benchmarking current patented therapies or procedures. Development timings and costs draw on knowledge of the drug development process and, once commercialized, Costs of Goods Sold ("COGS") and Sales, General and Administrative ("SG&A") costs based on industry averages from analysis of pharmaceutical and biotechnology annual reports.

Cash flows are risk adjusted using published transitional probabilities for oncology, cardiovascular and infectious diseases drugs with adjustment, where appropriate, by Acuity for the specific circumstance of the PDT drug-device combination.[3] As the cancer product Photosoft™ INV-043 requires further pre-clinical development prior to a Phase 1 study our estimated Likelihood of Approval ("LOA") is 5.8%. INV-043 is also the subject of a recently filed provisional patent which requires lodgement as an international patent application and national filings prior to examination. An atherosclerosis product has been estimated to have an LOA of 2.3% and infectious diseases product, 2.6%, both requiring considerable preclinical work-up before human studies can begin.

There are many areas for potential error in predicting future cash flows which relate to the size of the end user populations, selling prices, estimates of strength and quality of competition, market introduction timings and penetration rates or market shares. These all impact on the valuations and are difficult to estimate with accuracy at this stage. A premium has been included in the discount rate used to net present value future cash flows to compensate for these unknowns while a sensitivity analysis investigates the effects of key variables where ranges may be applied. The inputs with greatest impact on the valuation are:

- Delays or advancement of clinical development and regulatory approval times;
- Discount rate;
- Addressable market, penetration and ASP;
- COGS and SG&A costs.

We consider that the proposed range for the valuations cover reasonable variances to the inputs. Of lessor relevance are development and clinical trial costs. As a consequence, we have proposed ranges of plus or minus 15% and 25% for the 2017 Agreement and 2021 Agreement, respectively.

[1] Aaron AV, Bitton VR (co-chairs), *et al*. Assets Acquired in a Business Combination to be used in Research and Development Activities. AICPA, New York, 2013.
[2] Bogdan B & Villager R. Valuation in Life Sciences: A Practical Guide. Springer Verlag (Berlin), 2007.
[3] Thomas DW, *et al*. Clinical Development Success Rates and Contributing Factors 2011-2020. BIO/PharmaIntelligence/QLS February 2021.

This report summarises our investigations and findings in the following sections:

Glossary

AK	Actinic Keratosis
API	Active Pharmaceutical Ingredient
ASP	Average Selling Price
ASX	Australian Securities Exchange
BCC	Basal Cell Carcinoma
CAPM	Capital Assets Pricing Model
COGS	Cost of Goods Sold
CRO	Contract Research Organization
DCF	Discounted Cash Flow
EV	Enterprise Value
FDA	Food and Drug Administration
HIC	High Income Country
IARC	International Agency for Research on Cancer
IER	Independent Expert's Report
IND	Investigational New Drug
IP	Intellectual Property
IPO	Initial Public Offering
IPR&D	In-process Research and Development
IV	Intravenous
LIC	Low Income Country
LOA	Likelihood of Approval
NGPDT	Next Generation Photo Dynamic Therapy
NME	New Molecular Entity
NMSC	Non-melanoma Skin Cancer
NPV	Net Present Value
NSCLC	Non-small Cell Lung Cancer
PCT	Patent Cooperation Treaty
PDT	Photo Dynamic Therapy
PTA	Percutaneous Transluminal Angioplasty
R&D	Research and Development
RMWCG	RMW Cho Group Limited
rNPV	Risk Adjusted Net Present Value
SG&A	Sales, General and Administrative costs
SCC	Squamous Cell Carcinoma
TB	Tuberculosis
TNBC	Triple Negative Breast Cancer
US or USA	United States of America
WHO	World Health Organization

1. Background

1.1 Invion & Photosoft™

Invion, listed on the Australian Securities Exchange ("ASX") (ASX:IVX), is developing a medical treatment technology known as Photosoft™. Photosoft™ is a PDT with a proprietary photosensitiser, referred to by the Company as IVX-PDT and including the more recent discovery and evaluation of a sensitizer known as INV-043. PDT is a process whereby an otherwise innocuous substance is applied to a tumour, either topically as may be the case for a skin cancer, or IV for an internal tumour. When activated by light of a specific wavelength, the molecule releases a reactive oxygen species that kills the cancer cells. The cytotoxic effect has application to other malignancies, such as ophthalmological and cardiovascular conditions, as well as killing bacteria and viruses. The strategy has been well known for a long time with a few products approved for clinical use, for example in treating eye disease. Over the past three or four decades, many companies have sought to bring PDT-based products to market and many have failed, largely due to delivery or absorption problems, side effects or lack of specificity and/or efficacy of the photosensitiser.

RMWCG has developed a class of photosensitizing drugs that they believe overcomes the earlier limitations in that they are preferentially taken up by cancer cells, hence much safer and more effective than earlier agents. The compounds are patented derivatives of the chemical chlorin e4 sodium which is obtained from plants. Specifically, Photosoft™ is a complex of chlorin, chlorophyllin and zinc which activates at three light wave sensitivity ranges - 430 nm, 630-650 nm and the near-infrared wavelength range of 750-850 nm. The active compounds are water soluble and the product's bioavailability is described as so good it can be administered sublingually rather than intravenously as needed, allowing for greater patient convenience.

In addition, research involving examination of specific immune cells, known as T cells, in mice has demonstrated that the compounds stimulated an immune response against the cancerous tissue. It has been shown that an increased ratio of effector T cells to regulatory T cells is observed in Photosoft™ treated mice in an ovarian cancer model which parallels similar changes typically associated with improved survival and treatment outcomes in ovarian cancer patients.

In November 2017, Invion acquired the exclusive commercialisation and distribution rights in Australia and New Zealand to the RMWCG PDT technology, in a transaction that included the issuance of shares to the Guangzhou-based company. At the time, IVX-P02 was the compound of choice and cancer was the acknowledged market.

