# Invion Limited

**ABN 76 094 730 417**

# Annual Report - 30 June 2023

**Invion Limited**
**Contents**
**30 June 2023**

| | |
|---|---|
| Directors | Mr Thian Chew, Chairman (Executive Chairman and CEO)<br>Mr Alan Yamashita, Non-executive Director<br>Mr Rob Merriel, Non-executive Director<br>Mr Alistair Bennallack, Non-executive Director |
| Company secretary | Claire Newstead-Sinclair |
| Australia Business Number | 76 094 730 417 |
| Registered office | Level 4, 100 Albert Road, South Melbourne Vic 3205 Australia<br>P: (03) 9692 7222<br>E: investor@inviongroup.com<br>W: www.inviongroup.com |
| Share register | Link Market Service Limited<br>Locked Bag A14, Sydney South NSW 1235 Australia<br>P: 1300 554 474<br>F: (02) 9287 0303<br>W: www.linkmarketservices.com.au |
| Auditor | Grant Thornton Audit Pty Ltd, Melbourne, Australia |
| Stock exchange listing | Invion Limited shares are listed on the Australian Securities Exchange (ASX code: IVX) |

**Invion Limited**
**Directors' report**
**30 June 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Invion Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

**Directors**
The following persons were directors of Invion Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Thian Chew, Chairman (appointed Executive Chairman and CEO)
Mr Alan Yamashita, Non-executive Director
Mr Rob Merriel, Non-executive Director
Mr Alistair Bennallack, Non-executive Director

**Principal activities**
Invion is a life sciences company that is leading the global research and development of Photosoft™ technology for the treatment of a range of cancers, atherosclerosis and infectious diseases. The Invion Group consists of Invion Limited and its wholly owned subsidiary, Epitech Dermal Science Pty Ltd.

Invion is the exclusive licensee in Australia and New Zealand of the Photosoft™. The appointment has been made by technology licensor, The RMW Cho Group, a Hong Kong based group that has funded and successfully commercialised a number of unique and advanced technologies. Via an R&D services agreement between the two entities, the development of the Photosoft™ is funded by The RMW Cho Group (RMWC).

During FY 2023, there was an expansion of Invion's exclusivity agreement with RMW Cho Group, the developer of Photosoft™ technology, through the Second Amended & Restated Co-development agreement Invion will gain exclusive distribution rights the Extended ID Territory (United States of America, Canada and Hong Kong).

**Dividends**
There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**
The loss for the consolidated entity after providing for income tax amounted to $1,614,823 (30 June 2022: $2,241,379).

Invion is a life science company that is leading the global research and development of Photosoft™ technology for the treatment of a range of cancers, atherosclerosis and infectious diseases.

During the year, the Company and its research partners have made progress in advancing the necessary work required to commence clinical trials, which are scheduled before the end of calendar 2023.To that end, Invion released the laboratory results in FY23 from the Peter MacCallum Cancer Centre (Peter Mac) testing INV043, Invion's lead drug candidate, on squamous cell carcinoma (SCC) cell lines, which are linked to anal cancers.

The *in vitro* tests, one of the prerequisites for clinical trials, showed that photoactivated INV043 was effective against the six SCC cell lines that cover the spectrum found in anal cancers. The overall results from this study are consistent with the promising outcomes achieved at the Hudson Institute of Medical Research (Hudson Institute) on other cancer types, including triple negative breast cancer.

Invion has completed most of the preclinical studies required before the start of clinical trials. There are a few bodies of work that are currently in progress, such as dose range finding and formulation optimisation and bioavailability, that are expected to be completed in the coming months.

Meanwhile, Invion reported promising results during the course of the year from several early studies using the Photosoft™ technology on atherosclerosis and infectious diseases.

The first studies on Photosoft by the Australian Centre for Antimicrobial Resistance Ecology (ACARE), University of Adelaide, found that several Photosoft compounds showed activity *in vitro* against multiple strains of antibiotic-resistant MRSA bacteria, Escherichia coli bacteria and Candida albicans fungus.

MRSA is an antibiotic-resistant bacterium that is difficult to treat, with the World Health Organisation (WHO) having declared antimicrobial resistance (AMR) as one of the top 10 threats facing humanity[1].

[1]https://www.who.int/news-room/fact-sheets/detail/antimicrobial-resistance.

Separate independent *in vitro* studies also demonstrated Photosoft's potential to treat the Dengue, Zika and SARS-CoV-2 (Delta and Omicron variants of COVID-19) viruses.

Importantly, Invion signed an agreement with the licensor of Photosoft, RMW Cho Group Limited (RMCG), to expand the Company's exclusivity on the technology for the treatment of infectious diseases to the United States, Canada and Hong Kong. Invion has the option, but not the obligation, to include atherosclerosis for these territories via a further contribution payment of $1 million to RMWCG.

Post the end of FY23, Invion announced the granting of an Australian patent for Photosoft™ (Australian Patent No. 2021388872, Patent Title: Photodynamic Therapy and Diagnosis), which includes the lead compound INV043.

This patent builds upon previously granted patents to the technology in Australia and other territories that Invion has exclusive rights to. The new patent extends the intellectual property (IP) protection for Photosoft for around another two decades until at least late 2041, with the original patents set to expire in 2033, and strengthens IP protection as Invion prepares to commence clinical trials using INV043.

The Company held a cash balance of $4,084,903 as at 30 June 2023, which is sufficient to cover its share of the planned development work for Photosoft that are not covered by existing funding arrangements with RMWCG.

**Material Business Risks to Strategy and Financial Performance in Future**

The Company has identified a number of material risks that may affect the success of the business over the coming periods, including some that are not directly within its control. The Company's risk management approach involves the ongoing assessment, monitoring and reporting of risks that could impede the Company's progress in delivering its strategic priorities. These risks are outlined below, although it is important to note that as Invion's business continues to grow and evolve, these risks and the Company's risk profile may change.

- *Efficacy of the Compound (INV43) is proved to be ineffective or less effective that other cancer treatments:*
  Invion continues to utilise the outsourced product manager to ensure the Compound continues to be effective (Quality) as well as continue to build/test pipeline of additional compounds in portfolio to identify additional candidates for a second cancer API.

- *On-going capability and willingness to provide financial support from the Cho Group*
  RMWCG fully funds research and development of Photosoft for the treatment of cancers in Australia and New Zealand. It has also agreed to partially fund R&D work for other indications and/or territories. This partnership is instrumental to the success of Invion and the Company continues to ensure that on-going relationships between the CEO, as well as other Board members, and RMW are a priority.

- *CEO dependence/single point of dependency*
  There is a risk of over reliance on key personnel and potential departure of those key employee/contractors. This risk is currently mitigated as the CEO is a major shareholder and the external contractors used are through third party companies who would have their own internal risk mitigations for this scenario.

- *Over-reliance / knowledge concentration risk on some external service providers (eg, chemistry, manufacturing)*
  The expansion of parties involved in the processes should reduce concentration of knowledge risk, and as availability of capital improves, Invion can actively identify alternatives/backup options

- *Market competition – potential of emerging therapies to supersede this technology*
  The healthcare industry can be impacted by technological advances, which may impact on the commercial success of Photosoft. However, Invion believes that its unique method of action and applicability to multiple cancers/diseases provides some protection.

- *Security threats via external communication services used*
  Invion has implemented controls to prevent and reduce risk of loss resulting from breach of security from external communication services. Some of the measures taken include cybersecurity training, regular back up of data/disaster recovery practices and ensuring payments for new vendors and any change of bank account details for existing vendors have to be separately approved (with the direct counterpart that is being dealt with).

**Significant changes in the state of affairs**
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

Subsequent to the year end, as announced on ASX on 25 September 2023, Invion Limited and RWMC, through the Third deed of amendment and restatement, have entered into the Third amended and restated co-development agreement and the Amended and Restated Exclusive Distribution and Licence Agreement – Cancer to include South Korea into Invion's Cancer Territory. Invion has paid to RMWC an amount of A$0.9 million, as a contribution towards the prior development of the NGPDT IP as it relates to the Cancer Indications and the territory of South Korea.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

The likely developments in the operations of the Group and the expected results from those operations in future financial years will be affected by the success of management in reaching critical development and commercial milestones in its core program if the development of the Photosoft™ technology. This could include developing and expanding existing and emerging commercial partnerships with leading global healthcare companies and securing one or more commercial transactions for the Group's drug asset under development.

**Environmental regulation**

Invion is required to carry out its activities in accordance with applicable environment and human safety regulations in each of the jurisdictions in which it undertakes its operations. The Group is not aware of any matter that requires disclosure with respect to any significant regulations in respect of its operating activities, and there have been no issues of non-compliance during the year.

**Information on directors**

| | |
|---|---|
| Name: | Mr Thian Chew |
| Title: | Chairman and CEO |
| Qualifications: | Bachelor of Information Systems, MA, MBA and qualified chartered accountant |
| Experience and expertise: | Mr Chew has over 25 years' experience in investing, finance and transforming business operations. He is Managing Partner at Polar Ventures, a private investment and consulting firm that provides capital, strategic and operating solutions, focusing on small to mid-sized enterprises in Asia. Mr Chew was previously an Executive Director at Goldman Sachs (Hong Kong and New York) responsible for the firm's proprietary investments including growth capital, private equity and special situations in both private and public companies. Prior to this, he was a Consultant Project Manager to Morgan Stanley, New York. Mr Chew also held a number of positions in KPMG across Asia Pacific including Director at KPMG Consulting (Singapore and Sydney) where he led several large scale operational restructuring, post-merger integration, transformation, and business performance improvement programs. As a Senior Manager at KPMG (Taipei and Melbourne), he led several business process re-engineering initiatives, and also performed financial and information technology audit, risk and assurance engagements across multiple industries. Mr Chew holds an MBA from the Wharton School (Palmer Scholar), MA from the Lauder Institute, University of Pennsylvania, and a Bachelor of Information Systems from Monash University. Mr Chew is an Adjunct Professor at HKUST's MBA program and previously qualified as a chartered accountant. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 546,857,721 |
| Interests in options: | 178,364,244 |

