

**ACTIVITY REPORT AND CASH FLOW REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2021**

MELBOURNE (AUSTRALIA) 20 January 2022: Invion Limited (ASX: IVX) ("Invion" or the "Company") wishes to provide the following update and Appendix 4C for the quarter ending 31 December 2021.

Summary of cash position and expenditure during the quarter

The Company held cash reserves at the end of the quarter of \$13.6 million, an increase of approximately \$10.7 million from the previous quarter as Invion successfully raised \$12.1 million in new capital via a Share Placement (Placement) and Share Purchase Plan (SPP).

The capital raised under the Placement and SPP will be used for pre-clinical and clinical work, and to expand Invion's exclusive agreement covering cancer-related treatments with RMW Cho, the licensor of the Photosoft™ technology, as detailed in the section below.

The existing R&D services agreement with RMW Cho still stands where RMW Cho will fully fund all cancer-related research and development of Photosoft™ around the world, apart from the Asia Pacific countries where Invion has exclusive rights to.

Invion recorded a cash outflow of \$705,000 from Operating Activities in the December quarter and the primary areas of expenditure were research and development (R&D) at \$550,000 and administration and corporate costs at \$680,000.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company discloses that the aggregate payments to related parties and their associates during the December quarter totalled \$287,000. The payment relates to outstanding CEO salary and the superannuation component of the directors' fees.

R&D activities during the quarter

Invion and its research partner, the Hudson Institute of Medical Research, released the findings from its follow-up Proof-of-Concept (PoC) II studies using Invion's latest Active Pharmaceutical Ingredient (API) INV043 to treat immunocompetent mice that had been implanted with triple negative breast cancer (TNBC).

The results showed complete tumour regression with no recurrence of disease in mice treated with photoactivated INV043.

Just as significantly, the treatment appeared to have triggered an immune response that subsequently prevented the recurrence of TNBC, with no apparent scarring or other indication of prior tumour presence, and no evidence of either primary tumour or metastatic spread at autopsy.

TNBC is an aggressive and metastatic tumour type that is innately resistant to most chemotherapies.

Hudson Institute is undertaking further studies on INV043, including tests on larger samples of mice, combination therapies and other cancer indications.

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Further, Invion is also commencing discovery studies looking at applications of Photosoft™ in the treatment of atherosclerosis and infectious diseases.

Expanded agreement

Invion and RMW Cho have entered into conditional agreements that will give the Company exclusive distribution rights to the Photosoft™ technology to treat cancer-related diseases in all Asia Pacific countries excluding Macau, Taiwan, Japan, South Korea and China (other than Hong Kong).

These new territories are in addition to Invion's exclusive rights to the Australian and New Zealand markets, which are covered under Invion's original agreement with RMW Cho.

Subject to shareholder approval, Invion will pay a one-off \$5 million amount to RMW Cho for the new territories as its contribution to development costs of the Photosoft™ technology, and Invion will fund future pre-clinical and clinical trial work for cancer treatments undertaken in the new territories.

This expanded agreement is on top of the co-development agreement struck between Invion and RMW Cho, which was announced to the market on 2 June 2021. That agreement gives the Company exclusive rights to Photosoft™ for the treatment of atherosclerosis and infectious diseases (including viral, bacterial, fungal and parasitic) in Asia Pacific¹. Invion and RMW Cho will co-fund the development of treatments for these indications.

These agreements significantly expand the pipeline of opportunities and markets available to Invion.

This announcement was approved for release by Thian Chew, Chairman of the Board.

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About Invion

Invion is a life-science company that is leading the global research and development of Photosoft™ technology for the treatment of a range of cancers, atherosclerosis and infectious diseases. Invion holds the exclusive Australia and New Zealand license rights and exclusive distribution rights to Asia Pacific excluding China (other than Hong Kong, which is included in the Territory), Macau, Taiwan, Japan and South Korea to the Photosoft™ technology for all cancer indications. It also holds the exclusive rights to the technology in Asia Pacific (excluding Greater China) for atherosclerosis and infectious diseases. Research and clinical cancer trials

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

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are funded by the technology licensor, RMW Cho Group Limited, via an R&D services agreement with the Company. Invion is listed on the ASX (ASX: IVX).

About Photodynamic Therapy (PDT)

Invion is developing Photosoft™ technology as a novel next generation Photodynamic Therapy (PDT). PDT uses non-toxic photosensitisers and light to selectively kill cancer cells and promote an anti-cancer immune response. Less invasive than surgery and with minimal side effects, PDT offers an alternative treatment option aimed at achieving complete tumour regression and long-lasting remission.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

INVION LTD

ABN

76 094 730 417

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	525	1,253
1.2 Payments for		
(a) research and development	(550)	(1,345)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(680)	(1,047)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	88
1.9 Net cash from / (used in) operating activities	(705)	(1,051)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	(2,250)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(2,250)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,138	16,638
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(818)	(818)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	11,320	15,820

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,941	1,037
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(705)	(1,051)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2,250)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,320	15,820
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13,556	13,556

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	13,556	2,941
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,556	2,941

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(287)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(705)
8.2	Cash and cash equivalents at quarter end (item 4.6)	13,556
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	13,556
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	19.2
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 January 2022

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.