In December 2018, the two companies entered into a formal Exclusive Distribution and Licensing Agreement and an R&D Services Agreement by which Invion would conduct pre-clinical and clinical development of Photosoft™ in cancer applications to a globally accepted standard and, once approved, a marketing and distribution right in Australia and New Zealand, with device and Active Pharmaceutical Ingredient ("API") supply from RMWCG.

During 2021, the Company reported that it had developed a new compound and filed a provisional patent. Following proof-of-concept studies conducted at the Hudson Institute in Melbourne, the Company reported promising preliminary results with application across a range of cancers. They stated that:

- INV-043 has ~50 times greater phototoxicity than the previous API (IVX-P03) and ~600 times greater than the approved photosensitiser talaporfin;
- It is selectively retained in malignant but not healthy tissues with no identified toxicity issues at up to 50 times the expected therapeutic dose;
- Significant regression was observed *in vivo* in T cell lymphoma, triple negative breast cancer ("TNBC") and pancreatic cancer models;
- INV-043 also displayed fluorescence characteristics under blue light which illuminated tumour growth, highlighting its potential for cancer imaging and detection.

The Company reported that the next steps include performing further proof-of-concept studies looking at INV-043's effect on the immune response as well as exploring its potential to complement other therapies. We have been advised that it is the candidate compound for further cancer development. The compound is to be considered as a New Molecular Entity ("NME") and, as such, an extensive pre-clinical evaluation will be required before it may be administered to humans as an experimental drug.

We have been advised by Invion that the strategy is to look at diagnostic and therapeutic applications of Photosoft™ technology, including across multiple cancer types. The next steps will be to complete formal pre-clinical studies, *viz*. *in vivo* efficacy and safety, scaled-up manufacturing, and clinical trials. The other indications, atherosclerosis and infectious disease, are at a discovery stage although market potential is clearly very significant.

1.2 2017 Agreement and R&D Services Agreement

The 2017 Agreement was signed on 31 December 2018 and gives Invion rights to use the Photosoft™ IP for research purposes, including clinical trials, and, once market approvals have been achieved, restricted distribution. The agreement allows distribution of approved products to be used mainly, but not exclusively, for the diagnosis and treatment of cancer in the Territory defined as Australia and New Zealand.

The licence includes the exclusive right for the Licensee, Invion, to, without limitation:

- Set up and operate NGPDT cancer treatment centres within the Territory;
- Purchase the products through the Licensor for use or resale within the Territory.

Signed on the same date as the 2017 Agreement, was the R&D Services Agreement which defines Services as the clinical development, clinical trials and oversight services relating to NGPDT to be provided by Invion in Australia only in accordance with an agreed work program. RMWCG agrees to meet all fully burdened costs for global development of the IP.

The 2017 Agreement and R&D Services Agreement acknowledge the Licensor's right and ownership of trademarks, patents and other IP with improvements made by Invion as a consequence of the use of the IP to be owned by RMWCG.

It is possible that medical conditions other than cancer have been considered by RMWCG and Invion but, for the purposes of our valuation, we have assumed that cancer was the main focus, an assumption supported by the limitation of research activities to that disease.

1.3 2021 Agreement and Co-development Agreement

The 2021 Agreement was signed on 2 June 2021 along with a Co-development Agreement. Key attributes of these agreements are that:

- The Territory for the use of Photosoft™ for atherosclerosis and infectious diseases (including viral, bacterial and parasitic) in the Asia Pacific region (with defined countries) which includes high population nations, such as India, the Philippines, Indonesia and Bangladesh; and the wealthy economies of Japan, South Korea and Singapore; most of Asia excluding China and Taiwan, and the Caucasus and Central Asia countries of Georgia, Azerbaijan, Kazakhstan and Kyrgyzstan. All in all, a population of almost three billion people.

- The Licensee will be responsible for securing the requisite regulatory and licensing approvals for the sale of products;

- The Licensee agrees to purchase all products it requires (whilst they are available from the Licensor) from the Licensor; and

- The Retail Price for the Products and Treatments and Procedures where the Products are used shall be agreed between the parties.

Both of these agreements relate solely to atherosclerosis and infectious diseases.

1.4 Intellectual Property

RMWCG has developed or acquired, along with the novel photosensitisers, considerable expertise in the administration of the drugs, their manufacturing, and light sources for drug activation.

The compounds are covered by a patent application published as WO2014/091241, *Chlorin derivative useful in photodynamic therapy and diagnosis*, which was filed in December 2013. It has been granted in Australia, China, Serbia, Singapore and remains pending in other countries. It has been refused in the Republic of Korea.
The patent includes the claims:

- The chemical chlorin e4 sodium and a method of preparation. This, we believe, covers the IVX compounds;
- The chemical's use in PDT or cytoluminescent therapy and for use in photodynamic diagnosis;
- Its use for the treatment of, amongst other conditions, atherosclerosis; a fungal, viral, chlamydial, bacterial or parasitic infectious disease; a disease characterised by benign or malignant cellular hyperproliferation or by areas of neovascularisation; and a benign or malignant tumour.

The patent has a 20-year validity, i.e. to 2033, in countries in which it is granted with the possibility of extensions in many jurisdictions.

A provisional patent was filed on 26 November 2020 in the United Kingdom in the name of RMWCG claiming, we have been advised, chemical compositions which include INV-043 as NMEs. These compounds are distinct from chlorin e4. Again, claims cover various cancers as well as other diseases. Assuming a full patent specification is filed in 2022, granted patents will have tenure to at least 2042.

1.5 This Report

This valuation report has been prepared at the request of PKF Corporate and is to be relied upon by PKF Corporate in the preparation of its IER relating to the issuance of shares in Invion to a related party and the reasonableness of that transaction to the existing shareholders in Invion.