| | |
|---|---|
| Name: | Alan Yamashita |
| Title: | Non-executive Director |
| Qualifications: | MPA, BA |
| Experience and expertise: | Mr Yamashita is a highly experienced corporate consultant and investment professional, with over 40 years' experience in investment management, investment banking and alternative investment throughout the APAC region. From 1999 to 2005, Mr Yamashita was President and CEO of Search Investment Group and founding CEO and CIO of Search Alternative Investment Ltd (SAIL), a major private global hedge fund and private equity investment practice headquartered in Asia. Prior to Search Investments Group, Mr Yamashita was Managing Director and Head of Asia Capital Markets for Merrill Lynch from 1996 to 1998. Mr Yamashita is currently Managing Partner at Polar Ventures and has held numerous positions as a 16-year veteran of Goldman Sachs and an advisor to various companies, including Plantation Timber Partners, Wuhan; Duty Free Shoppers, Asia; TVSN, Shanghai; and Mizuho Alternative Investments LLC. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Chair of Nomination and Remuneration Committee |
| Interests in shares: | Nil |
| Interests in options: | 10,864,187 |

| | |
|---|---|
| Name: | Rob Merriel |
| Title: | Non-executive Director |
| Qualifications: | BA: Grad Dip (Psychology); Grad Dip (Accounting); CPA |
| Experience and expertise: | Rob is a Certified Practicing Accountant (CPA) with over 35 years of experience working in medical<br>research (Hudson Institute of Medical Research and Baker Institute), large public healthcare services (Melbourne Health and Southern Health) and commercial organisations (Pacific Dunlop and Deloitte Consulting). He has been a Director of two Venture Capital Funds and a Director and Company Secretary of several biotechnology focused medical research institute spin-off companies. Mr Merriel was appointed as the Chief Financial Officer, Chief Commercialisation Officer and Company Secretary of the Hudson Institute of Medical Research in May 2014, positions he continues to hold today. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member - Audit and Risk Committee<br>Member - Nomination and Remuneration Committee |
| Interests in shares: | 1,540,125 |
| Interests in options: | 23,343,211 |

| | |
|---|---|
| Name: | Alistair Bennallack |
| Title: | Non-executive Director |
| Qualifications: | CA |
| Experience and expertise: | Mr Bennallack is currently the Group Chief Financial Officer of Village Roadshow Pty Ltd, Head of Risk for Village Roadshow Pty Ltd and Chief Executive Officer of Village Roadshow Theme Parks Asia, a division of Village Roadshow Theme Parks Pty Ltd. He is the primary executive responsible for conceptualising, executing and delivering Village Roadshow's expansion into China and Asia. He is a former member of the Village Roadshow Ltd Executive Committee, current member of the Village Roadshow Theme Parks Executive Committee and current member of all Village Roadshow Pty Ltd's Management and Risk Committees. His previous roles have included Chief Financial Officer of Village Roadshow Ltd and General Manager Business Affairs of Village Roadshow Corporation Pty Ltd (controlling shareholder of Village Roadshow Ltd.) |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Chair of Audit and Risk Committee |
| Interests in shares: | 19,749,987 |
| Interests in options: | 20,443,211 |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**
Ms Claire Newstead-Sinclair was appointed as the Company Secretary on 1 November 2021. With over 21 years of professional experience, Ms Newstead-Sinclair is a Chartered Accountant at the Company Secretarial and Accounting firm Vistra Australia with extensive ASX biotechnology experience across statutory reporting, compliance and corporate governance.

**Meetings of directors**
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

| | **Full Board** | | **Remuneration and Nomination Committee** | | **Audit and Risk Committee** | |
|---|---|---|---|---|---|---|
| | **Attended** | **Held** | **Attended** | **Held** | **Attended** | **Held** |
| T Chew | 5 | 5 | - | - | - | - |
| A Yamashita | 4 | 5 | 1 | 1 | 2 | 2 |
| R Merriel | 5 | 5 | 1 | 1 | 2 | 2 |
| A Bennallack | 5 | 5 | 1 | 1 | 2 | 2 |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***
The Group’s guiding principle for remuneration is that remuneration should be simple and transparent, should reward achievement, and should facilitate the alignment of shareholder and executive interests. The Company’s philosophy is that shareholder and executive interests are best aligned:
- by providing levels of fixed remuneration and ‘at risk’ pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company’s business strategy
- by ensuring ‘at risk’ remuneration is contingent on outcomes that grow and/or protect shareholder value; and,
- by ensuring a suitable proportion of remuneration is received as a share-based payment

The Group aims to reward personnel with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- attract and retain appropriately capable and talented individuals to the company;
- reward personnel for corporate and individual performance;
- align the interest of personnel with those of shareholders; and
- build a strong cohesive leadership team which can deliver execution excellence against the strategy

Remuneration consists of:

- total fixed remuneration: base salary and superannuation; and
- ‘at risk’ remuneration: short-term incentives (STI) and long-term incentives (LTI).

**Total fixed remuneration**

To ensure that the Company continues to attract, retain and motivate talented staff at a competitive cost, the Company will aim to align total fixed remuneration to the median rate paid by others operating in the relevant market, with consideration given to experience, qualifications, performance and other non-financial benefits. Total fixed remuneration will be reviewed using market data to determine what, if any, adjustments may need to be made to individual remuneration.

**‘At risk’ remuneration**

‘At risk’ remuneration elements are paid/issued following the performance and remuneration review conducted by executive management; assessment by the Nomination and Remuneration Committee; and approval by the Board.

**The Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The objective of the Nomination and Remuneration Committee is to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on:

(a) Nomination
- Board composition and succession planning, taking into account diversity objectives and the mix of Director skills and experience;
- induction and continuing education for Directors;
- Board performance evaluation; and
- the performance of the CEO and key management personnel

(b) Remuneration

- implementing policies for the purposes of using remuneration to foster long-term growth and success;
- monitoring the implementation by management of the Board’s strategic objectives and policies;
- remuneration for Non-Executive Directors; and
- remuneration and incentive arrangements for the CEO and other key management personnel.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors' remuneration*
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 15 July 2011, where the shareholders approved a maximum annual aggregate remuneration of $750,000.

*Executive remuneration*
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI comprise up to 50% of fixed remuneration in cash for the CEO. This short-term incentive will be payable at the absolute discretion of the Board and subject to funds being available on the attainment of annual predetermined performance milestones.

The long-term incentives ('LTI') are offered to incentivise, reward and retain personnel, and to align the interests of personnel and shareholders. The Nomination and Remuneration Committee considers the recommendation of the CEO regarding the issue of LTIs in light of the performance, financial position and current issued capital of the company. There will be no automatic grant of LTIs. At the discretion of the Board, the Company may also offer grants of LTIs as an award to incentivise high-quality prospective employees to join the company. The terms of any LTI grant are determined by the Board. LTI grants normally take the form of the issue of unlisted share options. Share options are normally issued under the company’s equity incentive plan (EIP). All grants of equity are determined by the Board.

The Board reviews the general terms of new options to be issued. Options will be typically granted with an exercise price that is between a 40-60% premium to the market price of shares on the day of issue, and with an expiry date that is between three and four years from the date of issue. As LTIs are offered to incentivise, reward and retain personnel, options will typically vest over a number of years.

The terms of the options, and what happens to options in the event of cessation of employment, are at the discretion of the Board. However generally, in the event that a holder of unvested options ceases to be employed, then at the absolute discretion of the Board, if the ceasing of employment is due to death or permanent disability, or in any other circumstances determined by the Board to be on a “good leaver” basis, the next tranche of unvested options vests and becomes exercisable for 30 days after the last day of engagement, after which those options expire. If at the absolute discretion of the Board, the ceasing of employment occurs for any other reason than in “good leaver” circumstances, including, but not limited to, termination for cause, or due to resignation, all unvested options lapse immediately and the expiry date is taken to have occurred on the last day of engagement. In the event of a change of control, the Board, at its absolute discretion, may determine that a proportion or all unvested awards will vest.

*Voting and comments made at the company's 2022 Annual General Meeting ('AGM')*
At the 9 November 2022 AGM, 99.59% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

*Amounts of remuneration*
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **30 June 2023** | **Cash salary and fees $** | **Cash bonus $** | **Non-monetary $** | **Super-annuation $** | **Long service leave $** | **Equity-settled[1] $** | **Total $** |
| *Non-Executive Directors:* | | | | | | | |
| A Yamashita(i) | 54,740 | - | - | - | - | 6,577 | 61,317 |
| R Merriel(ii) | 49,538 | - | - | 5,202 | - | - | 54,740 |
| A Bennallack(iii) | 49,538 | - | - | 5,202 | - | - | 54,740 |
| *Executive Directors:* | | | | | | | |
| T Chew(iv) | 399,000 | 123,000 | - | - | 23,769 | 304,939 | 850,708 |
| | 552,816 | 123,000 | - | 10,404 | 23,769 | 311,516 | 1,021,505 |

(i) Out of $54,740 of Director fee of A Yamashita, $13,685 was paid through the issue of share options in lieu of cash. Equity-settled share-based payments consists of $6,577 of share-based payment expenses on options.
(ii) Out of $49,538 of Director fee of R Merriel, $12,402 was paid through the issue of share options in lieu of cash.
(iii) Out of $49,538 of Director fee of A Bennallack, $12,402 was paid through the issue of share options in lieu of cash.
(iv) T. Chew's salary and fee of $399,000 comprise of Director fee of $90,000 and CEO salary of $309,000. Out of the Director fee for the year $22,500 was paid through the issue of share options in lieu of cash. Equity-settled share-based payments of $309,939 consists of share-based payment expenses on unvested options.

[1]Equity-settled share-based payments in the table above represents the valuation of the options granted and/or performance rights to the relevant KMP, as required by Accounting Standard AASB 2- Share-based Payment to be accounted as the cost to the company. The amount disclosed for equity-settled share-based payments represents the accounting valuation recognised as cost to the company during the year as disclosed in note 33 and does not represent cash remuneration to the KMP.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **30June 2022** | **Cash salary and fees $** | **Cash bonus $** | **Non-monetary $** | **Super-annuation $** | **Long service leave $** | **Equity-settled[1] $** | **Total $** |
| *Non-Executive Directors:* | | | | | | | |
| A Yamashita(i) | 54,740 | - | - | - | - | 21,547 | 76,287 |
| R Merriel(ii) | 49,764 | - | - | 4,976 | - | - | 54,740 |
| Alistair B (Bennalack) | 49,764 | - | - | 4,976 | - | - | 54,740 |
| *Executive Directors:* | | | | | | | |
| T Chew(iv) | 399,000 | 161,100 | - | - | 23,769 | 918,895 | 1,502,764 |
| | 553,268 | 161,100 | - | 9,952 | 23,769 | 940,442 | 1,688,531 |

(i) Out of $54,740 of Director fee of A Yamashita, $50,182 was paid through the issue of share options in lieu of cash and $4,562 is payable as at 30 June 2022.
(ii) Out of $49,764 of Director fee of R Merriel, $45,617 was paid through the issue of share options in lieu of cash and $4,147 is payable as at 30 June 2022.
(iii) Out of $49,764 of Director fee of A Bennallack, $45,617 was paid through the issue of share options in lieu of cash and $4,147 is payable as at 30 June 2022.
(iv) T. Chew's salary and fee of $399,000 comprise of Director fee of $90,000 and CEO salary of $309,000. Out of the Director fee for the year $82,500 was paid through the issue of share options in lieu of cash and $7,500 is payable as at 30 June 2022.

