

Appendix 4E

Preliminary Final Report

30 June 2020

1. Company Details

INVEX THERAPEUTICS LTD

ABN 29 632 145 334

Report ending
Corresponding period

30 June 2020
30 June 2019

Results for announcement to the market

2. Consolidated Financial Results			June 2020 \$	June 2019 \$
Other income	up	125,432%	165,703	132
Loss after tax attributable to members	up	1348%	(3,360,279)	(232,122)
Net Loss for the period attributable to members	up	1348%	(3,360,279)	(232,122)
Net Tangible asset per share (cents)			0.36	0.22

Invex Therapeutics Ltd (Company) was incorporated on 8 March 2019 and this is the Company's comparative information is for this period.

3. Consolidated Statement of Comprehensive Income
Refer to attached Consolidated Financial Report.
4. Consolidated Statement of Financial Position
Refer to attached Consolidated Financial Report.
5. Consolidated Statement of Cashflows
Refer to attached Consolidated Financial Report.
6. Consolidated Statement of Changes in Equity
Refer to attached Consolidated Financial Report.
7. Dividends
The Directors do not propose that Invex Therapeutics Ltd will pay a dividend.
8. Details of Dividend Reinvestment Plan
Not applicable.
9. Details of entities over which control has been gained or lost during the period.
On 12 December 219 the Company incorporated a 100% subsidiary in the UK – Invex Therapeutics Ltd. Refer to attached Consolidated Financial Report note 19 and 22.



10. Details of associates and joint ventures
Not applicable.
11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position
Refer to attached Consolidated Financial Report.
12. Foreign entities
Refer to attached Consolidated Financial Report note 19.
13. Commentary on results and explanatory information
Refer to Director's Report and Review operations in attached Consolidated Financial Report.
14. Audit
The financial statements on which the Consolidated Financial Report is based have been audited.
15. Annual General Meeting
The Company will hold a virtual Annual General Meeting on Thursday 19 November 2020 at 4.00pm WST. Further details will be released to shareholders.



ACN 632 145 334

INVEX THERAPEUTICS LTD

FINANCIAL REPORT

30 JUNE 2020

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Corporate Directory

This financial report includes the consolidated financial statements and notes of the Group consisting of Invex Therapeutics Ltd and its controlled entity (Invex Therapeutics UK).

The Group's functional and presentation currency is Australian Dollars (\$).

A description of the Group's operations and principal activity is included in the review of operations and activities in the Directors' report on pages 6 to 18. The Directors' Report is not part of the Consolidated Financial Report.

Directors:

Dr Jason Loveridge
Professor Alexandra Sinclair
Mr David McAuliffe
Ms Narelle Warren

Company Secretary:

Ms Narelle Warren

Registered Office & Principal Place of Business:

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Bankers:

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Share Registry:

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ASX code: IXC

Chair's Letter

On behalf of the Board of Invex Therapeutics Ltd (Invex), I am delighted to report on our significant and numerous achievements this year and the foundations of our strategy to increase shareholder value. Invex is focused on research and development centred around understanding and defining the mechanisms that regulate pressure in the brain, and in particular the potential to repurpose an already approved drug, Exenatide, to reduce intracranial pressure (ICP) and address a significant unmet medical need. Invex has trade marked its repurposed Exenatide as Presendin™ and has progressed rapidly since listing on the Australian Securities Exchange (ASX) in July 2019 with the key achievement being the completion of a Phase II clinical trial in Idiopathic Intracranial Hypertension (IIH).

IIH features severely raised intracranial pressure which causes disabling daily headaches and can compress the optic nerve, causing serious vision impairment in up to one third of those affected. IIH is a chronic disease which starts early in life, at around 20-30 years, and it is most common in women who are obese. IIH is a rapidly growing orphan indication: its incidence has increased by more than 350% in the last 10 years. Invex estimates the IIH annual addressable market in the United States (US) and European Union (EU) could be around A\$1.6 billion, representing a drug-treatable patient population of approximately 21,500 newly diagnosed patients and a prevalence population of approximately 92,000 patients. There are currently no approved treatments for IIH, representing an attractive and unencumbered market for Presendin™ upon clinical and regulatory success.

One of Invex's key corporate strategies is to maximise the value of our Exenatide assets through multiple layers of protection utilising both regulatory and patent mechanisms. Our granted orphan drug designation for Exenatide in IIH in both the US and Europe provides us seven and ten years market exclusivity, respectively, upon regulatory clearance being granted. During the year we were awarded a Japanese patent on the use of Exenatide for pressure related disorders of the brain, and just after the end of the financial year, received notification from the US Patent and Trademark Office of a notice of allowance for Invex's patent application covering the use of GLP-1 receptor agonists, including Exenatide, in reducing elevated intracranial pressure. The allowance of our US patent should provide protection until at least August 2035.

During the year Invex reported the results of its first clinical study of Exenatide in IIH. This trial was a single centre, randomised Phase II, double-blind, placebo controlled clinical trial in 16 patients with active IIH comparing Exenatide twice daily with placebo. The primary endpoint of the study was the change in ICP over 12 weeks of dosing as measured by a real-time intracranial pressure (ICP) monitoring device. Secondary endpoints included a number of headache and vision based measures.

Invex was and remains excited with the study outcomes. The study provided clear statistical and clinical evidence of efficacy in the primary endpoint of a reduction in ICP, demonstrating both an immediate reduction in pressure and a strong and sustained reduction in ICP at 12 weeks. This study provides the first evidence that Exenatide can both significantly reduce ICP in IIH patients and provide a clinical benefit in terms of headache reduction and vision improvement.

Exenatide was able to demonstrate a statistically significant and clinically meaningful improvement in visual acuity at 12 weeks, equating to one line improvement on a LogMAR eye chart. Additionally, there was a statistically significant and clinically meaningful 7.7 day (37%) reduction in Monthly Headache Days for IIH patients receiving Exenatide. To place this data into context, one line of vision improvement could mean the difference between driving or not, and that magnitude of headache reduction is not typically seen for migraine drugs already approved by regulators, where a 1.5-2.0 day improvement is considered clinically meaningful.

In July 2020, Invex received preliminary feedback from the European Medicines Agency (EMA) and US Food and Drug Administration (FDA) on the Invex' proposed Phase III design and pre-clinical package for Presendin™. EMA indicated a single pivotal study of Presendin™ against placebo would be sufficient to support a filing for regulatory approval in IIH in Europe. EMA suggested ICP as the most appropriate primary endpoint, but also acknowledged that reduction in headache frequency would also constitute an acceptable primary endpoint. The FDA stated they would need more information to evaluate Invex's proposed design but did guide that two well controlled studies would be required to support registration in the US. Both regulatory agencies agreed that Invex's proposed pre-clinical and human pharmacokinetic approach was broadly acceptable for the proposed Phase III study. Investors should note these discussions are currently early stage in nature and harmonising regulatory approaches to achieve approval in multiple jurisdictions always requires multiple interactions.

Chair's Letter (continued)

In the year ahead, we will continue to refine the Presendin™ Phase III clinical study design and execute contracts for the manufacture and supply of GMP grade Presendin™ for clinical trials and commercialisation. Having now received regulatory advice we will also move forward with the necessary animal tolerability and human pharmacokinetic (PK) studies for Presendin™. Most importantly, we still anticipate commencing a Phase III registration trial in IIH in the first half of calendar year 2021.

Invex remains in a strong financial position with a robust, debt-free balance sheet to provide the funds to support our pre-clinical and clinical activities for Presendin™ in IIH, and also to explore a second disease indication in more detail.

I would like to acknowledge the significant progress achieved in our first year and thank my fellow Board members, employees and our consultants for their contribution, which resulted in Invex; successfully listing on ASX, delivering statistically significant and clinically meaningful Phase II data in IIH both on time and on budget, and undertaking a transformational capital raise that funds the pre-clinical and clinical trials necessary to obtain regulatory clearance for Presendin™ in IIH.