This report summarises our analysis of the 2017 Agreement's rights on the basis that the rights to distribution are valued as IPR&D for the development of Photosoft™, specifically INV-043, as a potential therapeutic and its use in Australia and New Zealand. The indications we have considered for our financial modelling are skin cancers (melanoma and non-melanoma) as a topical cream or gel, and an IV product for internal cancers such as prostate, NSCLC, ovarian and penile cancers, and mesothelioma. The Company may choose to extend treatment to other forms of cancer and, if included, these may add to the valuation as determined herein, but recent activity has centred around these particular cancers.

The 2021 Agreement rights include atherosclerosis (for which we have used angioplasty procedures as a surrogate for estimating market size) and the treatment of infectious diseases (in our modelling based on hepatitis C, multi-drug resistant tuberculosis ("TB") and severe pneumonia incidence) in the newly defined territories. Australia and New Zealand are not part of this agreement as they are assumed covered under the 2017 Agreement. For the purpose of our analysis, we have divided the Asia Pacific countries into Low Income Countries ("LIC") with an estimated population of 2.7 billion and High Income Countries ("HIC") being Singapore, Japan and South Korea.

The primary methodology for the valuations is the recognition that the right to future income is encompassed by the current valuation of the IPR&D, the outcomes on which sales revenue is dependent, and restricted to the geographic markets designated in the relevant agreements. The likelihood of realizing income under the distribution agreements is equivalent to the LOA of the products themselves. Our approach employs a risk adjusted Net Present Value ("rNPV") of future free cash flows. The basis for estimating future cash flows is the incidence and prevalence of the targeted diseases using published data coupled with an estimated selling price determined by benchmarking against established and emerging therapies for cancer and knowledge of competition in determining a reasonable market penetration such that a realistic revenue stream may be established.

The valuations, therefore, rely on future revenue projections with no assurances in the way of precedent or forward contracts and from this perspective cash flows must be viewed as conjectural. Considerable due diligence and research have been undertaken to substantiate assumptions used in financial models and the chosen methodology is one accepted by pharmaceutical and biotechnology firms and their analysts worldwide.

2. The Commercial Opportunity

2.1 Cancer

We have considered the incidence of the following cancers, being those in respect of which Invion has already conducted some evaluation:

- Ovarian Cancer;
- Lung (NSCLC);
- Mesothelioma;
- Ano-genital (penile) cancer;
- Skin (Invion has been developing a topical formulation of its photosensitising agent, IVX-PDT, to treat superficial Basal Cell Carcinoma ("BCC"), Actinic Keratosis ("AK") and Squamous Cell Cancer ("SCC").

The World Health Organization ("WHO") presents the following data in relation to the incidence of these cancers.[4]

Table 2: Incidence of Cancer in the Territories

	Melanoma	NMSC	Prostate	Lung	Ovarian	Meso-thelioma	Penile
Australia	16,171	58,839	16,973	13,162	1,397	870	131
NZ	2,801	10,271	3,938	2,425	320	130	21
Asia (LIC)	9,253	34,920	87,976	235,755	89,314	2,680	14,815
Asia (HIC)	2,303	15,147	121,858	170,099	14,220	2,505	640

Penile and anal cancers are usually diagnosed late as patients are often reluctant to seek medical advice until their condition worsens. This means many cancer sufferers miss the potential benefit of early intervention and instead have to endure painful and high-risk treatments.

PDT has been shown to be useful for these cancers in animal models and skin cancer in humans.

[4] World Health Organisation, International Agency for Research on Cancer. Cancer Today (https://gco.iarc.fr/today/home).

2.2 Atherosclerosis

Is a condition where the arteries become narrowed and hardened due to build-up of plaque (fats and cholesterol) in the artery wall. Medications, such as cholesterol lowering agents, are usually the first choice for treatment. On occasion, however, more aggressive treatment options are required. Narrowed arteries can often be reopened using one of two procedures: angioplasty or stenting.

Angioplasty, also known as percutaneous transluminal angioplasty ("PTA") or where it relates to a heart vessel, percutaneous transluminal coronary angioplasty, is performed to open blocked arteries and restore arterial blood flow to the peripheral and heart tissue. A special catheter (long hollow tube) is inserted into the coronary artery to be treated. Using small balloons that are delivered over a wire the doctor will proceed to open the blockages and allow blood to flow through adequately.

2.3 Infectious Diseases

Infectious diseases are disorders caused by organisms, such as bacteria, viruses, fungi or parasites. Some infectious diseases can be passed from person to person, transmitted by insects or other animals, injested from contaminated food or water or being exposed to organisms in the environment. While many infections are minor, like the common cold, or treatable by antibiotics, some organisms cause serious disease, often with prolonged consequences and death. Symptoms vary depending on the organism causing the infection. Mild infections may respond to rest and home remedies, while some life-threatening infections may need hospitalization. Many infectious diseases, such as measles and chickenpox, can be prevented by vaccines and the vaccine toolbox is dramatically changing.

The list of serious infections without suitable cures is high particularly in developing countries where some remain endemic. Serious bacterial infections can be treated with antibiotics, which work by disrupting the bacterium's metabolic processes, although antibiotic-resistant strains are starting to emerge, for example multi-drug resistant TB and *Staphylococcus* and *Enterococcus*. Antibiotics are useless against viral infections. Antiviral drugs are currently only effective against a few viral diseases, such as influenza, herpes, hepatitis B and C and HIV. However, the availability and costs of some of these agents in developing countries remains a severe limitation on their use.

TB is the leading infectious cause of death worldwide. The World Health Organization estimates that 1.8 billion people, close to one quarter of the world's population, are infected with *Mycobacterium tuberculosis*, the bacteria that causes TB.

