

Appendix 4D Half-year report

1. Company details

Name of entity:	Invion Limited
ABN:	76 094 730 417
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	49.8% to	1,945,620
Loss from ordinary activities after tax attributable to the owners of Invion Limited	down	20.6% to	(830,705)
Loss for the half-year attributable to the owners of Invion Limited	down	20.6% to	(830,705)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$830,705 (31 December 2021: \$1,046,509).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.12</u>	<u>0.21</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half year ended.

11. Attachments

Details of attachments (if any):

The Half year ended of Invion Limited for the half-year ended 31 December 2022 is attached.

12. Signed

Signed



Date: 22 February 2023

Thian Chew
Chairman

Invion Limited

ABN 76 094 730 417

Half year ended - 31 December 2022

Invion Limited
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31 December 2022

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Invion Limited
Corporate directory
31 December 2022

Directors	Mr Thian Chew, (Executive Chairman and CEO) Mr Alan Yamashita, Non-executive Director Mr Rob Merriel, Non-executive Director Mr Alistair Bennallack, Non-executive Director
Company secretary	Claire Newstead-Sinclair
Australia Business Number	76 094 730 417
Registered office	Level 4, 100 Albert Road, South Melbourne Vic 3205 Australia P: (03) 8618 6843 E: investor@inviongroup.com W: www.inviongroup.com
Share register	Link Market Service Limited Locked Bag A14, Sydney South NSW 1235 Australia P: 1300 554 474 F: (02) 9287 0303 W: www.linkmarketservices.com.au
Auditor	Grant Thornton Audit Pty Ltd, Melbourne, Australia
Stock exchange listing	Invion Limited shares are listed on the Australian Securities Exchange (ASX code: IVX)

Invion Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Invion Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$830,705 (31 December 2021: \$1,046,509).

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

The Company achieved a number of key research and development milestones during the first half of financial year 2023 (1HFY23) for both cancer and infectious diseases.

Of significance, Invion announced the successful *in vitro* studies by the Peter MacCallum Cancer Centre (Peter Mac), which demonstrated INV043's effectiveness against six squamous cell carcinoma (SCC) cell lines that represent a range of anal cancers. INV043 is Invion's lead drug candidate in its cancer studies.

The overall results from Peter Mac were consistent with the promising outcomes achieved by the Hudson Institute of Medical Research (Hudson Institute) on other cancer types, including triple negative breast cancer. Peter Mac, Hudson Institute and other partners are undertaking further work on INV043 that will help pave the way for human clinical trials later this year.

Invion plans to start at least two clinical trials in the calendar year 2023 using INV043. The first trial is on skin cancer and the second is likely to be anogenital cancer.

Meanwhile, Invion released several promising early test results using Photosoft™ on a range of infectious diseases. Of note is the findings on antibiotic resistant MRSA bacteria, a type of Superbugs, that was carried out by the Australian Centre for Antimicrobial Resistance Ecology (ACARE), University of Adelaide, in partnership with Invion. Antimicrobial resistance has been described by the World Health Organization (WHO) as one of the top 10 threats facing humanity. *In vitro* tests performed by ACARE found that Photosoft™ compounds showed activity against multiple strains of this Superbug.

The centre also found that the Photosoft™ compounds showed activity against Escherichia coli bacteria and Candida albicans fungus.

In separate independent tests, Photosoft™ showed potential against SARS-CoV-2, the virus that causes COVID-19. Nine out of 10 Photosoft™ compounds tested displayed antiviral activity against the Delta and Omicron BA.1 variants of the disease.

The studies tested 10 different Photosoft™ compounds at eight concentrations for antiviral activity against the SARS-CoV-2 strains.

The Company held a cash balance of \$8.03 million on 31 December 2022, which would enable funding of its share of the development work in the foreseeable future for atherosclerosis, infectious diseases and cancers that are not covered by existing funding arrangements with RMW Cho Group.