On behalf of the Board I would like to acknowledge our shareholders, patients and key clinician advisers for their support. Invex remains committed to its mission of developing innovative therapies with a focus on pressure-related disorders on the brain, particularly IIH. We believe Invex has the potential to profoundly improve patient health and quality of life with such therapies and significantly increase shareholder value over time as we meet clinical, regulatory and commercial milestones moving forward.

A handwritten signature in blue ink, appearing to read 'Dr Jason Loveridge', with a stylized flourish at the end.

Dr Jason Loveridge
Chair

Directors' Report

Your Directors present their report together with the consolidated financial statements of the Invex Therapeutics Ltd (Invex or Company) and its controlled entity (Group) for the financial year ended 30 June 2020.

Director

The name of the Directors in office for the year ended 30 June 2020 until the date of this report are as follows. All Directors were in office for the entire year unless otherwise stated.

Dr Jason Loveridge

Non-executive Chair

Appointed 8 March 2019

Dr Loveridge is a founder of Invex and also CEO of 4SC AG, a German publicly listed oncology company. He has more than 30 years of international experience across Europe, Asia and the US in senior management positions in life sciences companies and as an investment professional dealing in both privately held and publicly traded companies. Additionally, he has substantial transactional experience in the sale and partnering of biotechnology assets.

Dr Loveridge graduated in Biochemistry and Microbiology from the University of New South Wales, Australia, and holds a Ph.D. in Biochemistry from the University of Adelaide, Australia. He is also a fellow of the Royal Society of Medicine. Dr Loveridge is considered an independent Director.

Current Directorships – Member of the Management Board of 4SC AG.

Former Directorships in last three years - Director of Actinogen Medical Ltd.

Interests in shares and options – 3,374,462 shares and 800,000 unlisted options.

Professor Alexandra Sinclair

Executive Director – Chief Scientific Officer

Appointed 28 June 2019

Prof Sinclair is a Clinician Scientist and Neurology Consultant in the Metabolic Neurology Group at the Institute of Metabolism and Systems Research, College of Medical and Dental Sciences, The University of Birmingham, UK.

Prof Sinclair is a fellow of the British Medical Association, UK, the Association of British Neurologists, UK, the Royal College of Physicians, London, the Society for Endocrinology, the International Headache Society, the British Association of the Study of Headache, UK, the North American Neuro-ophthalmology Society and the European Headache Federation. Prof. Sinclair is not considered an independent Director.

Current directorships – None.

Former directorships held in last three years – None.

Interests in shares and options - 2,500,000 shares and 800,000 unlisted options.

Mr David McAuliffe

Non-executive Director

Appointed 8 March 2019

Mr McAuliffe is an experienced company director and entrepreneur who has had over twenty years' experience, mostly in the international biotechnology field. During that time, he was involved in numerous capital raisings and in-licensing of technologies. He is a founder of several companies in Australia, France and the United Kingdom, many of which have become public companies. Mr McAuliffe has an Honours degree in Law, a Bachelor of Pharmacy degree and is the President of the Dyslexia – Speld Foundation WA (Inc). Mr McAuliffe is considered an independent Director.

Current directorships - 4DS Memory Ltd.

Former directorships held in last three years - None

Interests in shares and options - 3,350,001 shares and 200,000 unlisted options.

Directors' Report (continued)

Ms Narelle Warren

Non-executive Director/Company Secretary

Appointed 25 March 2019

Ms Warren is a Chartered Accountant with over twenty years of corporate advisory, financial management and company secretarial experience. Ms Warren has co-ordinated and assisted in numerous corporate transactions, including acquisitions, divestments and raising funds via private and public equity markets. She holds both a Bachelor of Laws and Bachelor of Commerce. Ms Warren is considered an independent Director.

Current directorships - None.

Former directorships held in last three years - None

Interests in shares and options - 200,000 shares and 400,000 unlisted options.

Principal Activity

Invex is a biopharmaceutical Group focused on the repurposing of an already approved drug, Exenatide, for efficacious treatment of neurological conditions derived from or involving raised intracranial pressure, such as Idiopathic Intracranial Hypertension (IIH), acute stroke and traumatic brain injury. The Group's first program is the development of Presendin™ for IIH, a severe condition predominately in females which can lead to disabling headaches and permanent vision loss. Presendin™ is the Group's filed (and granted) trademark name for reformulated Exenatide currently in development.

The principal activity of the Group during the year has been the reformulation of Exenatide to optimise the delivery of the drug for patients with IIH, the prosecution of the Group's patent portfolio and the exploration of other indications involving raised intracranial pressure with the goal of expanding the Group's proprietary drug candidates beyond Presendin™. A Phase II clinical trial of Exenatide in IIH was completed during the year and the results announced.

Operating Results

The result of the Group for the year ended 30 June 2020 was a loss of \$3,360,279 (2019: \$232,122 loss). The net loss of the Group predominantly related to Research & Development costs of \$1,591,547 associated with the Phase II clinical trial, pre-clinical reformulation studies of Presendin™, administration and corporate costs of \$674,354 and non-cash items; share-based payments of \$983,392 and the write-off of acquisition costs of \$117,946.

During the second half of the year, the Group completed a two tranche share placement \$26,200,000 before costs. The Company allotted 12,500,000 shares in May 2020 to raise \$16,250,000 and the balance of 7,653,847 shares to raise \$9,950,001 were allotted in early July 2020.

The capital raised will allow the Group to meet its medium term clinical and other objectives, including the completion and publication of top-line results of the Phase III study for Presendin™, drug manufacture and supply for the trials and the commencement of a Phase II study for Presendin™ in a second indication in 1H CY2021.

Review of Operations

Invex successfully listed on the Australian Securities Exchange (ASX) on 5 July 2019, raising \$12.0 million at an issue price of \$0.40 per share. In the Group's first year since listing on ASX it has made considerable progress, meeting its business objectives on time and within budget. The Group is pleased to report on its significant achievements as follows.

Directors' Report (continued)

The highlights include:

- The repurposing of Exenatide for IIH progressed largely as planned and a number of potential formulations were identified which were evaluated in pre-clinical animal models throughout the 2020 financial year. The Group completed several pharmacokinetic (PK) studies of different proprietary formulations of Exenatide in animals during the second half of the year. The Group has chosen a small number of potential final formulations of Exenatide and commenced a process to identify a supplier of GMP grade Exenatide and a Final Drug Product manufacturer for sufficient quantities of Presendin™ to undertake further clinical studies and provide sufficient inventory to support initial commercialisation activities. The Group is currently in active discussions with a number of potential suppliers and anticipates completing its selection process in the third quarter of calendar year 2020.
- In October 2019, Invex announced its application for a patent in Japan had been granted (patent number 2017-512008).
- The Group announced the 16th and final patient was recruited and dosed for the randomised, double-blind, placebo controlled Phase II clinical trial targeting the treatment of IIH with Exenatide. The recruitment and dosing was completed well ahead of schedule.
- In December 2019 the Company incorporated a UK subsidiary, Invex Therapeutics Ltd (Invex UK) and entered into a lease agreement to secure a principal place of business in the UK at the Birmingham Research Park in Edgbaston. Invex UK is employing additional personnel to work alongside Professor Alexandra Sinclair to manage and support the Group's clinical trial programmes.
- In January 2020 Invex announced the sixteenth and final patient had completed the 12-week dosing regimen for the Group's randomised Phase II trial of Exenatide in IIH.
- In February 2020 the Trade Mark Application No UK00003462892 Presendin™ was granted in the UK.
- In May 2020, Invex released the results of its Phase II study of Exenatide in IIH demonstrating:
 - Statistically significant reduction in Intracranial Pressure (ICP, the Primary Endpoint) in Idiopathic Intracranial Hypertension (IIH) patients receiving Exenatide at 2.5 hours, 24 hours and 12 weeks (range 18.1-20.8% versus study hurdle of >10%)
 - ICP lowering effects of Exenatide in IIH patients for the first time in human patients
 - Statistically significant & clinically meaningful 7.7 day (37%) reduction in Monthly Headache Days for IIH patients receiving Exenatide (key hurdle for migraine drug approval is 1.5-2.0 days per month)
 - Statistically significant & clinically meaningful improvement in visual acuity at 12 weeks, equating to one line improvement on a LogMAR eye chart.