The prevalence of hepatitis C virus in Asia ranges from 0.5% to 4.7% of the population. The infection creates significant disease burden due to long term complications (cirrhosis and hepatocellular carcinoma).

Pneumonia is an infection of the air sacs in one or both the lungs and characterized by severe cough, fever, chills and difficulty in breathing. It is relatively common with more than 10,000 cases per year in Australia and, in most cases medically treated. Severe pneumonia often requires respiratory support such as oxygen therapy. Causes of severe pneumonia include various types of bacteria, fungi and viruses. *Streptococcus pneumoniae*, *Staphylococcus aureus* and *Legionella pneumophila* tend to cause the most severe forms of pneumonia. Pneumococcal pneumonia is responsible for approximately 1.6 million deaths each year, world-wide.

2.4 PDT Markets and Competition

PDT for the treatment of disease, and particularly cancer and eye diseases, has been clinically evaluated in a number of settings and, in one form or another, has been commercially available for several decades. Nonetheless, the treatment has not become mainstream because of issues related to the photosensitising agent and achieving adequate energy exposure within the target tissue, especially solid tumours. Success has been better with eye diseases, with products such as verteporfin (Visudyne®, Bausch & Lomb) for macular degeneration and pathologic myopia, and extracorporeally for T cell lymphoma, with methoxsalen (Uvadex®, Therakos, Inc). One company, Steba Biotech with padeliporfin (Tookad®), has achieved licensure in Israel and Mexico for low-risk prostate cancer while currently conducting a Phase 3 trial in upper tract urothelial cancer for which it has been given orphan drug status and fast track designation by the US Food and Drug Administration ("FDA").

Over the years many companies have sought to develop PDT-based therapies and many of these have fallen by the way. The clinical potential of PDT was acknowledged in the mid-1990s when a photosensitiser called porfimer sodium (Photofrin®, Pinnacle Biologics, Inc) was approved for relieving symptoms or treating oesophageal cancer and NSCLC. Subsequently, various groups have worked on developing more effective and better-tolerated photosensitising agents. Photofrin® was part of the first generation of photosensitisers based on a molecule found in the blood called hematoporphyrin. Those agents tend to stay in the patient's body for too long and don't respond to the longer wavelengths of light necessary for treatment depth. Second generation photosensitisers mostly based on chlorophyll allowed the use of the longer wavelengths. Third generation photosensitisers are now being developed by various academic groups designed to better target the active agent to tumour tissue.

No PDT therapy has become mainstream for solid anti-cancer therapy. The agent, 5-aminolaevulinic acid (5-ALA), a porphyrin pro-drug, works faster than Photofrin® but has poor bioavailability. Esters of ALA: Metvix® (Galderna, Inc) for skin cancers and Hexvix® (Photocure ASA) bladder cancer, have better bioavailability but are weak on long-wavelength absorption and so remain largely for diagnostic use only. Temoporfin (Foscan®, Biolitec Pharma Ltd) proved useful therapeutically, and as a result has gained European approval for the treatment of SCC and head and neck cancer but approval was declined in the US. As a chlorophyll derivative it has improved long-wavelength absorption, however the product is not water soluble resulting in poor tissue distribution leaving patients photosensitive for several weeks after initial illumination.

According to the research by Persistence Market Research, the global PDT market was estimated to have reached US$1,202 million in 2019.[5] The analyst projects the market to grow at a CAGR of 6.2% during the period 2019-2029. The growing prevalence and incidence of skin cancers and dermatology disorders, mostly BCC, psoriasis, AK, and rosacea, is boosting the demand for PDT.

The Brandessence Market Research Company Pvt Ltd, reported the PDT market as US$1,124 million in 2018 with an expectation it would reach US$1,679 million by 2025 with the CAGR of 5.9% again driven by the dermatological market. North America accounted for largest share of around 35% of revenues.

2.5 Advantages & Risks Relevant the Valuations of Invion and CF33

Photosoft™ as a clinically acceptable cancer treatment modality is still in the development phase but its attributes include:

- The photosensitisers developed and patented by RMWCG are unique and the chlorin e4 versions have been in use in China by its inventors for some time. Although anecdotal, the Cho Group regularly administers Photosoft™ to patients in a clinic in Guangzhou and some of the findings were used to support the initial patent application. Phase 1 clinical trials for prostate cancer have been undertaken in Australia using an earlier manifestation of the photosensitiser which was found to be safe;

[5]Synergy of Drugs and Devices in Phototherapy Treatment to Drive Photodynamic Therapy Market: Persistence Market Research June 10, 2019.

- The earlier compounds and, presumably, INV-043, are water soluble with good mucosal, for example sublingual, absorption and have high bioavailability and are rapidly metabolized. These properties improve delivery and enhance patient comfort, while limiting post treatment effects. The agents have high tumour specificity and are activatable at wavelengths suitable for treating solid tumours;

- There is evidence that Photosoft™ stimulates the innate immune system against the cancer achieving a synergistic effect with the reactive oxygen destruction of cells;

- The new clinical candidate, INV-043, has been optimised by Invion and has completed proof-of-concept studies in cancer and demonstrated superior results to the earlier Photosoft™ compounds and a commercially available photosensitiser. It does, however, being a new agent, require full pre-clinical work-up;

- Invion realizes a major benefit from the involvement of RMWCG who will pay for the costly development of Photosoft™ for cancer treatments, and 75% of non-clinical and 25% of clinical related costs for other applications;

- Photosoft™ may work well with cancer immunotherapy, with a proteomics analysis of proteins found in the urine of patients showing various immune-related biomarkers

Generally speaking, the development of pharmaceuticals, although following a well understood pathway, remains highly risky. Many hurdles cannot be resolved simply by better science or smarter thinking because the failures relate to poorly elucidated biochemical and immunological processes, disease pathways, potential toxicities of reagents and off-target interactions, some of which are only obvious once the drug enters human clinical trials. There are many companies that have failed in their endeavours to develop PTD.