[1]Equity-settled share-based payments in the table above represents the valuation of the options/and/or performance rights granted to the relevant KMP, as required by Accounting Standard AASB 2- Share-based Payment to be accounted as the cost to the company. The amount disclosed for equity-settled share-based payments represents the accounting valuation recognised as cost to the company during the year as disclosed in note 33 and does not represent cash remuneration to the KMP.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | **Fixed remuneration** | | **At risk - STI** | | **At risk - LTI** | |
|---|---|---|---|---|---|---|
| **Name** | **30 June 2023** | **30 June 2022** | **30 June 2023** | **30 June 2022** | **30 June 2023** | **30 June 2022** |
| *Non-Executive Directors:* | | | | | | |
| A Yamashita | 89% | 72% | - | - | 11% | 28% |
| R Merriel | 100% | 100% | - | - | - | - |
| A Bennallack | 100% | 100% | - | - | - | - |
| *Executive Directors:* | | | | | | |
| T Chew | 50% | 28% | 14% | 11% | 36% | 61% |

***Service agreements***
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Thian Chew |
| Title: | Executive Chairman and CEO effective 31 October 2020. |
| Agreement commenced: | 1 November 2020 |
| Term of agreement: | Remuneration:<br>Total annual remuneration package of $309,000.<br><br>Short term Incentives:<br>An annual short term incentive of up to 50% of the Remuneration Package payable in cash net of any applicable deduction for income taxes etc. This short-term incentive will be payable at the absolute discretion of the Board and subject to funds being available on the attainment of annual predetermined performance milestones.<br><br>Long term Incentive:<br>Eligible to participate in the Company's equity participation plans. The amount, price and other terms of any securities issued (if any) is at the sole discretion of the Board and will be subject to the rules of the plans and to shareholder approval. The Employee will receive, subject to shareholder approval, up to 2.5 percent equity in the form of premium priced, non-dilutive options to be vested 25% up front, followed by 25% annually until the end of the third year. The options will expire after four years. In the event of a change of control after the first anniversary of continuous service, then the balance of any unissued shares subject to this clause will be issued and will vest immediately.<br><br>Notice period:<br>6 months' notice in writing. |

***Share-based compensation***

*Issue of shares*
There were no shares issued to directors and other key management personnel as compensation during the year ended 30 June 2023. Following shares were issued to directors and other key management personnel upon exercise of remuneration related options:

| Name | Grant Date | Date of exercise of option | Exercise price | Number of Options exercised | Number of shares issued |
|---|---|---|---|---|---|
| R Merriel | 16/09/2021 | 01/05/2023 | $0.00 | 861,688 | 861,688 |
| R Merriel | 07/12/2021 | 01/05/2023 | $0.00 | 606,986 | 606,986 |
| R Merriel | 15/03/2022 | 01/05/2023 | $0.00 | 71,451 | 71,451 |
| A Benallack | 07/12/2021 | 16/09/2022 | $0.00 | 606,986 | 606,986 |
| A Benallack | 15/03/2022 | 16/09/2022 | $0.00 | 714,179 | 714,179 |
| A Benallack | 16/06/2022 | 16/09/2022 | $0.00 | 1,016,546 | 1,016,546 |
| A Benallack | 12/09/2022 | 16/09/2022 | $0.00 | 1,240,726 | 1,240,726 |
| | | | | 5,118,562 | 5,118,562 |

*Options*
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| R Merriel | 20,443,211 | 31/08/2020 | 31/08/2020 | 31/08/2024 | $0.020 | $0.012 |
| A Bennallack | 20,443,211 | 22/10/2020 | 22/10/2020 | 22/10/2024 | $0.020 | $0.012 |
| T Chew | 3,537,736 | 31/10/2020 | 31/10/2020 | 31/10/2024 | $0.000 | $0.012 |
| A Yamashita | 2,151,887 | 31/10/2020 | 31/10/2020 | 31/10/2024 | $0.000 | $0.012 |
| A Yamashita | 1,222,558 | 15/12/2020 | 15/12/2020 | 31/10/2024 | $0.000 | $0.012 |
| T Chew | 2,010,052 | 15/12/2020 | 15/12/2020 | 31/10/2024 | $0.000 | $0.012 |
| T Chew | 2,525,590 | 7/04/2021 | 7/04/2021 | 31/10/2024 | $0.000 | $0.012 |
| A Yamashita | 1,536,120 | 7/04/2021 | 7/04/2021 | 31/10/2024 | $0.000 | $0.012 |
| T Chew | 1,589,620 | 10/06/2021 | 10/06/2021 | 31/10/2024 | $0.000 | $0.010 |
| A Yamashita | 966,842 | 10/06/2021 | 10/06/2021 | 31/10/2024 | $0.000 | $0.010 |
| T Chew | 1,727,211 | 16/09/2021 | 16/09/2021 | 31/10/2024 | $0.000 | $0.010 |
| A Yamashita | 1,050,528 | 16/09/2021 | 16/09/2021 | 31/10/2024 | $0.000 | $0.010 |
| T Chew | 138,488,557 | 30/09/2021 | 30/09/2021 | 23/09/2025 | $0.020 | $0.010 |
| T Chew | 1,097,756 | 7/12/2021 | 31/10/2025 | 31/10/2025 | $0.000 | $0.020 |
| A Yamashita | 667,680 | 7/12/2021 | 31/10/2025 | 31/10/2025 | $0.000 | $0.020 |
| T Chew | 1,291,619 | 15/03/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.020 |
| A Yamashita | 785,591 | 15/03/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.020 |
| R Merriel | 642,728 | 15/03/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.020 |
| T Chew | 1,838,460 | 16/06/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.011 |
| R Merriel | 1,118,192 | 16/06/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.011 |
| A Yamashita | 1,016,546 | 16/06/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.010 |
| T Chew | 2,243,898 | 12/09/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.011 |
| A Yamashita | 1,364,789 | 12/09/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.011 |
| R Merriel | 1,240,726 | 12/09/2022 | 31/10/2025 | 31/10/2025 | $0.000 | $0.009 |
| T Chew | 5,503,437 | 17/11/2022 | 17/11/2022 | 17/11/2026 | $0.017 | $0.006 |
| T Chew | 5,503,436 | 17/11/2022 | 1/12/2023 | 17/11/2026 | $0.017 | $0.006 |
| T Chew | 5,503,436 | 17/11/2022 | 1/12/2024 | 17/11/2026 | $0.017 | $0.006 |
| T Chew | 5,503,436 | 17/11/2022 | 1/12/2025 | 17/11/2026 | $0.017 | $0.006 |

Options granted carry no dividend or voting rights.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

| Name | Value of options granted during the year $ | Value of options exercised during the year $ | Value of options lapsed during the year $ |
|---|---|---|---|
| T Chew* | 153,260 | - | 291,041 |
| A Yamashita** | 13,685 | - | 218,281 |
| R Merriel** | 12,402 | 24,873 | - |
| A Bennallack** | 12,402 | 49,727 | - |

* Option value of $153,260 consists of 2,243.896 options granted during the year in-lieu of the Directors fee payable of $22,500 and 22.013,745 options fair valued at $130,760 granted under the Company's Employee Share Option Plan on 17 November 2022.

** Option value represents options issued during the year in-lieu of the Directors fee payable.

***Additional information***

Relative movements in Basic Earnings per share, Net tangible assets per share and Dividend per share (cents per share) for the last five years are as follows. Period end share price has been included as one measure of shareholder wealth:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Net tangible assets per share ($) | - | - | - | 0.01 | - |
| Earnings per share (cent per share) | (0.03) | (0.04) | (0.03) | (0.03) | (0.05) |
| Share price at financial year end (cent) | 0.40 | 0.90 | 1.30 | 0.80 | 1.50 |

***Additional disclosures relating to key management personnel***

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions* | Disposal/ other movement | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| T Chew | 546,857,721 | - | - | - | 546,857,721 |
| R Merriel | - | - | 1,540,125 | - | 1,540,125 |
| A Bennallack | 16,171,550 | - | 3,578,437 | - | 19,749,987 |
| | 563,029,271 | - | 5,118,562 | - | 568,147,833 |

* The additions represents share issued upon exercise of options

*Option holding*
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| T Chew* | 181,364,216 | 24,257,643 | - | (27,257,615) | 178,364,244 |
| A Yamashita** | 29,942,609 | 1,364,789 | - | (20,443,211) | 10,864,187 |
| R Merriel*** | 23,642,610 | 1,240,726 | (1,540,125) | - | 23,343,211 |
| A Bennallack*** | 22,780,922 | 1,240,726 | (3,578,437) | - | 20,443,211 |
| | 257,730,357 | 28,103,884 | (5,118,562) | (47,700,826) | 233,014,853 |

* Options granted to Mr. T Chew comprise of 2,243,898 options granted in-lieu of the Directors fee and 22,013,745 options granted to Mr. Thian Chew on 17 November 2022 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 17 November 2022. On 12 February 2023, 27,257,165 options which where granted to T. Chew in February 2019, expired due to non-exercise by its expiry date.

** 1,364,789 options were granted to Mr. A Yamashita Chew during the year in-lieu of the Directors fee payable. On 12 February 2023, 20,443,211 options which where granted to A. Yamashita in February 2019, expired due to non-exercise by its expiry date.

*** Mr. R Merriel and Mr. A Bennallack each were granted 1,240,726 options in-lieu of the Directors fee payable. Mr. R Merriel exercised 1,540,125 and A Bennallack exercised 3,578,437 of their respective options during the year.