This Phase II data strongly supported moving Presendin™ into a Phase III clinical trial. The study provided clear statistical and clinical evidence of efficacy in the primary, and in some key secondary endpoints, and demonstrated both an immediate reduction in ICP and a strong and sustained clinical benefit in the IIH cohort at 12 weeks.

- In June 2020, the IIH Phase II data was presented by the study investigators during the scientific sessions at the 14th European Headache Federation (EHF) Congress on 29 June in Berlin, Germany (virtual Congress). The presentation was titled "A randomised, placebo controlled, double blind trial of the effect of the GLP-1 receptor agonist Exenatide on intracranial pressure in Idiopathic Intracranial Hypertension (IIH: Pressure Trial)."
- The Group appointed Carol Parish effective 20 July 2020 as Head of Clinical Operations to oversee and drive the Group's clinical programs, including its Phase III clinical program for Presendin™ as well as the necessary lead-in requirements including regulatory and quality initiatives. Carol has over 30 years' experience within large and medium size pharmaceutical companies, having been accountable for all phases of drug development and in multiple therapy areas, including neurology.

Directors' Report (continued)

Likely Developments

The Group has laid solid foundations during its first year of operations and continues to actively progress the necessary lead-in requirements to commence a Phase III registration study of Presendin™ in 2021.

The successful completion and strong efficacy shown from the Phase II clinical trial for Exenatide represents an important milestone for Invex, its shareholders and patients living with the burden of IIH.

Invex has a number of key milestones planned for the remainder of the 2021 financial year, including:

- Finalisation of the Presendin™ Phase III design (Q3 CY2020)
- Finalise supply of GMP Exenatide and Presendin™ manufacturing (Q3 CY2020)
- Complete animal tolerability study for Presendin™ (Q4 CY2020)
- Initiate human pharmacokinetic (PK) study for Presendin™ (Q4 CY2020)
- Commence a Phase III registration trial in 1H CY2021

Dividends

No dividends were paid or recommended by the Directors since the commencement of the year.

Significant Changes in State of Affairs

Other than as outlined above, there were no significant changes in the Group's state of affairs during the year.

Matters Subsequent to the End of the Financial Year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not adversely financially impacted the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is changing rapidly and the Company's ability to operate normally is subject to measures imposed by the Australian Government and other countries, such as; maintaining social distancing requirements, quarantine, travel restrictions and other economic stimulus that may be provided.

On 2 July 2020 the Company allotted 7,653,847 ordinary shares, to raise \$9,950,001 following shareholder approval at General Meeting of Shareholders on 29 June 2020.

No other significant events occurred after balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Meetings of Directors

During the year the following Director meetings were held.

Director	Board Meetings	
	Number Eligible to Attend	Number Attended
Dr Jason Loveridge	8	8
Prof Alexandra Sinclair	8	6
Mr David McAuliffe	8	8
Ms Narelle Warren	8	8

Environmental Regulations

The Group is not subject to significant environmental regulation in respect of its research and development activities.

Directors' Report (continued)

Unissued Shares under Option

Unissued ordinary shares of Invex Therapeutics Ltd under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price	Number Under Option
22 November 2019	22 November 2023	\$0.60	2,200,000
21 January 2020	21 January 2023	\$1.00	1,250,000
9 April 2020	9 April 2023	\$0.60	60,000
Total			3,510,000

Insurance of Officers and Indemnities

Invex paid a premium to insure the directors and secretary of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

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

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Group may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

During the year, other services were performed in addition to their statutory duties. The details of the amount paid are disclosed in Note 23 of the consolidated financial report.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page following this Directors' Report.

Additional information

The earnings of the consolidated entity for the years since incorporation to 30 June 2020 are summarised below:

	2020 \$	2019 \$
Sales revenue	-	-
EBITDA	(3,360,279)	(232,122)
EBIT	(3,360,279)	(232,122)
Loss after income tax	(3,360,279)	(232,122)

Directors' Report (continued)

Remuneration Report - Audited

The remuneration report outlines the remuneration arrangements which were in place during the year and remain in place as at the date of this report, for the Directors and key management personnel of Invex.

The information provided in this remuneration has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration**
- B Details of remuneration**
- C Service agreements**
- D Share-based compensation**
- E Equity instruments held by key management personnel**
- F Loans to key management personnel**
- G Other transactions with key management personnel**

A Principles used to determine the nature and amount of remuneration

The Board has elected to establish a remuneration committee. However, given the size of the current Board remuneration matters will be considered and approved by the full Board.

The following items will be considered and discussed as deemed necessary at the Board meetings:

- recommend the terms and conditions of employment for the Executive Directors and Senior Officers;
- undertake a review of the Executive Directors performance, at least annually, including setting with the Executive Directors goals for the coming year and reviewing progress in achieving those goals;
- consider and report on the recommendations of the Executive Directors on the remuneration of all direct reports; and
- develop and facilitate a process for Board and Director evaluation.

Non-executive Directors

Fees and payments to Non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of Non-executive Directors based on comparative roles in the external market.

Given the size of the company Non-executive Directors may receive performance-based pay where they are required to provide services outside the scope of their roles as Non-executive Directors.

Directors' fees

The current base fees were last reviewed at a recent Board meeting. Non-executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders.

The maximum currently stands at \$250,000 per annum and was approved by shareholders at its first Annual General Meeting of shareholders in November 2019.

Remuneration of executives consists of an un-risked element (base pay).

No dividends have been paid or declared in the year ended to 30 June 2020.

Directors' Report (continued)

Remuneration Report - Audited (continued)

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the Directors' overall fee entitlements where applicable.

Executive pay

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

The executive remuneration framework has three components:

- base pay and benefits, including superannuation;
- short-term performance incentives; and
- long-term incentives through participation in the Invex Employee Share Option Plan.

Base pay

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Independent remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role.

Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

There are no short-term incentives outstanding.

Benefits

No benefits other than noted above are paid to Directors or management except as incurred in normal operations of the business.

Short term incentives

No benefits other than remuneration disclosed in the remuneration report are paid to Directors or management except as incurred in normal operations of the business.

Directors' Report (continued)

Remuneration Report - Audited (continued)

Long term incentives

The Group's current Employee Share Option Plan (ESOP) is designed to provide medium and long term incentives for all employees (including Non-executive and Executive Directors) and to attract and retain experienced Employees, Board Members and Executive Officers and provide motivation to make the Group more successful.

As options granted to Directors and Employees are considered to represent the value of the services received over the vesting period of the options, the assessed value of the options are recognised and expensed over the vesting period. Options vesting during the period of issue are fully expensed under the accounting standards.

Other than options disclosed in section D of the remuneration report there have been no options issued to Directors and Employees at the date of this financial report.

Voting and comments made at the Company's 2019 Annual General Meeting (AGM)

At the 2019 AGM, 98.5% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration consultants

The Group did not engage any remuneration consultants during the year.

The Group will engage independent remuneration consultants should it look to make any changes to director fee levels to ensure they are in line with market conditions and any decisions are made free from undue influence from members of the Group's Key Management Personnel (KMP's).