Some of the commercial risks commonly encountered by biotech companies and which are relevant to Invion are:

- Patent protection is paramount to success in biotechnology and is the key attribute supporting valuations and the motive driving acquisitions in the field. The current patent has been granted in some countries, but not the major western markets of the Japan, US and Europe. In any event, this patent will expire at the end of 2033 allowing six or seven years, by our estimate, of market protection. The new provisional patent is important to ensure extended product life, at least to INV-043, but remains at risk until a full specification is granted.

- While PDT development has traditionally been left to small or start-up biotechnology companies, cancer drug development is the realm of large pharmaceutical companies and well financed biotechs. With substantially greater capital and other resources they are able to expend more funds and effort than Invion/RMWCH on R&D and promotion. Competitors may develop more effective, more affordable or more convenient treatments.

- Time to market is critical with any new technology, particularly in the medical technology fields. Adequate capital, competent skills, and partnerships with market leaders are essential to expediting development and commercialization

- Invion is a new entrant in the PDT and will need to recruit skilled staff to progress the product's development. It will compete with other biotech companies to secure suitable staff.

- There may be a reliance on partners and collaborators to conduct studies, including Contract Research Organization ("CRO"s) for clinical trials and Contract Manufacturing Organizations ("CMO"s). Poor performance, bad advice or failure of these collaborators will have a devastating impact on costs and progress.

We have considered these strengths and risks in preparing our valuations.

3. Valuation Methodologies

For the purpose of our valuation opinion, current market value is defined as the amount at which the IP assets could be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length. We have not considered special value or control premium in this assessment although it could be expected that an unrelated acquirer may pay a premium to obtain the Company's technology to complement its own portfolio or to avoid patent infringements.

In valuing a mature business entity, the analyst tends to follow a methodology that draws heavily on the company's historical income, either by performing a DCF of expected future earnings, the confidence in which derives from past activity, or capitalisation of maintainable earnings. Another technique considers the orderly realisation of assets. The assets currently under consideration, specifically the agreements, relate to IPR&D and the outcomes of further development are restricted by field and territory. There are no historical cash flows available for extrapolation and no current product sales, and there is uncertainty that product development will be completed successfully.

Techniques used for valuing intangible assets, including IPR&D, generally fall into three main categories:

1. Cost Based;
2. Market Based; and
3. Revenue Based.

We examined several approaches, many of which were considered not applicable to the business activities and developmental status of Invion. These are briefly discussed in the following sections. The preferred valuation method, that relying on a risk adjusted NPV of projected net benefit, is presented in further detail in Section 4.2.

3.1 Cost Based Methods

There are several cost approach valuation methods, the most common being the reproduction cost and the replacement cost methods. Often these may be based on the historical costs incurred by the original developer. Five components of cost are generally included in the analysis being: Materials; Labour; Overhead; Developer's Profit; and Entrepreneurial Incentive. Generally, however, patents provide a market monopoly for the originator's inventions and it would be very difficult for a third party to replicate the technology with equivalent utility, specificity and activity without infringing those patents.

Although drug development is extremely costly, future benefits are considered to be worthy of the investment and deals to acquire promising R&D-stage programs are often an order of magnitude higher than the past expenditure. Patents, research results and regulatory approvals are the key asset underpinning inter-industry acquisitions and represent more than a cost-to-replicate the technology. Expeditated time to market realised through an asset's acquisition as opposed to its reproduction is also a consideration in purchase price.

We consider that cost based methods are not applicable to the IPR&D.

3.2 Market Based Methods

Market based methods estimate an entity's fair market value by considering the exchange price for transactions in its shares or the fair market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of an entity's recent share trading history;
- Industry specific methods; and
- Comparable companies or transactions.

The capitalisation of maintainable earnings method estimates value based on an entity's future sustainable earnings and an appropriate earnings multiple. An earnings multiple may derive from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the entity's earnings are relatively stable.

The most recent trading history of shares in the subject company provides evidence of the fair market value of the entity where they are publicly traded in an informed and liquid market.

Techniques based on analysis of transactions between companies, equity valuations or capitalisations of comparable companies have considerable merit in the pharmaceuticals sector. There is no shortage of transactions taking place in the industry every year where one company licenses IP from another or enters into a collaborative venture. There are also many fund raisings, both private placements and initial public offerings, which may be used as analogies.

Comparison is possible only where a transaction relates to an identifiable unit of IP or platform technology that is reasonably analogous or, in the case of the value placed on a company, where that company is virtually single purpose and technically equivalent to the subject company or IP. Such criteria are often difficult to meet and comparable analyses are usually used only to support the values derived with other methodologies or to provide a "ball park" estimate. In the current case of licence valuations, the restriction of product sales to certain countries also limits the use of comparable company analyses.

Nonetheless, an analysis of some relevant companies is presented in Section 4.1 of this report.

3.3 Methods Based on Future Prospects

A technique suitable for valuing a business or a project, such as IPR&D, with strong and relatively predictable future prospects is based on a DCF analysis. To assume any level of credibility, the DCF must be based on sound cash flow predictions, with justifiable assumptions regarding sales estimates, expenses and revenue timings. These are then valued to present day using a discount rate, often following probability adjustment, that recognises the time value of money and risks involved in achieving the forecast cash flows.

In the circumstance where the projections are not founded on firm contracts or supported by historical performance, and even where they are, it is appropriate to include some form of adjustments, covering development and achieving market penetration, as well as generalized industry or market risks. It is recognised that probability adjustments based on published stage transitional likelihoods provides an acceptable approach to valuing pharmaceuticals.