Significant changes in the state of affairs

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

Invion Limited
Directors' report
31 December 2022

Matters subsequent to the end of the financial half-year

Subsequent to the period end, as announced by the company on ASX on 8 February 2023, Invion has entered into a conditional agreement with RMW Cho Group Limited (RMWCG) to expand existing Co-development Agreement and Exclusive Licence and Distribution Agreement – Atherosclerosis and Infectious Diseases (AID) with RMWCG on the following key terms:

- Invion's expanded territory for co-development and distribution rights of the Photosoft™ technology, to include the territories of United States of America, Canada and Hong Kong in relation to infectious diseases (the ID Indications);
- Invion will pay RMWCG an amount of A\$2.5 million as a contribution to prior development costs invested by RMWCG in the Photosoft™ technology in relation to the ID Indications for the territories of United States of America, Canada and Hong Kong;
- Any future non-clinical work will be funded by Invion 25% and RMWCG 75%, and future clinical work will be funded by Invion 75% and RMWCG 25%;
- Invion may (at its discretion) elect to make a further contribution of A\$1 million towards the development of the Photosoft™ technology in relation to atherosclerosis for the territories of United States of America, Canada and Hong Kong, and in which case, Invion's licence and distribution rights will also expand to include those territories; and
- The Proposed Transaction is conditional upon shareholders' approval in an extraordinary general meeting.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Thian Chew
Chairman

22 February 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Invion Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Invion Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance
Melbourne, 22 February 2023

Invion Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

		Consolidated	
	Note	31 December 2022	31 December 2021
		\$	\$
Revenue	5	1,945,620	1,298,560
Other income	6	918	80,013
Expenses			
Employee benefits expense		(293,494)	(293,500)
Depreciation and amortisation expenses		(327,177)	(165,625)
Administration & corporate expenses	7	(465,732)	(636,478)
Share-based payment expense		(219,798)	(421,175)
Research & development costs	8	<u>(1,471,042)</u>	<u>(908,304)</u>
Loss before income tax expense		(830,705)	(1,046,509)
Income tax expense	9	<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Invion Limited		(830,705)	(1,046,509)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Invion Limited		<u><u>(830,705)</u></u>	<u><u>(1,046,509)</u></u>
		Cents	Cents
Basic earnings per share	23	(0.01)	(0.02)
Diluted earnings per share	23	(0.01)	(0.02)

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

Invion Limited
Consolidated statement of financial position
As at 31 December 2022

		Consolidated	
	Note	31 December 2022	30 June 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	10	8,033,937	8,473,439
Trade and other receivables	11	333,919	139,957
Other current assets	12	164,764	34,149
Total current assets		<u>8,532,620</u>	<u>8,647,545</u>
Non-current assets			
Property, plant and equipment		67,884	479
Intangibles	13	11,074,375	11,393,125
Total non-current assets		<u>11,142,259</u>	<u>11,393,604</u>
Total assets		<u>19,674,879</u>	<u>20,041,149</u>
Liabilities			
Current liabilities			
Trade and other payables	14	594,560	422,797
Provisions		51,500	39,615
Total current liabilities		<u>646,060</u>	<u>462,412</u>
Total liabilities		<u>646,060</u>	<u>462,412</u>
Net assets		<u>19,028,819</u>	<u>19,578,737</u>
Equity			
Issued capital	15	146,593,386	146,543,659
Reserves	16	4,102,179	3,871,119
Accumulated losses		<u>(131,666,746)</u>	<u>(130,836,041)</u>
Total equity		<u>19,028,819</u>	<u>19,578,737</u>

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

Invision Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

Consolidated	Issued capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	130,956,127	2,429,194	(128,594,662)	4,790,659
Loss after income tax expense for the half-year	-	-	(1,046,509)	(1,046,509)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,046,509)	(1,046,509)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	15,530,622	-	-	15,530,622
-Options granted to Directors and employees (note 24)	-	421,175	-	421,175
-Listed options issued to Lead Managers (note 24)	-	264,900	-	264,900
Options issued to Directors in lieu of Directors fee	-	152,681	-	152,681
Share option exercised	56,910	(56,910)	-	-
Balance at 31 December 2021	<u>146,543,659</u>	<u>3,211,040</u>	<u>(129,641,171)</u>	<u>20,113,528</u>
Consolidated	Issued capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	146,543,659	3,871,119	(130,836,041)	19,578,737
Loss after income tax expense for the half-year	-	-	(830,705)	(830,705)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(830,705)	(830,705)
<i>Transactions with owners in their capacity as owners:</i>				
Options expense for:	-	-	-	-
-Options granted to Directors and employees (note 24)	-	219,798	-	219,798
Options issued to Directors in lieu of Directors fee	-	60,989	-	60,989
Share option exercised	49,727	(49,727)	-	-
Balance at 31 December 2022	<u>146,593,386</u>	<u>4,102,179</u>	<u>(131,666,746)</u>	<u>19,028,819</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Invion Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,039,339	1,253,456
Payments to suppliers and employees	<u>(2,403,926)</u>	<u>(2,392,050)</u>
	(364,587)	(1,138,594)
Interest received	918	13
Other revenue	<u>-</u>	<u>88,000</u>
Net cash used in operating activities	<u>(363,669)</u>	<u>(1,050,581)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(75,832)	-
Payments for intangibles	<u>-</u>	<u>(2,250,000)</u>
Net cash used in investing activities	<u>(75,832)</u>	<u>(2,250,000)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	16,637,500
Share issue transaction costs paid	<u>-</u>	<u>(818,043)</u>
Net cash from financing activities	<u>-</u>	<u>15,819,457</u>
Net increase/(decrease) in cash and cash equivalents	(439,501)	12,518,876
Cash and cash equivalents at the beginning of the financial half-year	<u>8,473,438</u>	<u>1,036,818</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>8,033,937</u></u>	<u><u>13,555,694</u></u>