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the KMP's of the Group are found below:

Director	Date of appointment	Role
Dr Jason Loveridge	Appointed 8 March 2019	Non-executive Chair
Prof Alexandra Sinclair	Appointed 28 June 2019	Executive Director
David McAuliffe	Appointed 8 March 2019	Non-executive Director
Narelle Warren	Appointed 25 March 2019	Non-executive Director/Company Secretary

Directors' Report (continued)

Remuneration Report - Audited (continued)

Key Management Personnel of the Group

	Short-term employee benefits			Long-term employee benefits	Post-employment benefits		Share-based payments	Total	Total remuneration represented by Options
	Cash salary & fees	Other	Non monetary benefits	Annual Leave	Super-annuation Pensions	Retirement benefits	Options		
2020	\$	\$	\$	\$	\$	\$	\$	\$	%
<i>Directors</i>									
<i>Non-executive Directors</i>									
Dr Jason Loveridge	70,000	70,000 ¹	12,923	-	-	-	173,546	326,469	53.16
David McAuliffe	35,000	-	12,923	-	-	-	43,387	91,310	35.77
Narelle Warren	130,000 ²		12,923	-	-	-	86,773	229,696	37.78
Sub-total Non-executive Directors	235,000	70,000	38,769	-	-	-	303,706	647,475	-
<i>Executive Director</i>									
Prof Alexandra Sinclair	70,000	70,000 ¹	12,923	-		-	173,546	326,469	53.16
Total key management personnel compensation	305,000	140,000	51,692	-	-	-	477,252	973,944	47.55

- These amounts relate to bonuses paid to Dr Jason Loveridge and Prof Alexandra Sinclair in recognition of their additional time and effort in completion of the successful Phase II trial on time and within budget and also the \$26.2 million capital raising.
- This amount is in relation to Ms Warren's Company Secretary, Finance and role with the Company and paid by the Company to Concept Biotech Pty Ltd.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration 2020	Performance based remuneration 2020
<i>Executive Director</i>		
Prof Alexandra Sinclair	70,000	53.16%

Directors' Report (continued)

Remuneration Report - Audited (continued)

	Short-term employee benefits			Long-term employee benefits	Post-employment benefits		Share-based payments	Total	Total remuneration represented by Options
	Cash salary & fees	Other	Non monetary benefits	Annual Leave	Super-annuation Pensions	Retire-ment benefits	Options		
2019		\$	\$	\$	\$	\$	\$	\$	%
<i>Directors</i>									
<i>Non-executive Directors</i>									
Dr Jason Loveridge	-	-	-	-	-	-	-	-	-
David McAuliffe	-	-	-	-	-	-	-	-	-
Narelle Warren	30,000	25,000 ¹	-	-	-	-	-	55,000	-
Sub-total Non-executive directors	30,000	25,000	-	-	-	-	-	55,000	-
<i>Executive Director</i>									
Prof Alexandra Sinclair	-	-	-	-	-	-	-	-	-
Total KMP compensation	30,000	25,000	-	-	-	-	-	55,000	-

1. This amount is in relation to Ms Warren's Company Secretary, Finance and role and success fee of \$25,000 with the Company and invoiced to the Company by Concept Biotech Pty Ltd was accrued and remained payable as at 30 June 2019.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration	Performance based remuneration
Name	2019	2019
<i>Executive Director</i>		
Prof Alexandra Sinclair	70,000	-

C Service agreements

Executive Director

Name	Term of agreement	Fees	Termination benefit
<i>Executive Director</i>			
Prof Alexandra Sinclair	Open	\$70,000	Relevant notice periods apply, being 1 months' notice with reason or 3 months without reason.

Directors' Report (continued)

Remuneration Report - Audited (continued)

Non-executive Directors

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board's policies and terms, including compensation, relevant to the director, and among other things:

- the terms of the directors appointment, including governance, compliance with the Company's Constitution, committee appointments, and re-election;
- the directors duties, including disclosure obligations, exercising powers, use of office, attendance at meetings and commitment levels;
- the fees payable, in line with shareholder approval, any other terms, timing of payments and entitlements to reimbursements;
- insurance and indemnity;
- disclosure obligations; and
- confidentiality.

The Non-executive Director fees with the exception of Narelle Warren were paid the following fees during the year.

Name	Term of agreement	Base salary including superannuation	Termination benefit
<i>Non-Executive Directors</i>			
Dr Jason Loveridge – Consultancy	Open	\$35,000	Relevant notice periods apply, being 1 months' notice with reason.
Dr Jason Loveridge – Bonus	Board approved	\$70,000	Not applicable
Dr Jason Loveridge – Non-executive fee	Shareholder Approval by rotation	\$35,000	Nil
David McAuliffe- Non-executive fee	Shareholder Approval by rotation	\$35,000	Nil

D Share-based compensation

Options

The Company's current Employee Share Option Plan (ESOP) was approved by the board of directors on 20 May 2019. The ESOP is designed to provide medium and long term incentives for all employees (including Non-executive and Executive Directors) and to attract and retain experienced employees, board members and executive officers and provide motivation to make the Company more successful.

Under the ESOP, participants have been granted options which only vest if certain milestones are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefit.

Any option may only be exercised after the option has vested and other conditions imposed by the board have been satisfied. Options are granted under the ESOP for no consideration. Options granted under the ESOP carry no dividend or voting rights. When exercisable, shares allotted pursuant to the exercise of options will be allotted following receipt of relevant documentation and payments will rank equally with all other shares.

Directors' Report (continued)**Remuneration Report - Audited (continued)**

As options granted to employees are considered to represent the value of the services received over the vesting period of the options, the assessed value of the options are recognised and expensed over the vesting period. Options vesting during the period of issue are fully expensed under the accounting standards.

The total Employee Options expense for the period is outlined below. 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:

2020 Name <i>Directors</i>	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
			50% -22 Nov 2021			
Dr Jason Loveridge	800,000	22 Nov 2019	50% 22 Nov 2022	22 Nov 2023	\$0.60	\$0.42
Prof Alexandra Sinclair	800,000	22 Nov 2019	50% -22 Nov 2021	22 Nov 2023	\$0.60	\$0.42
			50% -22 Nov 2021			
David McAuliffe	200,000	22 Nov 2019	50% 22 Nov 2022	22 Nov 2023	\$0.60	\$0.42
			50% -22 Nov 2021			
Narelle Warren	400,000	22 Nov 2019	50% 22 Nov 2022	22 Nov 2023	\$0.60	\$0.42

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

E Equity instruments held by Key Management Personnel**Shareholdings**

The numbers of shares in the Company held during the year by each director of Invex, including their personally related parties are set out below. There were no shares granted during the reporting year as compensation.

2020 Name	Balance at the start of the year	Capital Raising shares subscribed for	Disposals	On Market Purchases	Balance at the end of the year
<i>Directors</i>					
Dr Jason Loveridge	5,106,000	-	(1,770,000) ¹	-	3,336,000
Prof. Alexandra Sinclair	2,500,000	-	-	-	2,500,000
David McAuliffe	3,350,001	-	-	-	3,350,001
Narelle Warren	200,000	-	-	-	200,000
Total	11,156,001	-	(1,770,000)	-	9,386,001

1. As a result of the liquidation of an entity of which Dr Jason Loveridge was a beneficiary 50% of the shareholding, representing 1,770,000 shares was transferred to another beneficiary of the entity.

Directors' Report (continued)**Remuneration Report - Audited (continued)****Option holdings**

The number of options over ordinary shares in the Group held during the year by each director of Invex Therapeutics Ltd, including their personally related parties, are set out below.

2020 Name	Balance at the start of the year	Granted as compensation	Exercised/ Expired	Balance at end of the year	Vested and exercisable	Un-vested	Fair value at grant date
<i>Directors</i>							
Dr Jason Loveridge	-	800,000	-	800,000	-	800,000	\$0.42
Prof Alexandra Sinclair	-	800,000	-	800,000	-	800,000	\$0.42
David McAuliffe	-	200,000	-	200,000	-	200,000	\$0.42
Narelle Warren	-	400,000	-	400,000		400,000	\$0.42
Total	-	2,200,000	-	2,200,000	-	2,200,000	

F Loans with key management personnel**Key Management Personnel loans**

There were no loans to or from key management personnel during the year ended 30 June 2020.

G Other transactions with key management personnel

The following payments were made to Concept Biotech Pty Ltd, of which David McAuliffe and Narelle Warren are shareholders and directors, during the year for company secretarial work, financial and due diligence services. These services are provided on normal commercial terms and at arm's length.