Probability adjusted cash flows are then discounted to provide an NPV at an appropriate discount. The usual discount rate is a company's Weighted Average Cost of Capital ("WACC") which reduces to the Capital Assets Pricing Model ("CAPM") in the absence of debt. The CAPM for Invion may be determined using the following formula:

$$CAPM = Rf + \beta \times (Rm - Rf)$$

Where:

Rf is the Risk Free Rate of Return. To estimate the risk-free rate, the Australian Ten-Year Bond Rate of 1.5% is used.

Rm is the Expected Market Return and (Rm – Rf) the Risk Premium being the premium over the risk-free rate that an investor requires to invest in the market portfolio. The current Expected Market Return for investors is around 6.0% to 7.0%.

Beta (β) of a particular investment is a reflection of its risk expressed as a percentage of the volatility to that of a market portfolio, i.e. a portfolio of stocks sufficiently diversified to reflect average market movements. Examination of a basket of listed early-stage oncology companies suggest a suitable beta of between 1.4 and 1.6 for Invion.[6]

We consider a CAPM in the range 7.8% and 10.3%.

To the CAPM may be added a specific company risk premium. This is a metric that considers the size and financial stability of Invion and the stages of development of product(s) where none has reached market. We suggest that a company premium of 2% to 3% may be applicable.

We, therefore, consider a real discount rate range of approximately 10% to 13% as applicable. Internationally, we view Invion's opportunities as more volatile and less manageable for an Australian entity and have added a further premium.

These is to be applied following probability adjustment of cash flows which account for the technical likelihood of success.

4. Valuation Opinion

4.1 Comparables Analysis

Invion has a current market capitalization of $77.6 million and an Enterprise Value ("EV") of $77.0 million (15 June 2021). Invion is a pre-clinical cancer therapy developer with considerable experimental data demonstrating safety and efficacy in animal models of its photosensitisers including IVX-P03 for a number of skin and solid cancers. However, as announced by the Company in April of this year, a new agent, INV-043, is likely to be the molecule of choice for further cancer development. These announcements may have been responsible for a peak in share price in mid-May.

We found two early-stage listed PDT developers which may provide guidance on the valuation of Invion's PDT assets. These are:

- Miravant Medical Technologies, Inc (OTC:MRVT) with a current EV of US$24.6 million and with no trading revenues and a most recent loss of US$13.6 million (31 December 2020); and

- Biofrontera AG (Germany) (Nasdaq:BFRA) with an EV of US$178.4 million, also loss making - US$7.6 million on revenues of US$30.3 million (31 December 2020).

Invion's restricted distribution territory suggests a significantly lower valuation than these two examples.

Listed Australian biotech companies with early-stage assets generally have EV's in the range $5 million to $150 million (see Table 3). The companies listed in Table 3, all with preclinical or Phase 1 programs, may provide reasonable analogies. The EV in these cases, being based on market capitalisation following deduction of cash and inclusion of debt, more-or-less equates to an IP valuation being the only residual asset. The range, of course, is very broad. The median EV is $29.4 million.

With the restricted territory available to Invion, around 1% to 2% of the global pharmaceutical market, we consider Invion's shares to be overpriced (notwithstanding the large tax losses available to the Company), although the proven utility of PDT and the good pre-clinical results should assert a positive impact. The fact that the Company will be moving forward with a photosensitizing agent that has had limited pre-clinical evaluation and with limited territorial rights points to the low end of market valuations.

[6] Infront Analytics (https://www.infrontanalytics.com, accessed June 2020).

Table 3: Listed Australian Companies with Early-stage Drug Development Assets incomplete

Company	Technology / Target Disease	Status of Products	EV ($'mil)[7]
AdAlta (ASX:1AD)	Shark antibodies / Fibrosis	Phase 1	$25.0
Alterity Therapeutics (ASX:ATH)	NME / Neurology	Preclinical	$20.8
Amplia Therapeutics (ASX:ALT)	NME / Fibrosis	Preclinical	$22.5
Argenica Therapeutics (ASX:AGN)	NMA / Stroke	Preclinical	$6.5
Chimeric Therapeutics (ASX:CHM)	CAR-T / Cancer	Phase 1	$94.3†
Cynata Therapeutics (ASX:CYP)	Stem cells / Various	Phase 1	$52.0
Exopharm (ASX:EX1)	Exosomes / Cancer	Phase 1	$72.4
Kazia Therapeutics Limited	NME / Cancer	Phase 1	$144
Noxopharm (ASX:NOX)	Immunotherapy / Cancer	3 x Phase 1	$150
Nyrada Inc (ASX:NYR)	NMEs / Cardiovasc, inflamm	Preclinical	$28.6
Oncosil Medical (ASX:OSL)	Microparticles / Cancer	Phase 1	$32.7
Patrys (ASX:PAB)	Antibodies / Cancer	Preclinical	$59.0
Pharmaust Limited	Repurposed drug / Cancer	Phase 1	$26.0
Pharmaxis (ASX:PXS)	NME / Inflammation	2 x Phase 1	$19.6
Prescient Therapeutics (ASX:PTX)	CAR-T, NME / Cancer	2 x Phase 1	$106
Regeneus (ASX:RGS)	Cell therapy / Arthritis, pain	Phase 1 & preclinical	$19.4

† Market Capitalisation

4.2 Revenue Based Analysis

4.2.1 2017 Agreement

The primary methodology used by Acuity for determining a valuation of Invion's 2017 Agreement and 2021 Agreement is the rNPV of projected future cash flows with the assumption that the agreements are valued equivalently to the present IPR&D value. The distinction between the two agreements are fields of use and territories available for distribution.

In accordance with the 2017 Agreement, all product development is paid for by RMWCG and Invion has ongoing expenses limited to business development costs. We have included in our analysis the cost of preparing dossiers for the Australian and New Zealand regulatory authorities and a significant product launch cost of 50% of first year's sales revenue.