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

Invion Limited
Notes to the consolidated financial statements
31 December 2022

Note 1. General information

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

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

Registered office

Level 4, 100 Albert Road,
South Melbourne, VIC 3205 Australia

Principal place of business

692 High Street, East Kew, VIC 3102 Australia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2023.

Note 2. Corporate information

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

The Invion Group ("the Group") consists of Invion Limited ("Invion" or "the Company") and its wholly owned subsidiary Epitech Dermal Science Pty Ltd. The Group is headquartered in Melbourne (Australia).

Note 3. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Invion Limited
Notes to the consolidated financial statements
31 December 2022

Note 3. Significant accounting policies (continued)

Going concern

This financial report for the six months ended 31 December 2022 has been prepared on a going concern basis. The Group incurred an operating loss after income tax of \$830,705 (2021: \$1,046,509) for the half-year. At 31 December 2022 the Company had net assets of \$19,028,819 (30 June 2022: \$19,578,737) and a net current asset position of \$7,886,560 (30 June 2022: \$8,185,133). In common with other companies in the biotechnology sector, the Group's operations are subject to risks and uncertainty due primarily to the nature of the drug development and commercialisation.

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

The Directors are satisfied that on the basis the Cho Group funding continues to be made available, there is a reasonable basis to conclude that adequate cash is available to meet the liabilities and commitments of the Group for a period of at least twelve months from the date of this report, and on that basis, are satisfied that the going concern basis of preparation is appropriate.

Note 4. Operating segments

Identification of reportable operating segments

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

The Invion Group operates as a clinical-stage life sciences (drug development) group. At 31 December 2022, the Group had operations in Australia only with its wholly owned subsidiary EpiTech Dermal Science Pty Ltd (previously IVX Cosmetics Pty Ltd). The Group does not consider that the risks and returns of the Group have been or are affected by differences in either the products or services it provides. The Group operates as one segment and as such in one geographical area. Group performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis.

The information reported to the CODM is on a monthly basis.

Note 5. Revenue

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
R&D services fee- over time	<u>1,945,620</u>	<u>1,298,560</u>

The above represents fees of \$1,945,620 earned from RMW Cho Group for Research and Development services provided. RMWCG is the single largest customer of the Group and a related party to Invion Limited. Refer to note 20 for further details on the related party transactions.

Under the R&D Service Agreement and the Co-development agreement with RMWCG, Invion provide Research and Development services based on the work plan approved by the steering committee. The performance obligations are met once the work plan is executed over the period of time. Under the R&D Service Agreement, the revenue is recognised based on fully burdened cost basis which includes direct costs and expenses incurred by Invion in performing the Services, plus an allocated portion of the relevant indirect costs incurred by Invion in performing such Services. Under the Co-development agreement, the revenue from RMWCG is recognised for its portion of contribution towards the research and development activities under this agreement.