	2020	2019
	\$	\$
Payments to Concept Biotech Pty Ltd	130,000	30,000
Amounts payable to Concept Biotech Pty Ltd	-	25,000
	130,000	55,000

This is the end of the Remuneration Report.

Signed in accordance with a resolution of the Board of Directors.



David McAuliffe
Non- Executive Director
Perth, Western Australia, 27 August 2020

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF INVEX THERAPEUTICS LTD

As lead auditor of Invex Therapeutics Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Invex Therapeutics Ltd and the entity it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 \$	Period from incorporation on 8 March 2019 to 30 June 2019 \$
Other income	4	165,703	132
Research and development expenditure	5	(1,591,547)	(59,876)
Capital raising expenses	5	(158,743)	(105,102)
Finance, compliance and administration expenses	5	(674,354)	(67,276)
Impairment of intangible asset	9	(117,946)	-
Share-based payment expenses	13	(983,392)	-
Loss before income tax from continuing operations		(3,360,279)	(232,122)
Income tax expense	6	-	-
Loss for the year from continuing operations		(3,360,279)	(232,122)
Other comprehensive income for the year, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Total other comprehensive income for the year, net of tax attributable to members of the Group		(3,360,279)	(232,122)
Loss for the year is attributable to:			
Owners of Invex Therapeutics Ltd		(3,360,279)	(232,122)
Total comprehensive income for the year is attributable to:			
Owners of Invex Therapeutics Ltd		(3,360,279)	(232,122)
Loss per share (cents)	14	(5.98)	(0.98)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	26,300,459	12,170,247
Other receivables	8	116,882	85,620
Total Current Assets		26,417,341	12,255,867
Non-Current Assets			
Intangible assets	9	-	117,946
Total Non-Current Assets		-	117,946
TOTAL ASSETS		26,417,341	12,373,813
LIABILITIES			
Current Liabilities			
Trade and other payables	10	712,946	935,491
Unallocated shares	11	1,302,427	-
Total Current Liabilities		2,015,373	935,491
TOTAL LIABILITIES		2,015,373	935,491
NET ASSETS		24,401,968	11,438,322
EQUITY			
Contributed equity	12	27,017,127	11,670,444
Reserves	13	977,242	-
Accumulated losses	15	(3,592,401)	(232,122)
TOTAL EQUITY		24,401,968	11,438,322

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Contributed Equity \$	Accumulated Losses \$	Reserves	Total Equity \$
Balance as at 1 July 2019	11,670,444	(232,122)	-	(11,438,322)
(Loss) for the year	-	(3,360,279)	-	(3,360,279)
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss) for the year	-	(3,360,279)	-	(3,360,279)
Fx reserve movement	-	-	(6,275)	(6,275)
Share-based payment reserve movement	-	-	983,517	983,517
Transactions with owners in their capacity as owners:	-	-		
Issue of share capital, net of transaction costs	15,346,683	-	-	15,346,683
Balance as at 30 June 2020	27,017,127	(3,592,401)	977,242	24,401,968

	Contributed Equity \$	Accumulated Losses \$	Reserves	Total Equity \$
Balance as at 8 March 2019	1	-	-	1
(Loss) for the year	-	(232,122)	-	(232,122)
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss) for the year	-	(232,122)	-	(232,122)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	11,670,443	-		11,670,443
Balance as at 30 June 2019	11,670,444	(232,122)	-	11,438,322

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,769,096)	(230,264)
Interest received		165,703	132
Net cash outflow from operating activities	16	<u>(1,603,393)</u>	<u>(230,132)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition		-	(8,191)
Net cash outflows from investing activities		<u>-</u>	<u>(8,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Subscription proceeds received for ordinary shares		16,250,000	12,500,001
Subscription proceeds received for options		125	-
IPO capital raising costs		(847,881)	(91,431)
Placement capital raising costs		(971,066)	-
Subscriptions proceeds unallocated		1,302,427	-
Net cash inflow from financing activities		<u>15,733,605</u>	<u>12,408,570</u>
Net increase in cash and cash equivalents held		14,130,212	12,170,247
Cash and cash equivalents at the beginning of the period		12,170,247	-
Exchange rate differences on cash held		-	-
Cash and cash equivalents at end of financial year	7	<u>26,300,459</u>	<u>12,170,247</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with accompanying the notes.

Notes to the Consolidated Financial Statements

1. Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Invex Therapeutics Limited is a listed public company, incorporated and domiciled in Australia and is the parent entity. Invex Therapeutics Limited is a for-profit entity for the purpose of preparing the financial statements.

These consolidated financial statements comprise the Company and its controlled entity at the end of, or during the year (together referred to as 'the Group') and were authorised for issue by the Board of Directors.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Company was incorporated on 8 March 2019, and officially listed on the ASX on 3 July 2019. The comparative period was 8 March 2019 to 30 June 2020.

2. New and amended Accounting Standards and Interpretations

The following new and amended Accounting Standards and Interpretations have been identified as those which are relevant to its operations and effective for annual reporting period beginning on or after 1 July 2019.

- AASB 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change.

Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cashflows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The consolidated entity has adopted AASB 16 from 1 July 2019 using the retrospective modified approach and as such the comparatives have not been restated. The impact of adoption is not material to the financial statements.

Other new and amended standards and Interpretations issued by the AASB have been determined by the Group to have no impact, material or otherwise, on its business and therefore no further changes, other than those mentioned above, are necessary to Group accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

Notes to the Consolidated Financial Statements (continued)

3. Summary of Accounting Policies

The following material accounting policies adopted by the Group in the preparation of the financial report, have been consistently applied unless otherwise stated.

(a) 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 22.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Invex Therapeutics Ltd (Company or Invex) as at 30 June 2020 and the results of all subsidiaries for the year then ended. Invex Therapeutics Ltd and its subsidiary 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.

(c) Foreign currency translation

The financial statements are presented in Australian dollars, which is Invex's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(d) 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.

Notes to the Consolidated Financial Statements (continued)

3. Summary of Accounting Policies (continued)

(e) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount at which the Group expects to be entitled. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(f) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

(g) Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(h) Lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Notes to the Consolidated Financial Statements (continued)

3. Summary of Accounting Policies (continued)

(i) Share-based payments

Equity-settled and cash-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 either the Binomial or 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 either the Binomial or 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.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(k) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits.

(l) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less loss allowance.

The Group applies the AASB 9 simplified approach to measure expected credit losses which uses lifetime expected loss allowance for trade receivables. Bad debts are written off when identified.

Notes to the Consolidated Financial Statements (continued)

3. Summary of Accounting Policies (continued)

(m) Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the full liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(n) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

(o) Asset acquisition

When an asset acquisition does not constitute a business combination, the assets and the liabilities carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalized cost of the asset.

Notes to the Consolidated Financial Statements (continued)

3. Summary of Accounting Policies (continued)

(p) Trade and other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the period end and which are unpaid. These amounts are unsecured, have 30-60 day payment terms and are measured at amortised cost.

(q) Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(r) Research and Development

Research expenditure is recognised as an expense is incurred.

Costs incurred on developments projects (relating to the development and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalized comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognised as an expense are not recognized as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(s) Impairment of assets

Non-financial assets

At the end of each reporting period, 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.

Financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. For financial assets measured at fair value, gains or losses will be recorded in profit or loss, or through Other Comprehensive Income (FVTOCI) if the Group has made an irrevocable election at the time of initial recognition to account for equity instruments through OCI.

Notes to the Consolidated Financial Statements (continued)

3. Summary of Accounting Policies (continued)

(t) Intellectual Property

Intellectual property represents an intangible asset which underpins the business of the Group; this was acquired at the Group's inception and represents a capital contribution. Intellectual property is measured initially at fair value when it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. This is subsequently measured on the cost model.

The Group assesses identifiable intangible assets as having either finite or indefinite useful lives. Intangible assets with finite lives are amortised over the useful life and assessed for impairment at least annually or whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least each financial year end.