Cancer incidence rates have been obtained from the WHO's International Agency for Research on Cancer ("IARC").[8] We have considered two distinct products, an IV product for treating solids cancers and a relatively lower cost topical formulation, or a treatment course with lower active API requirement, for skin cancers, melanoma and non-melanoma. Product, for purposes of our evaluation, is the photosensitizing agent, INV-043, being a pre-clinical asset. Following approval as a medical procedure for skin malignancies, Invion will distribute product directly to clinics in Australia realizing an ASP of $1,500 per treatment course. It is assumed the Company gains 20% of the available skin cancer market.

For internal cancers, such as mesothelioma, NSCLC, ovarian, prostate and penile, the number of procedures and dosage levels, benchmarked against competitive products, will gain 10% of annual disease incidence at an ASP of $18,750 per patient.

[7] Yahoo Finance (https://au.finance.yahoo.com, accessed May 2021).
[8] World Health Organisation, International Agency for Research on Cancer. Cancer Today (https://gco.iarc.fr/today/home).

Table 4: Assumptions used in 2017 Agreement Valuation Model for Cancer Treatments

Assumption	Topical Product	IV Product
Territory	ANZ	ANZ
Target Population	88,000	39,400
Development Time (years)	5	5
Regulatory Approval (years)	1	1
Launch Year	2027/28	2027/28
Peak Market Penetration	20%	10%
ASP (AUD)	$1,500	$18,750
Est. Peak Sales	$30 mil	$81 mil
COGS	29%	29%
SG&A	28%	28%
LOA	5.8%	5.8%
Discount Rate	11.5%	11.5%
Company Tax Rate	30%	30%
Valuation	**$6.55 mil**	

The horizon for the cash flow estimates is 21 years on the understanding that the provisional patent was filed in 2021 and assuming the Company filed a full specification by mid-2022. The risk of this occurring has been incorporated into the probability adjustment.

COGS and SG&A as fractions of sales revenue have been based on an analysis of pharmaceutical company metrics as obtained from annual reports.

The LOA is as determined by Thomas, *et al*. We have included a pre-clinical likelihood of 90% based on the fact that a full patent application has not been lodged and further pre-clinical experimentation will be required. We have increased the Phase 2 transitional likelihood for INV-043 from Thomas, *et al*.'s 23.4% to 30.0% because of the experience available with NGPDT in China. Our modelling approach applies the transitional probabilities to revenues and expenses subsequent to passing the relevant development phase, i.e. cash flows during Phase 1 are reduced to 90%, those occurring during Phase 2, 44% (90% x 48.8%), etc.

We have assumed a corporate tax rate of 30% as revenues will exceed the $50 million threshold for the lower small business tax rate with losses carried forward to profitability. The Company has considerable accumulated losses and, during the term of our modelling, pays no tax.

4.2.2 2021 Agreement

In determining market potential for products developed under the 2021 Agreement we have made the following assumptions concerning the target populations:

- We have investigated incidence and procedure numbers for the Asia Pacific countries grouped as LIC or HIC;
- Atherosclerosis is an IV product with usage estimated from data for PTA. As information for the Asian countries is limited, we have obtained US data[9] and applied slightly lower rates for HIC; and one tenth the rate for LIC. Population data for individual countries is from Worldometer[10];

[9] US Department of Health and Human Services, Agency for Healthcare Research and Quality, Healthcare Cost and Utilization Project using CCSR Codes CAR003 and CAR008.
[10] Countries in the world by population (2021) (https://www.worldometers.info/world-population/population-by-country).

- In estimating a suitable market for an infectious diseases' product, again an IV product, we have chosen Hepatitis C infection rate[11], drug resistant TB incidence[12] and severe pneumonia[13] (using death rate as surrogate) for individual HIC countries and the major population countries of LIC increased on a proportional basis for the full population;
- Drug product is distributed by a third party with revenues to Invion reduced by 20% relative to Australia and New Zealand ASP to account for the distributors' fees.

The cost for an atherosclerosis product, which is a once-off treatment (compared to cancer which may require multiple courses of treatment) is benchmarked against the hardware costs for balloon or stent angioplasty.

There are limited data on the effectiveness of PDT in treating atherosclerosis and infection, although there is considerable literature supporting such uses, and IVX-P03/INV-043 have not been demonstrated to be effective for these applications in animal models. Therefore, we have taken a preclinical probability of 50% (again incorporating a risk that the new patent application may not be granted should INV-043 be the preferred candidate).

Costs of pre-clinical development of the non-cancer products are 25% funded by Invion and clinical costs, 75%.

Other assumptions are summarised in Table 5.

Table 5: Assumptions used in 2021 Agreement Valuation Model

	Atherosclerosis		**Infectious Disease**	
Territory	LIC	HIC	LIC	HIC
Target Pop'n (thou)	217	147	46,900	3,650
Development Time (years)	6	6	6	6
Regulatory Assessment (years)	1	1	1	1
Launch Year	2028/29	2028/29	2028/29	2028/29
Peak Market Penetration	20%	20%	1%	5%
ASP (US$'mil)	$800	$1,500	$800	$1,500
Est. Peak Sales (US$'mil)	34	50	415	300
COGS	29%		29%	
SG&A	28%		28%	
LOA	2.3%		2.6%	
Discount Rate	13%		13%	
Company Tax Rate	30%		30%	
Valuation (USD'mil)	**0.6**		**8.9**	
(AUD'mil)	**0.8**		**11.4**	

Our analysis supports an after-tax valuation for atherosclerosis and infectious disease in the new territories of A$12.2 million.

[11] Institute for Health Metrics and Evaluation. (http://www.healthdata.org).
[12] TBFACTS.ORG (https://tbfacts.org/tb-statistics).
[13] Our World in Data (https://ourworldindata.org/pneumonia).