***This concludes the remuneration report, which has been audited.***

**Shares under option**
Unissued ordinary shares of Invion Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 31/10/2019 | 31/10/2023 | $0.020 | 2,725,761 |
| 1/07/2020 | 1/07/2024 | $0.020 | 15,928,570 |
| 31/08/2020 | 31/08/2024 | $0.020 | 20,443,211 |
| 22/10/2020 | 22/10/2024 | $0.020 | 20,443,211 |
| 29/10/2020 | 31/10/2024 | $0.010 | 2,725,762 |
| 31/10/2020 | 31/10/2024 | $0.000 | 5,689,623 |
| 15/12/2020 | 31/10/2024 | $0.000 | 3,232,610 |
| 7/04/2021 | 31/10/2024 | $0.000 | 4,061,710 |
| 10/06/2021 | 31/10/2024 | $0.000 | 2,556,462 |
| 16/09/2021 | 31/10/2024 | $0.000 | 2,777,739 |
| 30/09/2021 | 23/09/2025 | $0.020 | 138,488,557 |
| 7/12/2021 | 31/10/2025 | $0.000 | 1,765,436 |
| 15/03/2022 | 31/10/2025 | $0.000 | 2,719,938 |
| 16/06/2022 | 31/10/2025 | $0.000 | 3,973,198 |
| 12/09/2022 | 31/10/2025 | $0.000 | 4,849,413 |
| 17/11/2022 | 17/11/2026 | $0.020 | 22,013,745 |
| 13/01/2023 | 13/01/2026 | $0.020 | 35,000,000 |
| 1/05/2023 | 1/05/2026 | $0.010 | 20,000,000 |
| | | | 309,394,946 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**
The following ordinary shares of Invion Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

| Date options granted | Exercise price | Number of shares issued |
|---|---|---|
| 16/09/2022 | $0.000 | 3,578,437 |
| 1/05/2023 | $0.000 | 1,540,125 |
| | | 5,118,562 |

**Indemnity and insurance of officers**
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the company who are former partners of Grant Thornton Audit Pty Ltd**
There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

**Auditor's independence declaration**
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

**Invion Limited**
**Directors' report**
**30 June 2023**

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Thian Chew
Chairman

28 September 2023

**Grant Thornton Audit Pty Ltd**
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

# Auditor's Independence Declaration

## To the Directors of Invion Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Invion Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 September 2023

**Invion Limited**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2023**

| | Note | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|---|
| **Revenue** | 6 | 4,104,711 | 3,291,763 |
| Other income | 7 | 33,650 | 80,053 |
| **Expenses** | | | |
| Employee benefits expense | 8 | (709,989) | (748,096) |
| Depreciation and amortisation expenses | 9 | (683,107) | (422,420) |
| Administrative & corporate expenses | 10 | (1,090,579) | (1,160,918) |
| Share-based payment expense | 33 | (371,301) | (959,116) |
| Research & development expenses | 11 | (2,898,208) | (2,322,645) |
| **Loss before income tax expense** | | (1,614,823) | (2,241,379) |
| Income tax expense | 12 | - | - |
| **Loss after income tax expense for the year attributable to the owners of Invion Limited** | | (1,614,823) | (2,241,379) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year attributable to the owners of Invion Limited** | | (1,614,823) | (2,241,379) |
| | | **Cent** | **Cent** |
| Basic loss per share | 32 | (0.03) | (0.04) |
| Diluted loss per share | 32 | (0.03) | (0.04) |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Invion Limited**
**Statement of financial position**
**As at 30 June 2023**

| | Note | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 4,084,903 | 8,473,439 |
| Trade and other receivables | 13 | 1,615,723 | 139,957 |
| Other current assets | 14 | 59,874 | 34,149 |
| Total current assets | | 5,760,500 | 8,647,545 |
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | 58,483 | 479 |
| Intangibles | 16 | 13,227,846 | 11,393,125 |
| Total non-current assets | | 13,286,329 | 11,393,604 |
| **Total assets** | | 19,046,829 | 20,041,149 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 587,243 | 422,797 |
| Employee benefits | 18 | 63,382 | 39,615 |
| Total current liabilities | | 650,625 | 462,412 |
| **Total liabilities** | | 650,625 | 462,412 |
| **Net assets** | | 18,396,204 | 19,578,737 |
| **Equity** | | | |
| Issued capital | 19 | 146,883,159 | 146,543,659 |
| Reserves | 20 | 1,988,269 | 3,871,119 |
| Accumulated losses | | (130,475,224) | (130,836,041) |
| **Total equity** | | 18,396,204 | 19,578,737 |

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Invion Limited**
**Statement of changes in equity**
**For the year ended 30 June 2023**

| Consolidated | Issued capital $ | Options reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2021 | 130,956,127 | 2,429,194 | (128,594,662) | 4,790,659 |
| Loss after income tax expense for the year | - | - | (2,241,379) | (2,241,379) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (2,241,379) | (2,241,379) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 19) | 15,530,622 | - | - | 15,530,622 |
| -Options granted to Directors and employees | - | 959,118 | - | 959,118 |
| -Listed options issued to Lead Managers | - | 264,900 | - | 264,900 |
| Options issued to Directors for Directors fee payables | - | 274,817 | - | 274,817 |
| Shares issued on exercise of options | 56,910 | (56,910) | - | - |
| Balance at 30 June 2022 | 146,543,659 | 3,871,119 | (130,836,041) | 19,578,737 |

| Consolidated | Issued capital $ | Options reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2022 | 146,543,659 | 3,871,119 | (130,836,041) | 19,578,737 |
| Loss after income tax expense for the year | - | - | (1,614,823) | (1,614,823) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (1,614,823) | (1,614,823) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Options expense for: | - | - | - | - |
| -Options granted to Directors and employees | - | 432,290 | - | 432,290 |
| Shares issued on exercise of options | 74,600 | (74,600) | - | - |
| Expiry of employee options | - | (1,975,640) | 1,975,640 | - |
| Adjustment to capital raising cost on expiry of lead manager service options | 264,900 | (264,900) | - | - |
| Balance at 30 June 2023 | 146,883,159 | 1,988,269 | (130,475,224) | 18,396,204 |

**Invion Limited**
**Statement of cash flows**
**For the year ended 30 June 2023**

| | Note | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 3,066,424 | 3,479,086 |
| Payments to suppliers and employees | | (4,898,665) | (4,676,040) |
| | | (1,832,241) | (1,196,954) |
| Interest received | | 19,537 | 53 |
| Other revenue | | - | 88,000 |
| Net cash used in operating activities | 31 | (1,812,704) | (1,108,901) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 15 | (75,832) | - |
| Payments for intangibles | 16 | (2,500,000) | (7,250,000) |
| Net cash used in investing activities | | (2,575,832) | (7,250,000) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 19 | - | 16,637,500 |
| Share issue transaction costs paid | | - | (841,978) |
| Net cash from financing activities | | - | 15,795,522 |
| Net increase/(decrease) in cash and cash equivalents | | (4,388,536) | 7,436,621 |
| Cash and cash equivalents at the beginning of the financial year | | 8,473,439 | 1,036,818 |
| Cash and cash equivalents at the end of the financial year | | 4,084,903 | 8,473,439 |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. General information

The financial statements cover Invion Limited as a consolidated entity consisting of Invion Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Invion Limited's functional and presentation currency.

Invion Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

| **Registered office** | **Principal place of business** |
|---|---|
| Level 4, 100 Albert Road, South Melbourne Vic 3205<br>Australia | 692 High Street, East Kew Vic 3102 |

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2023. The directors have the power to amend and reissue the financial statements.

## Note 2. Corporate information

Invion Limited is a Company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange since its listing on 15 February 2011 (ASX:IVX). Invion is a clinical-stage life-sciences company that is leading the global clinical development of the Photosoft™ technology for the treatment of cancers, atherosclerosis and infectious diseases. Through the Exclusion distribution and licencing agreements of 2017, 2021, 2022 and 2023, Invion has been appointed exclusive licensee of Photosoft™ for cancer indications in Australia, New Zealand, countries in Central, South & South East Asia and all Asia Pacific countries excluding China (other than Hong Kong), Macau, Taiwan, Japan and South Korea. The appointment has been made by technology licensor, The Cho Group, a Hong Kong based group that has funded and successfully commercialised a number of unique and advanced technologies. Via 2017 R&D services agreement between the two entities, the research and clinical trials of Photosoft™ on cancer treatments are funded by The Cho Group for Australia and New Zealand territories. Through the Second Amended & Restated Co-development agreement, the research on atherosclerosis and infectious diseases (AID) and cancer indications will be co-funded by Invion and the Cho Group, in AID and Cancer territories defined in this agreement including the Extended ID Territory (United States of America, Canada and Hong Kong). Refer to note 16 for more details.

The Invion Group (“the Group”) consists of Invion Limited (“Invion” or “the Company”) and its wholly owned subsidiary Epitech Dermal Science Pty Ltd. The Group is headquartered in Melbourne (Australia). This consolidated financial report of Invion Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 28 September 2023.

## Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Going concern

This financial report for year ended 30 June 2023 has been prepared on a going concern basis. The Group incurred an operating loss after income tax of $1,614,823 (2022: $2,241,379) for the year. At 30 June 2023 the Company had net assets of $18,396,204 (30 June 2022: $19,578,737) and a net current asset position of $5,109,875 (30 June 2022: $8,185,133). In common with other companies in the biotechnology sector, the Group’s operations are subject to risks and uncertainty due primarily to the nature of the drug development and commercialisation.

**Note 3. Significant accounting policies (continued)**

The ability of the Group to continue as a going concern and meet its strategic objectives is principally dependent upon funds continuing to be available for research and development expenditure and other principal activities. The Directors have identified funding risk as an area of uncertainty and material risk impacting the Group due to the dependency on the R&D Services Agreement with RMW Cho Group, and as similar to other companies in the biotechnology sector, recognise that further capital may be required to fund the Group's activities.

The Directors are satisfied that on the basis RMW Cho Group funding continues to be made available, there is a reasonable basis to conclude that adequate cash is available to meet the liabilities and commitments of the Group for a period of at least twelve months from the date of this report, and on that basis, are satisfied that the going concern basis of preparation is appropriate. No adjustment has been made to recorded assets and liability amounts and classifications should the group not continue as a going concern.