(u) Critical Accounting Estimates and Judgments Required

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Research and development expenditure

Distinguishing the research and development phases of a new customized project and determining whether the recognition requirements for the capitalization of development costs are met requires judgement. The Group has expensed all costs relating to research and development expenditure to date on the basis that the capitalisation requirements have not been met.

The Group's consideration of whether its internal projects to develop drugs are in a research phase or development phase involves significant judgement.

The Group considers a project to be in a development phase when the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- There is intention to complete the project;
- The existence of a market to be able to sell output resulting from the project;
- How the intangible asset will generate probable future economic benefits;
- There is adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- Expenditure attributable to the project can be reliably measured.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

Notes to the Consolidated Financial Statements (continued)

4. Other income

	2020 \$	2019 \$
Interest income	165,703	132

5. Loss for the Year

The loss for the year before income tax includes the following specific expenses:

	2020 \$	2019 \$
(a) Research and development expenses		
Reformulation	227,791	55,633
Phase II Clinical Trial	621,377	-
Employee costs	28,932	-
Consultants	262,367	-
Scientific Advisory Board	10,999	-
PK Studies	86,314	-
CSO fees	140,000	-
Consumables	-	642
Patent expenses	213,767	3,601
Total	1,591,547	59,876
(b) Capital raising expenses		
ASX listing/quotation fees	27,583	88,988
Corporate advisory and consultants	131,160	14,423
Directors' criminal and bankruptcy checks	-	1,691
Total	158,743	105,102
(c) Administration expenses		
Accounting and company secretarial fees	134,652	20,136
ASX, ASIC and bank fees	45,290	-
Director's fees	70,000	-
Legal fees	68,661	-
Rent and office expenses	28,943	4,885
Audit and tax fees	47,136	20,263
Travel and entertainment	73,845	10,320
D&O Insurance	51,691	-
Investor relations and PR expenses	105,451	6,840
Other general expenses	37,117	-
Website and IT expenses	11,568	4,832
Total	674,354	67,276

Notes to the Consolidated Financial Statements (continued)

6. Income Tax

	2020 \$	2019 \$
(a) The components of tax expense comprise:		
Current tax		
Deferred tax expense	-	-
Total income tax expense from continuing operations	-	-
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	-	-
Decrease/(increase) in deferred tax liabilities	-	-
(b) The prima facie tax on profit from ordinary activities before income tax is reconciliation of income tax expense to prima facie tax payable:		
Loss before income tax	(3,360,279)	(232,122)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2019: 27.5%)	(1,008,084)	(63,834)
Tax effect of:		
-share-based payments	295,018	-
-intellectual property costs	99,514	-
-change in corporate tax rate	(29,263)	-
- entertainment	1,882	76
- other	552	-
-tax differential rate	13,578	-
Tax losses and temporary differences not recognised	628,803	63,758
Income tax expense/(benefit)	-	-
The applicable weighted average effective tax rate are as follows:	30%	27.5%
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net loss or other comprehensive income but directly debited or credited to equity.		
Current tax		
Net deferred tax	270,995	258,132
(d) Deferred tax assets		
Patents	1,080	-
Accruals	6,600	4,125
Business related costs	62,406	19,416
Australian tax losses	736,768	91,844
Foreign tax losses	40,735	-
Other	(194)	-
Capital raising costs in equity	385,872	206,506
	1,233,267	321,891

Notes to the Consolidated Financial Statements (continued)

7. Cash and Cash Equivalents

	2020 \$	2019 \$
Cash at bank and on hand	26,300,459	12,170,274
	<u>26,300,459</u>	<u>12,170,274</u>

8. Other Receivables

	2020 \$	2019 \$
GST/VAT receivable	116,882	85,620
	<u>116,882</u>	<u>85,620</u>

There are no other receivables that are past due or impaired at 30 June 2020.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. At 30 June 2020, this is included as part of GST receivable above.

9. Intangible assets

Asset Acquisition

On 29 March 2019, the Company obtained the rights to the core intellectual property rights including orphan drug designations assigned to the Company by issuing fully paid ordinary shares in the capital of the Company equivalent to 18% of the total shares in the Company.

These assets were accounted for as an intangible assets in accordance with AASB 138 Intangible Assets. Given the payment was made by way of issuing shares, the consideration transferred is fair value in accordance with AASB 2 Share based payments for a total purchase consideration of \$109,755.

The Board resolved to write-off the intangible asset as at 30 June 2020.

	2020 \$	2019 \$
Shares issue to vendor	117,946	109,755
Acquisition costs	-	-
Impairment charge	(117,946)	8,191
	<u>-</u>	<u>117,946</u>

10. Trade and Other Payables

	2020 \$	2019 \$
Trade payables	30,398	935,491
Accruals and other payables	682,548	-
	<u>712,946</u>	<u>935,491</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Notes to the Consolidated Financial Statements (continued)

11. Unallocated Shares

	2020 \$	2019 \$
Unallocated shares	1,302,247	-
	<u>1,302,247</u>	<u>-</u>

Following shareholder approval on the 29 June 2020, these shares were allotted on the 2 July 2020.

12. Contributed Equity

	2020 \$	2020 Number of shares	2019 \$	2019 Number of shares
Ordinary shares on issue – fully paid	27,017,127	67,500,001	11,670,444	55,000,001
	<u>27,017,127</u>	<u>67,500,001</u>	<u>11,670,444</u>	<u>55,000,001</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation in proportion to the number and amount paid on the shares held.

	2020 \$	2020 Number of shares	2019 \$	2019 Number of shares
Movement in fully paid ordinary shares on issue				
Balance at beginning of financial period	11,670,444	55,000,001	1	1
Ordinary shares issued pursuant to Acquisition (Mar 19) (Refer Note 9)	-	-	109,755	4,500,000
Ordinary shares issued pursuant to Placement (Mar 19)	-	-	500,000	20,500,000
Initial Public Offering ¹	-	-	12,000,000	30,000,000
Placement (May 20)	16,250,000	12,500,000	-	-
Cost of capital raising	(903,317)	-	(939,312)	-
Balance at end of financial year	<u>27,017,127</u>	<u>67,500,001</u>	<u>11,670,444</u>	<u>55,000,001</u>

1. Shares for the Initial Public Offering were allotted on 28 June 2019. The Company was officially listed on the ASX on 3 July 2019 and commenced trading on the 5 July 2019.

Notes to the Consolidated Financial Statements (continued)

13. Reserves

	2020 \$	2019 \$
Share-based payment reserve	983,517	-
Foreign currency translation reserve	(6,275)	-
	<u>977,242</u>	<u>-</u>

Nature and Purpose of Reserve

The share-based payment reserve records the value of options, performance rights and performance shares issued to the Group's directors, employees, and third parties. The value of the amount disclosed during the period reflects the value of options, performance rights and performance shares issued by the Group.

The Foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

Options outstanding at 30 June 2020

The following options over ordinary shares of the Company were granted at reporting date:

Grant Date	Expiry Date	Exercise Price	Balance at start of Period	Granted During the Period	Exercised during the Period	Forfeited during the Period	Balance at Period end	Vested and exercisable at Period end
22 Nov 2019	22 Nov 2023	\$0.60	-	2,200,000	-	-	2,200,000	-
21 Jan 2020	21 Jan 2023	\$1.00	-	1,250,000	-	-	1,000,000	250,000
9 April 2020	9 April 2023	\$0.60	-	60,000	-	-	60,000	-
			-	3,510,000	-	-	3,260,000	250,000

Reconciliation of movement in Share-based payment reserve:

	Number of Options	Value \$
Opening Balance - 1 July 2019	-	-
Share-based payment expense in respect to Director options on issue at 30 June 2020 and granted during the period	2,200,000	477,252
Share-based payment expense in respect to adviser options on issue at 30 June 2020 and granted during the period	1,250,000	500,707
Share-based payment expense in respect to employee options on issue at 30 June 2020 and granted during the period	60,000	5,558
Closing Balance – 30 June 2020	<u>3,510,000</u>	<u>983,517</u>

Notes to the Consolidated Financial Statements (continued)

14. Loss per share

	2020	2019
Basic and Diluted (Loss) per Share – cents	\$	\$
Total basic and diluted loss per share – cents	(5.98)	(0.98)

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the loss and share data used in the basic and diluted loss per share:

	2020	2019
	\$	\$
Net loss attributable to members of the Group	(3,360,279)	(232,122)
Earnings used in calculating basic and diluted earnings per share from continuing operations	(3,360,279)	(232,122)
	2020	2019
	Number of shares	Number of shares
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	56,165,385	23,596,492

Dilutive Potential Ordinary Shares

As at balance date, there were no options on issue.