Invion Limited
Notes to the consolidated financial statements
31 December 2022

Note 6. Other income

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Reimbursement of expenses	-	80,000
Interest income	918	13
	<u>918</u>	<u>80,013</u>
Other income	<u>918</u>	<u>80,013</u>

Note 7. Administration & corporate expenses

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Compliance and legal costs	104,551	267,436
Consulting fees incl. accounting, business development	131,565	217,854
Insurance expense	102,473	92,573
Office, administration and corporate expenses	49,792	58,615
Travelling, conferences and seminars	77,351	-
	<u>465,732</u>	<u>636,478</u>

Note 8. Research & development costs

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Pre-clinical trial costs	736,269	384,586
Consultancy fee - scientific and tech.	680,063	523,718
Cancer drug formulation	54,710	-
	<u>1,471,042</u>	<u>908,304</u>

Note 9. Income tax benefit

The Company has recorded nil tax benefit for the period ended 31 December 2022 (2021: \$nil)

Note 10. Current assets - cash and cash equivalents

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Cash at bank and in hand	<u>8,033,937</u>	<u>8,473,439</u>

Invion Limited
Notes to the consolidated financial statements
31 December 2022

Note 11. Current assets - trade and other receivables

	Consolidated	
	31 December	
	2022	30 June 2022
	\$	\$
Trade receivables	<u>333,919</u>	<u>139,957</u>

Trade receivables at 31 December 2022 contained nil (30 June 2022: \$128,957) of contract asset which represented the right to consideration in exchange for services performed under the R&D Service Agreement with RMW Cho Group.

Note 12. Current assets - Other current assets

	Consolidated	
	31 December	
	2022	30 June 2022
	\$	\$
Prepayments	<u>164,764</u>	<u>34,149</u>

Note 13. Non-current assets - intangibles

	Consolidated	
	31 December	
	2022	30 June 2022
	\$	\$
Intellectual property - at cost	12,750,000	12,750,000
Less: Accumulated amortisation	<u>(1,675,625)</u>	<u>(1,356,875)</u>
	<u>11,074,375</u>	<u>11,393,125</u>

Reconciliations

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

Consolidated	Photosoft
	\$
Balance at 1 July 2022	11,393,125
Amortisation expense	<u>(318,750)</u>
Balance at 31 December 2022	<u>11,074,375</u>

Invion is developing Photosoft™ technology as an improved next generation Photodynamic Therapy. The Photosoft™ commercialisation licence acquired in 2018 for \$5,500,000 was recognised as an intangible asset and is being amortised over a 20 year period. The Photosoft™ commercialisation licence is being carried at the cost of the licence and distribution agreement less accumulated amortisation.

In 2022 financial year, Invion entered into the following additional arrangements:

Note 13. Non-current assets - intangibles (continued)

- (i) The Co-development Agreement with RMW Cho Group (RMWCG) to co-develop Photosoft™ technology also referred to as Next Generation Photo Dynamic Therapy (NGPDT) for potential applications in atherosclerosis and infectious diseases (AID) (including viral, bacterial, fungal and parasitic) ('the AID indications'). Under the Exclusive Distribution and Licence Agreement between RMWCG and Invion Limited, for \$ 2,250,000, Invion acquired an exclusive licence to use the NGPDT IP (including any improvements thereof) and any inventions, and to distribute products and procedures, in relation to the Indications in the Asia Pacific Territory on the terms and conditions agreed between RMWCG and Invion Limited in the Exclusive Distribution and Licence Agreement. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.
- (ii) Invion entered into an agreement with RMWCG to expand its existing Co-development Agreement through the Amended and Restated Co-development Agreement, along with Exclusive Distribution and Licence Agreement – AID and Exclusive Distribution and Licence Agreement – Cancer (together, the Conditional Agreements). Under the Conditional Agreements, for \$5,000,000 Invion acquired an exclusive licence to use the NGPDT IP (including any improvements thereof) and any Inventions, and to distribute Products and Procedures, in relation to the Indications in the expanded territory as defined in and on the terms and conditions of the Exclusive Distribution and Licence Agreement – AID and Exclusive Distribution and Licence Agreement – Cancer. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.

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

Invion made a significant step forward in its research and development activities to improved API, which it called INV043. During the period, Invion had successful in vitro studies performed by the Peter MacCallum Cancer Centre (Peter Mac), which demonstrated INV043's effectiveness against six squamous cell carcinoma (SCC) cell lines that represent a range of anal cancers. the results consistent with the outcomes achieved by research partner, Hudson Institute of Medical Research across range a range on cancers. Invion's research partners are undertaking further work to pave the way for human trials later this year.