**Basis of preparation**
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

**Parent entity information**
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

**Principles of consolidation**
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Invion Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Invion Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Note 3. Significant accounting policies (continued)**

**Operating segments**
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Revenue recognition**
The consolidated entity recognises revenue as follows:

*Revenue from contracts with customers*
The Group is in the business of performing research under R&D services agreement with RMW Cho Group. Revenue from contracts with customers is recognised when performance of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services, net of Goods and Services Tax (GST). The Group has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

*Rendering of services*

Revenue from services is recognised at over time when performance of the service is transferred to the customer, generally when the relevant research expenditure is incurred. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, delivery). In determining the transaction price for the services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

*Sale of goods*
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Income tax**
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Note 3. Significant accounting policies (continued)**

**Current and non-current classification**
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Contract assets**

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Property, plant and equipment**
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Plant and equipment | 10%-50% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Note 3. Significant accounting policies (continued)**

**Intangible assets**
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

*Research and development*

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:
- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of the expected future benefit. Amortisation is recorded in the Consolidated Statement of Comprehensive Income. During the development, the asset is tested for impairment annually.

A summary of the policies applied to the Group's intangible assets is as follows:

| | Patents | Development Costs |
|---|---|---|
| Useful lives | Finite | Finite |
| Amortisation method used | Amortised on a straight-line basis over the period of the patent | Amortised on a straight-line basis over the expected period of available use |
| Internally generated or acquired | Acquired | Internally generated |

*Patents -Intellectual property*
The Group made upfront payments to purchase patents. The patents have been granted for periods of up to 20 years by the relevant authority, often with the option of renewal at the end of this period.

**Impairment of non-financial assets**
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Note 3. Significant accounting policies (continued)**

**Trade and other payables**
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Employee benefits**

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Share-based payments*
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

## Note 3. Significant accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Earnings per share

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Invion Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

## Note 4. Critical accounting judgements, estimates and assumptions (continued)

*Share-based payment transactions*
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. Where options are issued to third party for services received, management performs an assessment to determine if the fair value can be reliably measured and if not then reverts back to the fair value of the equity instrument. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Joint arrangements and Determination of the consideration for the services*
The R&D Service Agreement and the Co-development agreement with RMWCG is not considered as a joint venture under AASB 11- Joint Arrangements due to RMWCG, in the steering committee, approving the work plan based on which Invion provides Research and Development services.

The performance obligation under the R&D Service Agreement and the Co-development agreement are met once the approved work plan is executed over the period of time. Judgement is exercised in estimating the related consideration for the services provided. Under the R&D Service Agreement, the revenue is recognised based on fully burdened cost basis which includes direct costs and expenses incurred by Invion in performing the services, plus an allocated portion of the relevant indirect costs incurred by Invion in performing such Services. Under the Co-development agreement, the revenue from RMWCG is recognised for its portion of contribution towards the research and development activities under this agreement. Refer to note 16 for further details on the Co-development agreement.

*Intangible assets*
Under multiple Exclusive distribution and Licensing Agreements with RMW Cho Group, Invion acquired exclusive licences for various territories across the globe to use the NGPDT IP (including any improvements thereof) and any inventions, and to distribute products and procedures, in relation to the indication for Cancer and Atherosclerosis and infectious diseases. Judgement is exercised in assessing these exclusive licences as intangible assets with its useful to be amortised over 20 years. Refer to note 16 for further details on licenses acquired.

*Estimation of useful lives of assets*
The consolidated entity determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. The consolidated entity has determined the useful life of the licences held under Exclusive Distribution and Licence Agreements with RMW Cho Group as 20 years.

*Impairment*
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If any such indication exists, the Group will estimate the recoverable amount of the asset. In assessing whether there is any indication that an asset may be impaired, the Group considers external and internal sources of information including market forces, the Group's market capitalisation, evidence of obsolescence, significant changes with an adverse effect on the Group or its assets, and any financial projections.

## Note 5. Operating segments

*Identification of reportable operating segments*
The Invion Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Invion Group operates as a clinical-stage life sciences (drug development) group. At 30 June 2023, the Group had operations in Australia only with its wholly owned subsidiary EpiTech Dermal Science Pty Ltd (previously IVX Cosmetics Pty Ltd). The Group does not consider that the risks and returns of the Group have been or are affected by differences in either the products or services it provides. The Group operates as one segment and as such in one geographical area. Group performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis.

## Note 6. Revenue

| | Consolidated 30 June 2023 $ | 30 June 2022 $ |
|---|---|---|
| R&D services fee- over time | 4,104,711 | 3,291,763 |

The above represents fees of $4,104,711 earned from RMW Cho Group (RMWCG) for Research and Development services provided under the R&D Service Agreement and the Co-development agreement with RMWCG. RMWCG which is the single largest customer of the Group and a related party to Invion Limited. Refer to note 27 for further details on the related party transactions.

The R&D Service Agreement and the Co-development agreement with RMWCG is not considered as joint venture under AASB 11- Joint Arrangements due to RMWCG, in the steering committee, approving the work plan based on which Invion provides Research and Development services.

Under the R&D Service Agreement, the revenue is recognised based on fully burdened cost basis which includes direct costs and expenses incurred by Invion in performing the Services, plus an allocated portion of the relevant indirect costs incurred by Invion in performing such Services. Under the Co-development agreement, the revenue from RMWCG is recognised for its portion of contribution towards the research and development activities under this agreement. Refer to note 16 for further details on the Co-development agreement.

## Note 7. Other income

| | Consolidated 30 June 2023 $ | 30 June 2022 $ |
|---|---|---|
| Reimbursement of expenses | - | 80,000 |
| Interest received | 33,650 | 53 |
| Other income | 33,650 | 80,053 |

## Note 8. Employee benefits expense

| | Consolidated 30 June 2023 $ | 30 June 2022 $ |
|---|---|---|
| Salaries, wages and fees | 675,816 | 714,374 |
| Superannuation | 10,404 | 9,953 |
| Employee entitlements | 23,769 | 23,769 |
| | 709,989 | 748,096 |

## Note 9. Depreciation and amortisation expenses

| | Consolidated 30 June 2023 $ | 30 June 2022 $ |
|---|---|---|
| Amortisation: Intangible amortisation | 665,279 | 421,875 |
| Depreciation: Plant and equipment | 17,828 | 545 |
| | 683,107 | 422,420 |

## Note 10. Administrative & corporate expenses

| | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|
| Legal fees | 38,424 | 94,654 |
| Compliance costs | 208,134 | 392,548 |
| Consulting fees incl. accounting, business development | 349,753 | 339,754 |
| Insurance | 206,774 | 190,509 |
| Office, administration and corporate expenses | 77,187 | 75,484 |
| Rent and occupancy expenses | 43,600 | 43,600 |
| Business development expenses | 166,707 | 24,369 |
| | 1,090,579 | 1,160,918 |

## Note 11. Research & development expenses

| | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|
| Pre- clinical trial costs | 1,102,274 | 898,719 |
| Drug formulation and manufacturing | 432,853 | - |
| Consultancy fee -scientific and tech. | 1,361,197 | 1,411,926 |
| Other research and development | 1,884 | 12,000 |
| | 2,898,208 | 2,322,645 |

## Note 12. Income tax expense

The Company has recorded nil tax benefit for the period ended 30 June 2023 (2022: $nil).

| | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|
| *Income tax expense* | | |
| Current tax | - | 215,047 |
| Deferred tax - origination and reversal of temporary differences | 144,274 | 44,972 |
| Income tax losses not recognised as a deferred tax asset | (144,274) | (260,019) |
| Aggregate income tax expense | - | - |
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Loss before income tax expense | (1,614,823) | (2,241,379) |
| Tax at the statutory tax rate of 25% | (403,706) | (560,345) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Non tax deductible items - permanent differences | 259,432 | 345,298 |
| Non assessable items - permanent differences | (19,215) | (44,972) |
| | (163,489) | (260,019) |
| Tax assets not recognised | 163,489 | 260,019 |
| Income tax expense | - | - |

### Note 12. Income tax expense (continued)

| | Consolidated | |
|---|---|---|
| | 30 June 2023 | 30 June 2022 |
| | $ | $ |
| Tax assets at 25% (2022: 25%) | | |
| Domestic tax losses | 1,949,512 | 1,445,574 |
| Temporary differences – including balances in equity | 49,015 | 79,466 |
| Total unrecorded tax assets | 1,998,527 | 1,525,040 |

### Note 13. Current assets - trade and other receivables

| | Consolidated | |
|---|---|---|
| | 30 June 2023 | 30 June 2022 |
| | $ | $ |
| Trade receivables | 1,601,610 | 139,957 |
| Interest of term deposits receivable | 14,113 | - |
| | 1,615,723 | 139,957 |

Trade receivables at 30 June 2023 contained $1,590,610 for services performed under the R&D Service Agreement with RMW Cho Group.

### Note 14. Current assets - Other current assets

| | Consolidated | |
|---|---|---|
| | 30 June 2023 | 30 June 2022 |
| | $ | $ |
| Prepayments | 59,874 | 34,149 |

### Note 15. Non-current assets - property, plant and equipment

| | Consolidated | |
|---|---|---|
| | 30 June 2023 | 30 June 2022 |
| | $ | $ |
| Plant and equipment - at cost | 8,032 | 8,032 |
| Less: Accumulated depreciation | (8,032) | (7,553) |
| | - | 479 |
| Motor vehicles - at cost | 75,832 | - |
| Less: Accumulated depreciation | (17,349) | - |
| | 58,483 | - |
| | 58,483 | 479 |

## Note 16. Non-current assets - intangibles

| | Consolidated 30 June 2023 $ | 30 June 2022 $ |
|---|---|---|
| Intellectual property - at cost | 15,250,000 | 12,750,000 |
| Less: Accumulated amortisation | (2,022,154) | (1,356,875) |
| | 13,227,846 | 11,393,125 |

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Consolidated** | **Photosoft $** | **Total $** |
|---|---|---|
| Balance at 1 July 2021 | 4,565,000 | 4,565,000 |
| Additions | 7,250,000 | 7,250,000 |
| Disposals | (421,875) | (421,875) |
| Balance at 30 June 2022 | 11,393,125 | 11,393,125 |
| Additions | 2,500,000 | 2,500,000 |
| Amortisation expense | (665,279) | (665,279) |
| Balance at 30 June 2023 | 13,227,846 | 13,227,846 |

Invion is developing Photosoft™ technology as an improved next generation Photodynamic Therapy. The Photosoft™ commercialisation licence acquired in 2018 for $5,500,000 was recognised as an intangible asset and is being amortised over a 20-year period. This licence is being carried at the cost of the licence and distribution agreement less accumulated amortisation. The commercial licence represents distribution rights of treatments using the Photosoft™ technology, on cancer indications in Australia and New Zealand.