Conversions, Calls, Subscriptions or Issues after 30 June 2020

Subsequent to year end, the Company has issued 7,653,847 shares.

15. Accumulated Losses

	2020	2019
	\$	\$
Accumulated losses at the beginning of the financial period	(232,122)	-
Net loss attributable to members of the Group	(3,360,279)	(232,122)
Accumulated losses at the end of the financial year	(3,592,401)	(232,122)

Notes to the Consolidated Financial Statements (continued)

16. Reconciliation of Net Cash Flows Operating Activities to Operating (Loss) After Tax

	2020	2019
	\$	\$
Loss (after income tax) for the year	(3,360,279)	(232,122)
Non-cash items included in profit or loss:		
Write-off acquisition costs	117,946	-
Share-based payment expenses	983,392	-
Unrealised fx reserves	(6,275)	-
Net changes in working capital:		
(Increase)/decrease in trade and other receivables	36,487	(18,510)
Increase in trade and other payables	624,976	20,500
Net cash used in operating activities	(1,603,393)	(230,132)

Non-cash investing and financing activities disclosed in other notes are:

Issue of shares for the acquisition of intellectual property rights and subsequent write-off (refer Note 9).

Share-based payment expense (refer Note 20).

FX reserve movements (refer Note 13).

17. Financial Risk Management

The Group's principal financial instruments comprise cash, short-term deposits and trade payables.

The Group does not have any derivative instruments at 30 June 2020 and does not speculate in any financial instruments.

Financial Risks

The activities of the Group expose it primarily to the financial risks of interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board of Directors is responsible for monitoring and managing the financial risks of the Group. The Company Secretary/CFO monitors these risks by the review and analysis of monthly management accounts and other financial data.

Interest Rate Risk

The Group's main interest rate risk arises from cash held on deposit by Australian Financial Institutions. Cash held in term deposits is subject to prevailing variable interest rates and expose the Group to cash flow interest rate risk.

Notes to the Consolidated Financial Statements (continued)**17. Financial Risk Management (continued)**

The following table summarises interest rate risk for the Group.

2020	Fixed Interest				Total
	Floating Interest Rate	Rate Maturing		Non-Interest Bearing	
		1 Year or Less	1 to 5 Years		
	\$	\$	\$	\$	\$
Interest-bearing financial instruments					
Cash and cash equivalents	26,300,459	-	-	-	26,300,459
	26,300,459	-	-	-	26,300,459

2019	Fixed Interest				Total
	Floating Interest Rate	Rate Maturing		Non-Interest Bearing	
		1 Year or Less	1 to 5 Years		
	\$	\$	\$	\$	\$
Interest-bearing financial instruments					
Cash and cash equivalents	12,170,247	-	-	-	12,170,247
	12,170,247	-	-	-	12,170,247

The Group does not rely on the generation of interest on cash at bank to provide working capital and does not consider the exposure to be material to the Group and have therefore not undertaken any further analysis of exposure.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board of Directors manage liquidity risk by continually monitoring cash reserves and cashflow forecasts to ensure that financial commitments can be met as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of equity funding.

Notes to the Consolidated Financial Statements (continued)**17. Financial Risk Management (continued)**

The following table details the expected contractual maturity for its non-derivative financial liabilities.

2020	Total	1 year or less	1 – 5 years	5+ years
	\$	\$	\$	\$
Financial liabilities due				
Trade and other payables	712,946	712,946	-	-
	712,946	712,946	-	-
2019	Total	1 year or less	1 – 5 years	5+ years
	\$	\$	\$	\$
Financial liabilities due				
Trade and other payables	935,491	935,491	-	-
	935,491	935,491	-	-

Credit Risk Exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash at bank. The carrying amount of the financial assets on the Statement of Financial Position represents the maximum credit exposure.

All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

	2020	2019
	\$	\$
Cash and cash equivalents:		
AA rated	26,300,459	12,170,247

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Notes to the Consolidated Financial Statements (continued)

18. Related Party Transactions

Key Management Personnel

There were no key management personnel, other than the directors, during the year ended 30 June 2020.

The names of each person holding the position of director of the Company during the financial year are set out below:

- Dr Jason Loveridge
- Prof. Alexandra Sinclair
- Mr David McAuliffe
- Ms Narelle Warren

Transactions with key management personnel

(i) Total key management personnel remuneration is as follows:

	2020 \$	2019 \$
Short Term Benefits	445,000	55,000
Other non-cash Benefits	51,692	-
Post Employment Benefits	-	-
Share-based payments	477,252	-
	<u>973,944</u>	<u>55,000</u>

(ii) Nil loans were payable to or receivable from KMPs during or at the end of the financial year.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

19. Interests in subsidiary

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Invex Therapeutics Ltd	United Kingdom	100	-

Invex Therapeutics Ltd UK was incorporated on 12 December 2019.

Notes to the Consolidated Financial Statements (continued)

20. Share-based payments

Share-based payments made during the year ended 30 June 2020 are summarised below.

Recognised Share-based payment expense

	2020	2019
	\$	\$
Options granted to Directors as incentive	477,252	-
Options granted to Advisers as incentive	500,582	-
Options granted to Employees as incentive	5,558	-
	983,392	-

Options granted to Directors for services

The Group's current Employee Share Option Plan (ESOP) was approved by the Board of Directors on 20 May 2019. The ESOP is designed to provide medium and long term incentives for all employees (including Non-executive and Executive Directors) and to attract and retain experienced Employees, Board Members and Executive Officers and provide motivation to make the Group more successful.

Under the ESOP, participants have been granted options which only vest if certain milestones are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefit.

Any option may only be exercised after the option has vested and other conditions imposed by the board have been satisfied. Options are granted under the ESOP for no consideration. Options granted under the ESOP carry no dividend or voting rights. When exercisable, shares allotted pursuant to the exercise of options will be allotted following receipt of relevant documentation and payments will rank equally with all other shares.

As options granted to employees are considered to represent the value of the services received over the vesting period of the options, the assessed value of the options are recognised and expensed over the vesting period. Options vesting during the period of issue are fully expensed under the accounting standards. The total Directors and Employee Options expense for the period is outlined below.

Tranche	Valuation Date	Expiry Date	Exercise Price	Granted during the period	Vested during the Period	Total Share-based Payment Expense for the Period \$
1	22 Nov 2019	22 Nov 2023	\$0.60	2,200,000	-	477,252
2	21 Jan 2020	21 Jan 2023	\$1.00	1,250,000	250,000	500,582
3	9 April 2020	9 April 2023	\$0.60	60,000	-	5,558
				3,510,000	250,000	983,392

The weighted average remaining contractual life of options outstanding at the end of the year was 3.08 years.

Notes to the Consolidated Financial Statements (continued)

20. Share-based payments (continued)

Appropriate values for the options using the Black Scholes Model applying the following inputs.

Tranche	1	2	3
Share price	\$0.71	\$1.17	\$0.92
Exercise price	\$0.60	\$1.00	\$0.60
Expected volatility	75%	75%	75%
Expiry date (years)	4.00	3.00	3.00
Expected dividends	Nil	Nil	Nil
Risk free rate	0.77%	0.77%	0.77%
Value per option	\$0.42	\$0.62	\$0.55

The vesting conditions attached to the Tranche 1 and 3 Options are as follows:

- 50% of the Options will vest and become exercisable upon completion of 12 months continuous service from date of issue; and
- 50% of the Options vest and become exercisable upon completion of 24 months continuous service from date of issue.