The company also expanded its research and development activities using Photosoft™ on Atherosclerosis and Infectious Diseases with initial pre-clinical studies with Photosoft™ compounds showing activities against range of bacteria, fungus and viruses. In light of significant progress in research and development on cancer treatment using the Photosoft technology, management did not observe any indicators for impairment to this carrying value. There have been no indicators of any technological obsolescence to the Photosoft™ technology. The Group assessed that there is no impact of COVID-19 on Photosoft™ commercialisation licences.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$	\$
Trade payables	343,188	221,262
Accrued expenses	123,598	150,964
Director related accruals	-	20,356
Other payables	127,774	30,215
	<u>594,560</u>	<u>422,797</u>

Invion Limited
Notes to the consolidated financial statements
31 December 2022

Note 15. Equity - issued capital

	31 December 2022 Shares	Consolidated 30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	<u>6,420,092,081</u>	<u>6,416,513,644</u>	<u>146,593,386</u>	<u>146,543,659</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	6,416,513,644		146,543,659
Shares issued on exercise of options	16 September 2022	<u>3,578,437</u>	\$0.02	<u>49,727</u>
Balance	31 December 2022	<u>6,420,092,081</u>		<u>146,593,386</u>

Ordinary shares

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

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

Share buy-back

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

Note 16. Equity - reserves

	Consolidated 31 December 2022 \$	30 June 2022 \$
Options reserve	<u>4,102,179</u>	<u>3,871,119</u>

Option reserve

Items recognised as an expense with respect to share-based consideration.

Note 17. Equity - dividends

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

Note 18. Contingent liabilities

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

Note 19. Commitments

Corporate commitments: The Company rents premises at East Kew in Victoria on a month-to-month basis. The agreement has no terms nor is there a make-good requirement upon termination of the agreement. The Company does not have lease agreements for telephone, copier or similar corporate overhead items. There are no right of use asset or liabilities recognised.

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

Invion Limited
Notes to the consolidated financial statements
31 December 2022

Note 20. Related party transactions

Parent entity

Invion Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 21.

Transactions with related parties

Mr Thian Chew, Executive Chairman and CEO of Invion Limited, is Managing Partner of Polar Ventures Limited. Polar Ventures Limited and The Cho Group are associates in accordance with section 12(2) of the Corporations Act. The Cho Group has entered into a consultancy agreement with Polar Ventures, pursuant to the terms of which Polar Ventures has agreed to provide general advice and support for The Cho Group's interests in its investment in Invion. During the half-year ended 31 December 2022, transactions with Mr Chew consisted of director's fees of \$45,000 and CEO salary of \$154,500. Further 22,013,745 options were issued to Mr. Thian Chew on 17 November 2022 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 17 November 2022.

The Group was engaged to conduct the clinical development of Photosoft™ globally. The Cho Group agreed to provide funding for the clinical trials and related development, in a clinical development program designed and managed by a joint steering committee between the two companies. Current revenue during the period was \$1,945,620 (2021: \$1,298,560). As at 31 December 2022 nil (30 June 2022: \$128,957) was included in trade receivables as contract asset.

Mr Rob Merriel, Non-Executive Director of Invion Limited, is Chief Financial Officer, Chief Commercialisation Officer and Company Secretary of the Hudson Institute of Medical Research ('Hudson'). Invion Ltd has an R&D Alliance agreement with Hudson. During the half year ended 31 December 2022, \$210,000 (31 December 2021: \$379,506) has been invoiced by Hudson under the R&D Alliance agreement.

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

Note 21. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2022 %	30 June 2022 %
EpiTech Dermal Science Pty Ltd (previously IVX Cosmetics Pty Ltd)	Australia	100.00%	100.00%

Invion Limited
Notes to the consolidated financial statements
31 December 2022

Note 22. Events after the reporting period

Subsequent to the period end, as announced by the company on ASX on 8 February 2023, Invion has entered into a conditional agreement with RMW Cho Group Limited (RMWCG) to expand existing Co-development Agreement and Exclusive Licence and Distribution Agreement – Atherosclerosis and Infectious Diseases (AID) with RMWCG on the following key terms:

- Invion’s expanded territory for co-development and distribution rights of the Photosoft™ technology, to include the territories of United States of America, Canada and Hong Kong in relation to infectious diseases (the ID Indications);
- Invion will pay RMWCG an amount of A\$2.5 million as a contribution to prior development costs invested by RMWCG in the Photosoft™ technology in relation to the ID Indications for the territories of United States of America, Canada and Hong Kong;
- Any future non-clinical work will be funded by Invion 25% and RMWCG 75%, and future clinical work will be funded by Invion 75% and RMWCG 25%;
- Invion may (at its discretion) elect to make a further contribution of A\$1 million towards the development of the Photosoft™ technology in relation to atherosclerosis for the territories of United States of America, Canada and Hong Kong, and in which case, Invion’s licence and distribution rights will also expand to include those territories; and
- The Proposed Transaction is conditional upon shareholders’ approval in an extraordinary general meeting.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity’s operations, the results of those operations, or the consolidated entity’s state of affairs in future financial years.