Through the Co-development Agreement, Amended and Restated Co-development Agreement and Exclusive Distribution and Licence Agreements for AID and Cancer in 2022 financial year and further through Second Amended and Restated Co-development Agreement during the current year, Invion entered into the additional arrangements with RMWCG with following licenses acquired:

- Co-develop Photosoft™ technology also referred to as Next Generation Photo Dynamic Therapy (NGPDT) for potential applications in atherosclerosis and infectious diseases (AID) (including viral, bacterial, fungal and parasitic) ('the AID indications'). In 2022 financial year, Invion had paid to RMWCG an amount of A$2.25 million as a contribution towards the prior development of the NGPDT IP as it relates to AID and the AID Territory. In consideration of the contributions made by Invion for the joint development of the NGPDT, RMWCG agrees to grant an exclusive licence to use the NGPDT IP (including any improvements thereof) and any Inventions, and to distribute Products and Procedures, in relation to the Indications in the AID Territory Under Amended and Restated Exclusive Distribution and Licence Agreement – AID. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.

- Co-develop Photosoft™ technology for Cancer Indications in the Cancer Territory the Agreement. In 2022 financial year, Invion had paid to RMWCG an amount of $5 million as a contribution towards the prior development of the NGPDT IP as it relates to the Cancer Indications and the Cancer Territory. In consideration of the contributions made by Invion for the joint development of the NGPDT, RMWCG agrees to grant an exclusive licence to use the NGPDT IP (including any improvements thereof) and any Inventions, and to distribute Products and Procedures, in relation to the Indications in the Cancer Territory. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.

- During the current financial year, Invion paid to $2.5 million to RMWCG under this Agreement, as a contribution towards the prior development of the NGPDT IP as it relates to the infectious diseases (ID) Indications and the Extended ID Territory (United States of America, Canada and Hong Kong). Under Amended and Restated Exclusive Distribution

**Note 16. Non-current assets - intangibles (continued)**

and Licence Agreement – AID, in consideration of the contributions made by Invion for the joint development of the NGPDT, RMWCG agrees to grant an exclusive licence to use the NGPDT IP (including any improvements thereof) and any Inventions, and to distribute Products and Procedures, in relation to the Indications in the Extended ID Territory. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.

At each Balance Date, the Group assesses whether there is any indication that an intangible asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount, and where the carrying amount of an asset may exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Following extensive research and development (R&D) efforts, Invion selected Active Pharmaceutical Ingredient (API), called INV043. In prior years, the Proof-of-Concept (PoC) tests on INV043 undertaken in collaboration with Invion's research partner, Hudson Institute of Medical Research, showed great promise across a range of cancers. During FY23 financial year, Invion's primary focus continues to be on the development of the Photosoft™ technology for treating multiple cancer types with following key achievements/progress:

- Successful vitro studies by the Peter MacCallum Cancer Centre (Peter Mac), which demonstrated INV043's effectiveness against six squamous cell carcinoma (SCC) cell lines that represent the full range of anal cancers. The overall results were consistent with the promising outcomes achieved by the Hudson Institute of Medical Research (Hudson Institute) on other cancer types, including triple negative breast cancer.
- The drug discovery work on both topical and intravenous (IV) formulations of INV043, the lead drug candidate, have been completed. The Company is progressing on the pre-clinical studies for the IV drug product that will be used in future solid tumour clinical trials.
- the Company continued to work with its research partners to lay the groundwork for clinical trials in at least two types of cancers – skin and anogenital. Invion and its partners have made significant progress on the pre-clinical studies required for the Phase 1 trials, including having largely completed this work for the topical drug product, which will be used in the skin cancer and anogenital cancer trials.

Invion also achieved the following in research and development on AID during the year:

- In-vitro studies showed selected Photosoft™ compounds to be effective against the Zika virus.
- Successful in-vitro test on the virus that causes COVID-19. The results from separate studies showed that nine out of the ten Photosoft™ compounds displayed antiviral activity against the Delta and Omicron BA.1 variants of SARS-CoV-2.
- In-vitro study on infectious diseases including antibiotic resistant MRSA bacteria, or Superbugs, found that Photosoft compounds showed activity against multiple strains of the Superbug, which has been described by the World Health Organization (WHO) as one of the top 10 threats facing humanity.

In light of significant progress in R&D research on cancer treatment and encouraging preliminary results on AID Indications using the Photosoft technology, management did not observed any indicators for impairment to this carrying value. There have been no indicators of any technological obsolescence to the Photosoft™ technology. The Group assessed that there is no impact of COVID-19 on Photosoft™ commercialisation licence.

**Note 17. Current liabilities - trade and other payables**

| | Consolidated | |
|---|---|---|
| | **30 June 2023** | **30 June 2022** |
| | **$** | **$** |
| Trade payables | 399,771 | 221,262 |
| Accrued expenses | 128,297 | 150,964 |
| Director related accruals | - | 20,356 |
| Other payables | 59,175 | 30,215 |
| | 587,243 | 422,797 |

Refer to note 22 for further information on financial instruments.

## Note 18. Current liabilities - Employee benefits

| | Consolidated | |
|---|---|---|
| | 30 June 2023 $ | 30 June 2022 $ |
| Annual leave provisions | 63,382 | 39,615 |

## Note 19. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 30 June 2023 Shares | 30 June 2022 Shares | 30 June 2023 $ | 30 June 2022 $ |
| Ordinary shares - fully paid | 6,421,632,206 | 6,416,513,644 | 146,883,159 | 146,543,659 |

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2021 | 5,539,542,295 | | 130,956,127 |
| Placement of shares | 30 September 2021 | 321,428,571 | $0.010 | 4,500,000 |
| Shares issued on exercise of options | 4 October 2021 | 1,000,000 | $0.010 | 13,943 |
| Shares issued on exercise of options | 5 October 2021 | 2,838,217 | $0.020 | 42,967 |
| Placement of shares | 22 November 2021 | 545,454,546 | $0.020 | 12,000,000 |
| Placement of shares | 10 December 2021 | 6,250,015 | $0.020 | 137,500 |
| Cost of raising capital | | - | $0.000 | (1,106,878) |
| Balance | 30 June 2022 | 6,416,513,644 | | 146,543,659 |
| Shares issued on exercise of options | 16 September 2022 | 3,578,437 | $0.000 | 49,727 |
| Shares issued on exercise of options | 01 May 2023 | 1,540,125 | $0.000 | 24,873 |
| Cost of raising capital - reclassification from option reserve on the lapse of Fund Manager options | 30 June 2023 | - | $0.000 | 264,900 |
| Balance | 30 June 2023 | 6,421,632,206 | | 146,883,159 |

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*
There is no current on-market share buy-back.

*Capital risk management*
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Note 19. Equity - issued capital (continued)**

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2023 Annual Report.

**Note 20. Equity - reserves**

| | Consolidated | |
|---|---|---|
| | 30 June 2023 $ | 30 June 2022 $ |
| Options reserve | 1,988,269 | 3,871,119 |

*Option reserve*
Items recognised as an expense with respect to share-based consideration. The movement during the year is due to share option expense of $371,301 for options granted to the granted to Directors and employees, $60,989 of options granted to Directors in-lieu of Directors fee payable, reserve balance of $74,600 taken to share capital on the exercise of the options, reserve balance of $264,900 taken to cost of capital on the lapse of option issued to Fund Manager in November 2021, and reserve of $1,975,640 taken to accumulated losses on lapse of Employee options granted in February 2019.

**Note 21. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 22. Financial instruments**

***Financial risk management objectives***
The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits. The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and making assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts. Financial assets and liabilities have contractual maturities of less than twelve months.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

*Foreign currency risk*
The consolidated entity have limited transactions denominated in foreign currency and does not have significant exposure to foreign currency risk through foreign exchange rate fluctuations. At 30 June 2023, creditors of $77,975 (June 2022: nil) were denominated in foreign currencies.

***Credit risk***
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to standardised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments.

## Note 22. Financial instruments (continued)

***Liquidity risk***
Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources will be available as and when required, as well as ensuring capital raising initiatives are conducted in a timely manner as required.

At as 30 June 2023, the Group's exposure on liquidity risk is on Trade and other payable of $587,243 (2022: $422,797) payable within next 12 months.

***Fair value of financial instruments***
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 23. Key management personnel disclosures

*Directors*
The following persons were directors of Invion Limited during the financial year:

| | |
|---|---|
| T Chew | Executive Chairman and CEO |
| A Yamashita | Non-executive Director |
| R Merriel | Non-executive Director |
| A Bennallack | Non-executive Director |

*Compensation*
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|---|---|---|
| | 30 June 2023 $ | 30 June 2022 $ |
| Short-term employee benefits | 675,816 | 714,368 |
| Post-employment benefits | 10,404 | 9,952 |
| Long-term benefits | 23,769 | 23,769 |
| Share-based payments | 311,516 | 940,442 |
| | 1,021,505 | 1,688,531 |

## Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

| | Consolidated | |
|---|---|---|
| | 30 June 2023 $ | 30 June 2022 $ |
| *Audit services -* | | |
| Audit or review of the financial statements- Grant Thornton Audit Pty Ltd | 88,016 | 83,476 |

## Note 25. Contingent liabilities

The consolidated entity has no material contingent liabilities as at the date of this report.

## Note 26. Commitments

At the Balance Date, the Company had nil contractual commitments relating to R&D development activities (30 June 2022: $1.01 million).

## Note 27. Related party transactions

*Parent entity*
Invion Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 29.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

*Transactions with related parties*
Mr Thian Chew, Executive Chairman and CEO of Invion Limited, is Managing Partner of Polar Ventures Limited. Polar Ventures Limited and The Cho Group are associates in accordance with section 12(2) of the Corporations Act. The Cho Group has entered into a consultancy agreement with Polar Ventures, pursuant to the terms of which Polar Ventures has agreed to provide general advice and support for The Cho Group's interests in its investment in Invion. During the year ended 30 June 2023, transaction with Mr Chew consisted of director's fees of $90,000, CEO salary of $309,000 and bonus of $123,000. Further, 22,013,745 Director options issued to Mr. Thian Chew during the financial year and Refer to note 33 for more details.