The vesting conditions attached to the Tranche 2 Options are as follows:

- 250,000 of the Options vest from date of issue.
- 250,000 of the Options will vest and become exercisable 6 months from date of issue.
- 250,000 of the Options will vest and become exercisable 9 months from date of issue.
- 250,000 of the Options will vest and become exercisable 12 months from date of issue.
- 250,000 of the Options will vest and become exercisable 15 months from date of issue.

21. Matters Subsequent to end of Financial Year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not adversely financially impacted the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is changing rapidly and the Company's ability to operate normally is subject to measures imposed by the Australian Government and other countries, such as; maintaining social distancing requirements, quarantine, travel restrictions and other economic stimulus that may be provided.

On 2 July 2020 the Company allotted 7,653,847 ordinary shares, to raise \$9,950,001 following shareholder approval at General Meeting of Shareholders on 29 June 2020.

Other than as disclosed above, no matters or events have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial periods.

Notes to the Consolidated Financial Statements (continued)

22. Parent Entity Information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	\$	\$
Loss after income tax	(3,224,497)	(232,122)
Total comprehensive income	(3,224,497)	(232,122)

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	26,393,062	12,255,867
Total assets	157,095	117,946
Total current liabilities	2,006,132	935,491
Total liabilities	2,006,132	935,491
Equity		
Issued capital	27,017,127	11,670,444
Reserves	983,517	-
Accumulated losses	(3,456,619)	(232,122)
Total equity	24,544,025	11,438,322

23. Auditor's Remuneration

	2020	2019
	\$	\$
Amounts paid or payable to BDO for:		
Audit services		
- an audit or review of the financial report of the entity	35,291	20,000
Total audit services	35,291	20,000
Taxation services	2,000	-
Independent Assurance Report	-	10,914
Total other services	2,000	10,914

Notes to the Consolidated Financial Statements (continued)

24. Dividends

There are no dividends paid or payable at 30 June 2020.

25. Commitments

2019	Total	1 year or less	1 – 5 years	5+ years
	\$	\$	\$	\$
Phase II Clinical trial and reformulation	753,154	753,154	-	-
Total	753,154	753,154	-	-

There are no other commitments which require disclosure as at 30 June 2020.

26. Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its research and development activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The Group operated in one segment which is research and development activities within Australia. The Company is domiciled in Australia.

27. Contingent Liabilities and Contingent Assets

The Directors are not aware of any contingent liabilities or contingent assets which require disclosure as at 30 June 2020.

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, and:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Group.
 - (iii) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (c) The Directors have been given the declarations by the Executive Director as required by section 295A, of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by;



David McAuliffe
Non-executive Director

Perth, Western Australia, 27 August 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Invex Therapeutics Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Invex Therapeutics Ltd (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) 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 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 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.

Measurement of Share-Based Payments

Key audit matter	How the matter was addressed in our audit
During the financial year ended 30 June 2020, the Group issued options to employees, advisors and key management personnel, as disclosed in Note 20 of the financial report. The Group performed calculations to record the related share based payment expense in accordance with AASB 2 Share Based Payments in the consolidated statement of profit or loss and other comprehensive income. Refer to Notes 3(i) and 3(u) of the financial report for a description of the accounting policy and significant estimates and judgements applied to these arrangements. Due to the complex and judgemental estimates used in determining the fair value of the share based payments, we consider the Group's calculation of the share based payment expense to be a key audit matter.	Our procedures included, but were not limited to the following: • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the assumptions used in the Group's calculation being the share price of the underlying equity, risk free rate and volatility; • Assessing the allocation of the share-based payment expense over the relevant vesting period; and • Assessing the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the 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 ability of the group 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 has 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 (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/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 11 to 18 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Invex Therapeutics Ltd, for the year ended 30 June 2020, 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.

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 27 August 2020

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Invex Therapeutics Ltd (Group). The Board of Directors (Board) supports a system of corporate governance to ensure that the management of Invex Therapeutics Ltd is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("ASX Principles and Recommendations 4th Edition") where considered appropriate for Invex Therapeutics Ltd size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Trading in Securities, Continuous Disclosure, Shareholder Communication and Risk Management Policies.

Further details in respect to the Group's corporate governance practises and copies of Group's corporate governance policies and the 2020 Corporate Governance Statement, approved by the Board and applicable as at 30 June 2020 are available of the Group's website:

<http://www.invextherapeutics.com/company/corporate-governance>

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Company as at 27 August 2020 is 75,153,848 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	274	176,927	0.24
1,001-5,000	416	1,168,901	1.56
5,001-10,000	184	1,462,604	1.95
10,001-100,000	357	11,585,422	15.42
100,001 and above	86	6,759,994	80.85
Total	1,317	75,153,848	100

Unmarketable parcels

There were 79 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 27 August 2020

	Name	Number of shares	%
1	Tattarang Pty Ltd	8,846,154	11.77
2	Tisia Nominees Pty Ltd <Henderson Family A/C>	4,000,000	5.32
3	JK Nominees Pty Ltd <The JK Fund A/C>	3,900,000	5.19
4	Anthony Grist	3,597,700	4.79
5	Dr Jason Loveridge	3,374,462	4.49
6	Mr David Jerimiah McAuliffe	3,350,001	4.45
7	HSBC Custody Nominees (Australia) Limited A/C 2	2,668,747	3.55
8	Alexandra Jean Sinclair	2,500,000	3.33
9	Ms Kathryn Mary Salkilld	2,293,000	3.05
10	Citicorp Nominees Pty Ltd	2,029,472	2.70
11	The University of Birmingham	2,000,000	2.66
12	Bannaby Investments Pty Limited	1,625,000	2.16
13	Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	1,466,456	1.95
14	BNP Paribas Nominees Pty Ltd HUB 24 Custodial Serv Ltd DRP	1,220,000	1.62
15	Cityscape Asset Pty Ltd <Cityscape Family A/C>	1,173,781	1.56
16	HSBC Custody Nominees (Australia) Limited-GSI EDA	1,117,499	1.49
17	Sandhurst Trustees Ltd <Collins Value Fund A/C>	1,081,924	1.44
18	J P Morgan Nominees (Australia) Limited	875,000	1.16
19	HSBC Custody Nominees (Australia) Limited-GSI EDA	741,197	0.99
20	CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	702,244	0.93
	Total	48,562,637	64.62
	Total remaining holders balance	26,591,211	35.38

ASX Additional Information (continued)**3. Unquoted securities**

The unlisted options over shares in the Company as at 27 August 2020 are as follows:

Holder	Number of options held	% of issued capital held
WACC Pty Ltd <Progressive Global Fund A/C>	1,250,000	35.61
Dr Jason Loveridge	800,000	22.79
Prof. Alexandra Sinclair	800,000	22.79
Philuchna Pty Ltd <PM&NA Warren Family A/C>	400,000	11.40
David Jeremiah McAuliffe <The Lazy D9M Investment A/C>	200,000	5.70
Emma Hilton	60,000	1.71
Total	3,510,000	100.00

4. Voting rights

See note 12 of the financial statements.

5. Substantial shareholders as at 27 August 2020

Holder	Number of shares held	% of issued capital held
Tattarang Pty Ltd	8,846,154	11.77
Tisia Nominees Pty Ltd <Henderson Family A/C>	4,000,000	5.32
JK Nominees Pty Ltd <The JK Fund A/C>	3,900,000	5.19
Total	12,746,154	22.28

6. Restricted securities subject to escrow period

21,069,220 ordinary shares escrowed 24 months from quotation.

7. On-market buyback

There is currently no on-market buyback program for any of Invex's listed securities.

8. Company cash and assets

In accordance with Listing Rule 4.10.19, the Company confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2020 in a way that is consistent with its business objective and strategy.