4.2.3 Sensitivity Analyses

The valuations of Invion's agreements presented in the previous sections employs a probability weighted NPV method which relies on estimation of many inputs or assumptions to the financial projections. As many of these assumptions are, at best, estimates and may change with time and as development advances, we subjected these to a sensitivity analysis using variance ranges that we consider reasonable. These include:

- Treatable patient population, market penetration and ASP (plus or minus 10% in Australia and New Zealand and 20% in the other countries);
- Currency exchange rate AUD:USD (plus or minus 10%);
- Development costs (plus or minus 20%);
- Probability of success in completing product development and achieving marketing approvals (plus or minus 10%);
- SG&A and COGS (plus or minus 10%);
- Tax rate (plus or minus 10%);
- Discount rate (plus or minus 15%); and
- Time to launch (plus or minus 1 year).

The most significant of these with respect to the 2017 Agreement is discount rate with a variance of 10% (actual range 10.4% to12.7%) resulting in approximately 14% change to the valuation and development time with 12 months delay reducing the valuation by 13% and speeding up development by 12 months increasing it by 12%. Market size, exchange rate, SG&A costs and LOA have an almost proportionate effects (+/-10% resulting in roughly +/-10% to 18% change in the valuation). Development costs are of lesser significance due to the high rewards expected from successful launch of products.

We have selected a range of valuations that is plus or minus 15% of the preferred valuation for the 2017 Agreement and plus or minus 25% for the 2021 Agreement.

5. Sources of Information

We have prepared our valuation using publicly accessible information and a number of confidential documents provided by Invion. Most of the assumptions on the timings and costs for the development of the proposed products are our own although we did discuss these with the Company, and the market shares, COGS and other expenses were also developed by Acuity.

We communicated with Thian Chew, Chairman and CEO, on a number of matters during the preparation of this report:

We conducted independent searches of the scientific and medical literature, such as the US National Institutes of Health's PubMed[14] and Google Scholar[15], and patent databases through the World Intellectual Property Organization[16], The European Patent Office[17] and the US Patent and Trademark Office[18].

[14] https://www.ncbi.nlm.nih.gov/pubmed
[15] https://scholar.google.com.au/
[16] https://patentscope.wipo.int.
[17] https://worldwide.espacenet.com.
[18] https://www.uspto.gov.

6. Disclaimer

The valuations make certain assumptions in relation to the revenue prospects. In preparing this report we have relied on information provided by Invion, complemented by our own experience in drug and medical technology development and independent searches of the literature. We can provide no assurance that material provided by the Company was complete and accurate although we have no reason to suspect that this was not the case. We have exercised all due care in verifying the information provided and found no reason to doubt its reliability.

A draft of this report was supplied to Invion to confirm factual accuracy and some changes were made to reflect their comments.

Acuity does not guarantee that the outcomes described in this report will actually occur because of possible changes in the markets and the Company's own actions, which are beyond our ability to forecast.

Acuity has acted independently in preparing this report and neither its Director nor staff have any pecuniary or other interest in Invion and RMWCG, their related entities or associates that could reasonably be regarded as affecting its ability to give an unbiased opinion. Acuity will receive normal professional fees for the preparation of this report and, with the exception of these fees, will not receive any other direct or indirect benefits.

Acuity does not hold an Australia Financial Services Licence and provides no opinions or recommendations relating to the suitability of Invion as an investment, acquisition or for any other purpose, and provides no advice concerning the proposed transaction.

The cash flow models used in the valuation makes the assumption that Invion will, or will have, sufficient funds to support further development and maintenance of the IP. Without adequate funds, the value of the IP may not be realised. Additionally, delays in research and/or in securing collaborations could impact severely on the valuation.

In preparing this report we have had regard to the Regulatory Guide RG 112, *Independence of experts*, issued by the Australian Securities and Investment Commission and AASB 13, *Fair Value Measurement*, issued by the Australian Accounting Standards Board.

7. Experience and Qualifications

Acuity provides management consulting to technology-based companies. The company is skilled in the development of business plans and the technical, commercial and financial analyses of engineering and science-based projects. An area of special interest is the provision of advice to investors and financial institutions on the funding of high technology R&D and the exploitation of outcomes.

The current valuation was undertaken by Acuity's Managing Director, David Randerson. Dr Randerson specializes in the valuation of intangible assets, and business entities whose main assets are intangibles, with particular expertise in IP and IPR&D. Valuations have been performed for purposes of licensing, capital raising and investment, sale, depreciation and amortization, impairment, purchase price allocation, consolidation, mergers, acquisitions, stock options and goodwill.

Dr Randerson has experience with valuing pharmaceuticals, stem cells, medical devices, diagnostics, agriculture, biochemical and cell culture technologies and environmental products. In the fields of physical and applied sciences, he has valued software, internet, electronics, telecommunications, mining and petrochemical projects, process engineering, production engineering and automotive technologies. Research-in-process is of particular interest to Dr Randerson.

Dr Randerson has a Bachelor of Chemical Engineering (Monash University), Master of Science in Applied Science (UNSW) and a Doctorate of Philosophy in Biomedical Engineering (UNSW). He is a Fellow of the Australian Institute of Company Directors and a member of the Institution of Chemical Engineers. He has worked in academia at the University of Munich and University of Queensland, and in Industry with Rio Tinto, Union Carbide and Johnson & Johnson. He was founder and managing director of one of Australia's first publicly listed biotechnology companies, specializing in the production of therapeutic monoclonal antibodies and recombinant proteins.

An understanding of physical and life sciences, research and development, project management, probability and statistics, discounted cash flow methodologies, real options analysis, life cycle forecasting, engineering depreciation and functional obsolescence analysis, are amongst the important tools in which Dr Randerson has competence.

As principal of Acuity for 30 years, Dr Randerson has undertaken in excess of 300 detailed valuations in biomedical sciences and 120 in applied sciences.