The Group was engaged to conduct the clinical development of Photosoft™ globally. The Cho Group agreed to provide funding for the clinical trials and related development, in a clinical development program designed and managed by a joint steering committee between the two companies. Current revenue during the period was $4,104,711 (2022: $3,291,763). As at 30 June 2023, there is balance of $1,590,609 (June 2022: $128,957) in trade receivables.

Mr Rob Merriel, Non-Executive Director of Invion Limited is also Chief Financial Officer, Chief Commercialisation Officer and Company Secretary of the Hudson Institute of Medical Research ('Hudson'). Invion Ltd has an R&D Alliance agreement with Hudson. During the year ended 30 June 2023, the services provided by Hudson under the R&D Alliance agreement  for June 2023 is $210,000 (June 2022: $629,506).

All transactions were made on normal commercial terms and conditions and at market rates.

## Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent | |
|---|---|---|
| | 30 June 2023<br>$ | 30 June 2022<br>$ |
| Loss after income tax | (1,617,388) | (2,241,379) |
| Total comprehensive income | (1,617,388) | (2,241,379) |

## Note 28. Parent entity information (continued)

*Statement of financial position*

| | Parent 30 June 2023 $ | Parent 30 June 2022 $ |
|---|---|---|
| Total current assets | 5,495,077 | 8,384,687 |
| Total assets | 18,781,406 | 19,778,291 |
| Total current liabilities | 650,625 | 462,412 |
| Total liabilities | 650,625 | 462,412 |
| Equity | | |
| Issued capital | 146,883,159 | 146,543,659 |
| Options reserve | 1,988,269 | 3,871,119 |
| Accumulated losses | (130,740,647) | (131,098,899) |
| Total equity | 18,130,781 | 19,315,879 |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 3, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 3:

| Name | Principal place of business / Country of incorporation | Ownership interest 30 June 2023 % | Ownership interest 30 June 2022 % |
|---|---|---|---|
| Epitech Dermal Science Pty Ltd | Australia | 100.00% | 100.00% |

## Note 30. Events after the reporting period

Subsequent to the year end, as announced on ASX on 25 September 2023, Invion Limited and RWMC, through the Third deed of amendment and restatement, have entered into the Third amended and restated co-development agreement and the Amended and Restated Exclusive Distribution and Licence Agreement – Cancer to include South Korea into Invion's Cancer Territory. Invion has paid to RMWC an amount of A$0.9 million, as a contribution towards the prior development of the NGPDT IP as it relates to the Cancer Indications and the territory of South Korea.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Note 31. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|---|---|
| | 30 June 2023<br>$ | 30 June 2022<br>$ |
| Loss after income tax expense for the year | (1,614,823) | (2,241,379) |
| Adjustments for: | | |
| Depreciation and amortisation | 683,107 | 422,420 |
| Share-based payments | 371,301 | 959,116 |
| Director fee (non-cash) | 60,989 | 254,227 |
| Change in operating assets and liabilities: | | |
| (Increase)/decrease in trade receivables and other receivables | (1,630,449) | (9,025) |
| Increase/(decrease) in trade and other payables | 164,445 | (389,072) |
| (Decrease)/ increase in employee benefit provisions | 23,769 | 23,769 |
| Decrease/ (increase) in contract assets | 128,957 | (128,957) |
| Net cash used in operating activities | (1,812,704) | (1,108,901) |

## Note 32. Earnings per share

| | Consolidated | |
|---|---|---|
| | 30 June 2023<br>$ | 30 June 2022<br>$ |
| Loss after income tax attributable to the owners of Invion Limited | (1,614,823) | (2,241,379) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 6,419,594,568 | 6,117,402,888 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 6,419,594,568 | 6,117,402,888 |
| | Cent | Cent |
| Basic loss per share | (0.03) | (0.04) |
| Diluted loss per share | (0.03) | (0.04) |

## Note 33. Share-based payments

Summary of options granted and lapsed during the year ended 30 June 2023:

Share based payments expense during the period is $371,301 (2022: 959,116) of which relates to options issued to Directors, KMP and consultants of the company.

**Note 33. Share-based payments (continued)**

**Unlisted options**:

Set out below are summaries of options granted under the plan:

| | Number of options 30 June 2023 | Weighted average exercise price 30 June 2023 | Number of options 30 June 2022 | Weighted average exercise price 30 June 2022 |
|---|---|---|---|---|
| Outstanding at the beginning of the financial year | 430,844,506 | $0.020 | 278,144,104 | $0.030 |
| Granted | 83,103,884 | $0.010 | 156,538,619 | $0.020 |
| Exercised | (199,434,882) | $0.030 | (3,838,217) | $0.000 |
| Expired | (5,118,562) | $0.000 | - | $0.000 |
| Outstanding at the end of the financial year | 309,394,946 | $0.010 | 430,844,506 | $0.020 |

**30 June 2023**

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 12/02/2019 | 12/02/2023 | $0.030 | 199,434,882 | - | - | (199,434,882) | - |
| 31/10/2019 | 31/10/2023 | $0.020 | 2,725,761 | - | - | - | 2,725,761 |
| 01/07/2020 | 01/07/2024 | $0.020 | 15,928,570 | - | - | - | 15,928,570 |
| 31/08/2020 | 31/08/2024 | $0.020 | 20,443,211 | - | - | - | 20,443,211 |
| 22/10/2020 | 22/10/2024 | $0.020 | 20,443,211 | - | - | - | 20,443,211 |
| 29/10/2020 | 31/10/2024 | $0.010 | 2,725,762 | - | - | - | 2,725,762 |
| 31/10/2020 | 31/10/2024 | $0.000 | 5,689,623 | - | - | - | 5,689,623 |
| 15/12/2020 | 31/10/2024 | $0.000 | 3,232,610 | - | - | - | 3,232,610 |
| 07/04/2021 | 31/10/2024 | $0.000 | 4,061,710 | - | - | - | 4,061,710 |
| 10/06/2021 | 31/10/2024 | $0.000 | 2,556,462 | - | - | - | 2,556,462 |
| 16/09/2021 | 31/10/2024 | $0.000 | 3,639,427 | - | (861,688) | - | 2,777,739 |
| 30/09/2021 | 23/09/2025 | $0.000 | 138,488,557 | - | - | - | 138,488,557 |
| 07/12/2021 | 31/10/2025 | $0.000 | 2,979,408 | - | (1,213,972) | - | 1,765,436 |
| 15/03/2022 | 31/10/2025 | $0.000 | 3,505,568 | - | (785,630) | - | 2,719,938 |
| 16/06/2022 | 31/10/2025 | $0.000 | 4,989,744 | - | (1,016,546) | - | 3,973,198 |
| 12/09/2022 | 31/10/2025 | $0.000 | - | 6,090,139 | (1,240,726) | - | 4,849,413 |
| 17/11/2022 | 17/11/2026 | $0.020 | - | 22,013,745 | - | - | 22,013,745 |
| 13/01/2023 | 13/01/2026 | $0.020 | - | 35,000,000 | - | - | 35,000,000 |
| 01/05/2023 | 01/05/2026 | $0.010 | - | 20,000,000 | - | - | 20,000,000 |
| | | | 430,844,506 | 83,103,884 | (5,118,562) | (199,434,882) | 309,394,946 |

Out of the total options granted during the year:

(i) 6,090,139 options issued on 12 September 2022 were issued at nil exercise price to the Directors in-lieu of cash for the Directors fee payable. These were issued based on the approvals obtained in the AGM held on 9th November 2021 and relates to the period June to August 2022;

(ii) 22,013,745 options were issued to Mr. Thian Chew on 17 November 2022 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 17 November 2022. The fair value of the options was determined at $130,760 using Black Scholes option pricing model with the input as details below; and

(iii) 55,000,000 options were granted to various consultants having long-term association with Invion providing research and development services to the company. 35 million options granted on 13 January 2023 and 20 million options granted on 10 May 2023. The fair value of these options was determined at $153,650 and $ 71,800, respectively using Black Scholes option pricing model with the input as details below.

**Note 33. Share-based payments (continued)**

**30 June 2022**

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 12/02/2019 | 12/02/2023 | $0.030 | 199,434,882 | - | - | - | 199,434,882 |
| 31/10/2019 | 31/10/2023 | $0.020 | 2,725,761 | - | - | - | 2,725,761 |
| 01/07/2020 | 01/07/2024 | $0.020 | 15,928,570 | - | - | - | 15,928,570 |
| 31/08/2020 | 31/08/2024 | $0.020 | 20,443,211 | - | - | - | 20,443,211 |
| 22/10/2020 | 22/10/2024 | $0.020 | 20,443,211 | - | - | - | 20,443,211 |
| 29/10/2020 | 31/10/2024 | $0.010 | 2,725,942 | - | - | (180) | 2,725,762 |
| 31/10/2020 | 31/10/2024 | $0.000 | 5,689,623 | - | - | - | 5,689,623 |
| 15/12/2020 | 31/10/2024 | $0.000 | 3,232,610 | - | - | - | 3,232,610 |
| 07/04/2021 | 31/10/2024 | $0.000 | 4,081,051 | - | (19,341) | - | 4,061,710 |
| 10/06/2021 | 31/10/2024 | $0.000 | 3,439,423 | - | (882,961) | - | 2,556,462 |
| 16/09/2021 | 31/10/2024 | $0.000 | - | 3,737,125 | (97,698) | - | 3,639,427 |
| 30/09/2021 | 23/09/2025 | $0.020 | - | 138,488,557 | - | - | 138,488,557 |
| 30/09/2021 | 31/10/2024 | $0.000 | - | 2,838,217 | (2,838,217) | - | - |
| 07/12/2021 | 31/10/2025 | $0.000 | - | 2,979,408 | - | - | 2,979,408 |
| 15/03/2022 | 31/10/2025 | $0.000 | - | 3,505,568 | - | - | 3,505,568 |
| 16/06/2022 | 31/10/2025 | $0.000 | - | 4,989,744 | - | - | 4,989,744 |
| | | | 278,144,284 | 156,538,619 | (3,838,217) | (180) | 430,844,506 |
| | | | | | | | |
| Weighted average exercise price | | | $0.030 | $0.020 | $0.000 | $0.000 | $0.020 |

The weighted average share price during the financial year was $0.009 (2022: $0.02).