Note 23. Earnings per share

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss after income tax attributable to the owners of Invion Limited	<u>(830,705)</u>	<u>(1,046,509)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>6,418,594,583</u>	<u>5,823,168,938</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>6,418,594,583</u>	<u>5,823,168,938</u>
	Cents	Cents
Basic earnings per share	(0.01)	(0.02)
Diluted earnings per share	(0.01)	(0.02)

Invision Limited
Notes to the consolidated financial statements
31 December 2022

Note 24. Share-based payments

Share based payments expense during the period is \$180,086 (2021: \$421,175) of which relates to options issued to Directors, KMP and other employees of the company.

Summary of options granted and lapsed during the half-year ended 31 December 2022 are as below.

Unlisted Options

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted*	Exercised**	Expired/ forfeited/ other	Balance at the end of the half-year
12/02/2019	12/02/2023	\$0.03	199,434,882	-	-	-	199,434,882
31/10/2019	31/10/2023	\$0.02	2,725,761	-	-	-	2,725,761
01/07/2020	01/07/2024	\$0.02	15,928,570	-	-	-	15,928,570
31/08/2020	31/08/2024	\$0.02	20,443,211	-	-	-	20,443,211
22/10/2020	22/10/2024	\$0.02	20,443,211	-	-	-	20,443,211
29/10/2020	31/10/2024	\$0.01	2,725,762	-	-	-	2,725,762
31/10/2020	31/10/2024	\$0.00	4,573,131	-	-	-	4,573,131
15/12/2020	31/10/2024	\$0.00	4,349,102	-	-	-	4,349,102
07/04/2021	31/10/2024	\$0.00	4,061,710	-	-	-	4,061,710
10/06/2021	31/10/2024	\$0.00	2,556,462	-	-	-	2,556,462
16/09/2021	31/10/2024	\$0.00	3,639,427	-	-	-	3,639,427
30/09/2021	23/09/2025	\$0.02	138,488,557	-	-	-	138,488,557
07/12/2021	31/10/2025	\$0.00	2,979,408	-	(606,986)	-	2,372,422
15/03/2022	31/10/2025	\$0.00	3,505,568	-	(714,179)	-	2,791,389
16/06/2022	31/10/2025	\$0.00	4,989,744	-	(1,016,546)	-	3,973,198
12/09/2022	31/10/2025	\$0.00	-	6,090,139	(1,240,726)	-	4,849,413
17/11/2022	17/11/2026	\$0.02	-	22,013,745	-	-	22,013,745
			<u>430,844,506</u>	<u>28,103,884</u>	<u>(3,578,437)</u>		<u>455,369,953</u>

* 6,090,139 options issued on 12 September 2022 were issued at nil exercise price to the Directors in-lieu of cash for the Directors fee payable. These were issued based on the approvals obtained in the AGM held on 9th November 2021 and relates to the period June to August 2022. 22,013,745 options were issued to Mr. Thian Chew on 17 November 2022 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 17 November 2022.

** 3,578,437 options were exercised and traded by Alistair Bennallack on the 16th September 2022

For the 22,013,745 options were granted to Mr. Thian Chew during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/11/2022	17/11/2026	\$0.01	\$0.02	90.00%	-	3.27%	\$0.006

Listed options

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
11/11/2021	11/05/2023	0.04	30,000,000	-	-	-	30,000,000
17/12/2021	17/06/2023	0.04	<u>254,981,422</u>	-	-	-	<u>254,981,422</u>
			<u>284,981,422</u>	-	-	-	<u>284,981,422</u>

Invion Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Thian Chew
Chairman

22 February 2023

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Independent Auditor's Review Report

To the Directors of Invion Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Invion Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Invion Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Invion Limited financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance
Melbourne, 22 February 2023