**Listed options:**

Following listed options granted in 2022 financial year, lapsed during the current year:

(i) 30,000,000 listed fully vested options (exercisable at $0.04, expiring 18 months from the date of issue) were issued in total to Evolution Capital Pty Ltd and 180 Markets Pty Ltd in consideration for lead manager services provided to the Company (Lead Manager Options). The fair value of the Lead Manager Options issued was $264,900 being the market price of the options on the date of the grant. These options lapse in May 2023 at the end of its term.
(ii) 254,981,422 listed fully vested options (exercisable at $0.04, expiring 18 months from the date of issue) were issued as free attaching options in conjunction with the capital raising activities as announced on 23 September 2021. These options lapsed in June 2023 at the end of its term.

The options issued during the year were fair valued using the Black Scholes option pricing model using the following inputs:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 17/11/2022* | 17/11/2026 | $0.011 | $0.017 | 90.000% | - | 3.270% | $0.006 |
| 13/01/2023** | 13/01/2026 | $0.009 | $0.015 | 93.000% | - | 3.195% | $0.004 |
| 01/05/2023** | 01/05/2026 | $0.007 | $0.010 | 91.000% | - | 3.005% | $0.004 |

* The valuation model inputs for options with the grant date 17 November 2022 relates to 22,013,745 unlisted options issued to Thian Chew, Executive Chair and CEO.

** The valuation model inputs for options with the grant date 13 January 2023 and 1 May 2023 relates respectively to 35,000,000 and 20,000,000 unlisted options granted various consultants providing research and development services to the company.

**Invion Limited**
**Directors' declaration**
**30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Thian Chew
Chairman

28 September 2023

**Grant Thornton Audit Pty Ltd**
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

# Independent Auditor's Report

## To the Members of Invion Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Invion Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Intangible assets – Note 16** | |
| Invion Limited holds the licence in Australia and New Zealand to the Photosoft™ technology, which is recorded as an intangible.<br><br>In the current year, the Group paid $2.5 million to RMW Cho Group to extend the territories of the previous co-development agreement for the treatment of infectious diseases to include the United States of America, Canada and Hong Kong.<br><br>The intangible assets are carried at the cost of the licence less accumulated amortisation, with the asset being amortised over a 20-year period. The initial recognition is based on the value of the distribution agreement.<br><br>Accounting for these transactions is a complex and judgemental exercise requiring management to determine the accounting treatment, estimate the useful life, and assess if any impairment indicators exist. Therefore, this matter has been assessed as a key audit matter. | Our procedures included, amongst others:<br><br>• Assessing the R&D agreements that Invion Limited has in place;<br>• Reviewing and evaluating the technical papers prepared by management and ensuring accounting treatment is in line with accounting standards;<br>• Assessing if the intangible has been correctly recorded in line with *AASB 138 Intangible Assets* and meets the definition of a finite intangible under the standard;<br>• Assessing management's judgement around the useful life of the intangible;<br>• Evaluating management's assessment for the existence of any impairment indicators in line with *AASB 136 Impairment of Assets*; and<br>• Assessing the adequacy of the Group's disclosures in relation to intangibles. |

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 8 to 15 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Invion Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 September 2023

**Invion Limited**
**Shareholders Information**
**30 June 2023**

**Invion Limited** ACN 094 730 417

**Registered Office**
Level 4, 100 Albert Road
South Melbourne
VIC 3205
+61 (3) 9672 9222
www.inviongroup.com

**Share Registry**
Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:
Link Market Services, Locked Bag A14, Sydney South, NSW, 1235
Tel: 1300 554 474
Email: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

For all correspondence to the share registry, please provide your Security-holder Reference Number SRN) or Holder Identification Number (HIN).

**Change of address**
Changes to your address can be updated online at www.linkmarketservices.com.au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

**Annual General Meeting**
The Annual General Meeting will be held in Melbourne on or about 29 November 2023. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is Wednesday, 18 October 2023. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Wednesday, 18 October 2023, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

**Corporate Governance Statement**
The Company's 2023 Corporate Governance Statement has been released to the ASX on this day and is available on the Company's website at https://inviongroup.com/corporate-governance/.

**Annual report mailing list**
All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

**Securities exchange listing**
Invion's shares are listed on the Australian Securities Exchange and trade under the ASX code IVX. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System)

**ASX Shareholder Disclosures**

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 20 September 2023.

## 1. Total securities on issue

| ASX Code | Description | Expiry | Listed | Unlisted |
|---|---|---|---|---|
| IVX | Fully paid ordinary shares | | 6,421,632,206 | |
| IVXAX | Share options ($0.0177) | 22/10/2024 | - | 20,443,211 |
| IVXAW | Share options ($0.02) | 01/07/2024 | - | 15,928,570 |
| IVXAZ | Share options ($0.0106) | 31/10/2024 | - | 2,725,762 |
| IVXAA | Share options ($0.00) | 31/10/2024 | - | 7,313,661 |
| IVXAV | Share options ($0.172) | 31/08/2024 | - | 20,443,211 |
| IVXAU | Share options ($0.02) | 30/10/2023 | - | 2,725,761 |
| IVXAY | Share options ($0.00) | 31/10/2024 | - | 5,670,282 |
| IVXAAE | Share options ($0.00) | 31/10/2025 | - | 2,372,422 |
| IVXAAC | Share options ($0.017) | 23/09/2025 | - | 138,488,557 |
| IVXAAA | Share options ($0.00) | 31/10/2024 | - | 1,694,774 |
| IVXAAF | Share options ($0.00) | 31/10/2025 | - | 2,112,952 |
| IVXAAB | Share options ($0.00) | 31/10/2024 | - | 3,639,427 |
| IVXAAG | Share options ($0.00) | 31/10/2025 | - | 3,973,198 |
| IVXAAH | Share options ($0.00) | 31/10/2025 | | 4,849,413 |
| IVXAAJ | Share options ($0.00) | 13/01/2026 | | 35,000,000 |
| IVXAAI | Share options ($0.00) | 17/11/2026 | | 22,013,745 |
| IVXAAK | Share options ($0.00) | 01/05/2026 | | 20,000,000 |
| | | | 6,421,632,206 | 309,394,947 |
| | | | **Total Fully diluted** | 6,421,632,206 |

| **Top Holders** | **Securities** | **%** |
|---|---|---|
| Top 20 holders | 3,878,901,106 | 60.40% |
| Balance of Register | 2,542,731,100 | 39.60% |
| Total Issued Capital | 6,421,632,206 | |

## 2. Distribution of equity securities - Ordinary shares

| Range | Securities | % | No of holders | % |
|---|---|---|---|---|
| 100,001 and Over | 6,324,336,148 | 98.48% | 1,746 | 37.29% |
| 10,001 to 100,000 | 93,972,147 | 1.46% | 1,950 | 41.65% |
| 5,001 to 10,000 | 2,085,739 | 0.03% | 269 | 5.75% |
| 1,001 to 5,000 | 1,131,603 | 0.02% | 370 | 7.90% |
| 1 to 1,000 | 106,569 | - | 347 | 7.41% |
| | 6,421,632,206 | | 4,682 | |
| Unmarketable Parcels | 104,208,442 | 1.62% | 3,001 | 64.10% |

## 3. Voting Rights

Shareholders in Invion Limited have a right to attend and vote at general meetings. At a general meeting, individual shareholder may vote in person or by proxy. All quoted and unquoted share options, and convertible notes, have no voting rights

### 4. Substantial shareholders

Associates of RMW Cho Group have notified the Company of their substantial holding. The holdings of the Associates are as listed below

| Rank | Name | 20 September 2023 | % IC |
|---|---|---|---|
| 1 | POLAR VENTURES LIMITED | 545,217,721 | 8.49% |
| 2 | RMW CHO HEALTH TECHNOLOGY LIMITED | 321,428,571 | 5.01% |
| 3 | RMWC PTY LTD (RMWC FAMILY A/C) | 314,547,156 | 4.90% |
| 4 | MR HONSUE CHO | 284,626,482 | 4.43% |
| 5 | POLAR VENTURES LIMITED | 1,640,000 | 0.03% |

Associates of Shengli Wang have notified the Company of their substantial holding. The holdings of Associates are as listed below.

| Rank | Name | 20 September 2023 | % |
|---|---|---|---|
| 1 | NGPDT GREATER CHINA LIMITED | 272,652,297 | 4.25% |
| 2 | SHENGLI WANG | 136,288,074 | 2.12% |

### 5. Share buy-back

There is no current or planned buy-back of the Company’s shares.

### 6. Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that is has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives

### 7. Twenty largest shareholders - ordinary shares

| Rank | Name | 20 September 2023 | % IC |
|---|---|---|---|
| 1 | POLAR VENTURES LIMITED | 545,217,721 | 8.49% |
| 2 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP> | 537,894,371 | 8.38% |
| 3 | RMW CHO HEALTH TECHNOLOGY LIMITED | 321,428,571 | 5.01% |
| 4 | RMWC PTY LTD <RMWC FAMILY A/C> | 314,547,156 | 4.90% |
| 5 | MR HONSUE CHO | 284,626,482 | 4.43% |
| 6 | NGPDT GREATER CHINA LIMITED | 272,652,297 | 4.25% |
| 7 | MEI JUN LIN | 272,500,000 | 4.24% |
| 8 | ACSLNC PTY LTD <ACSLNC FAMILY A/C> | 229,950,000 | 3.58% |
| 9 | CITICORP NOMINEES PTY LIMITED | 162,657,602 | 2.53% |
| 10 | SHENGLI WANG | 136,288,074 | 2.12% |
| 11 | YONG CHEN | 110,000,000 | 1.71% |
| 12 | MS DANDAN WANG | 104,719,526 | 1.63% |
| 13 | SURFIT CAPITAL PTY LTD | 100,000,000 | 1.56% |
| 14 | MR YONG CHEN | 93,253,079 | 1.45% |
| 15 | MR SHENGWEI OU | 77,304,171 | 1.20% |
| 16 | SHUBO MIAO | 73,333,333 | 1.14% |
| 17 | MR ESMOND WONG & MRS QUYNH THI KIM NGUYEN | 67,564,765 | 1.05% |
| 18 | EQ INVESTMENT PTY LTD | 62,500,000 | 0.97% |
| 19 | MS YINGHUA MA | 61,000,000 | 0.95% |
| 20 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 51,463,958 | 0.80% |
| | | 3,878,901,106 | |