

Invion Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Invion Limited
ABN:	76 094 730 417
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	41.3% to	3,291,763
Loss from ordinary activities after tax attributable to the owners of Invion Limited	up	51.1% to	(2,241,379)
Loss for the year attributable to the owners of Invion Limited	up	51.1% to	(2,241,379)

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 \$2,241,379 (30 June 2021: \$1,482,951).

3. Net tangible assets

	Reporting period Cent	Previous period Cent
Net tangible assets per ordinary security	<u>0.13</u>	<u>-</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 have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Invision Limited for the year ended 30 June 2022 is attached.

12. Signed

Signed  _____

Thian Chew
Chairman

Date: 17 August 2022

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Invision Limited

ABN 76 094 730 417

Annual Report - 30 June 2022

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Invion Limited
Contents
30 June 2022

Corporate directory	2
Directors' report	3
Auditor's independence declaration	18
Statement of profit or loss and other comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Statement of cash flows	22
Notes to the financial statements	23
Directors' declaration	44
Independent auditor's report to the members of Invion Limited	45
Shareholder information	48

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Invion Limited
Corporate directory
30 June 2022

Directors

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

Company secretary

Ms Claire Newstead-Sinclair

Australia Business Number

76 094 730 417

Registered office

Level 4, 100 Albert Road, South Melbourne Vic 3205 Australia
P: (03) 9692 7222
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
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Invion Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

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

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

Principal activities

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

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

During FY 2022, there was an expansion of Invion's exclusivity agreement with RMW Cho Group, the developer of Photosoft™ technology, which will give Invion access to markets with more than 2.8 billion people. Under the new agreement, both parties will co-develop Photosoft™ for cancer and related diseases (Indications), pursuant to which Invion will gain exclusive distribution rights to the technology in Central, South & South-East Asia and Asia Pacific¹ (Territory) for the Indications.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,241,379 (30 June 2021: \$1,482,951).

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

During the year, Invion has made significant progress in proving-up its latest Active Pharmaceutical Ingredient (API), INV043, which it will taking to clinical trials. The results from a Proof-of-Concept (PoC) study released in October last year found that INV043 completely regressed triple negative breast cancer (TNBC) in mice.

This study was undertaken by its research partner, the Hudson Institute of Medical Research (Hudson Institute). TNBC is an aggressive and metastatic tumour type that is innately resistant to most chemotherapies. These tumours are difficult to treat and have high mortality rates.

Not only did the results from the PoC show a complete regression in the cancer, but also subsequent re-challenging with TNBC implants could not re-establish new tumours, suggesting the development of protective immunity.

Meanwhile, in a follow-up PoC study by Hudson Institute in May this year, INV043 was found to significantly improve immune checkpoint inhibitor (ICI) therapies when used in combination. The results showed that when INV043 was administered with anti-PD-1 (a type of ICI therapy) in mice, it led to a circa 65% reduction in the TNBC tumour size when compared with the standalone ICI treatment.

ICI therapies are an established type of immunotherapy used to treat cancers, although many patients do not respond to these treatments. Combining INV043 with ICI therapies have the potential to improve outcomes for cancer patients.

Invion Limited
Directors' report
30 June 2022

The other significance of this PoC study is that it highlights the potential partnership opportunities that exist between Invion and global pharmaceutical companies that own the intellectual property of key ICI drugs. The patents in some of these drugs are set to expire in the coming years, and a partnership agreement with Invion may be one way to extend the patents associated with these treatments.

Separately, the Peter MacCallum Cancer Centre (Peter Mac) has been progressing pre-clinical work that will contribute to the development of INV043.

In light of these positive developments, Invion signed a new agreement with RMW Cho Group Limited (RMW), the licensor of the Photosoft™ technology, to expand Invion's exclusive use of the technology for cancer treatments to new territories.

Invion's original agreement with RMW covered Australia and New Zealand. The expanded agreement will also include all Asia Pacific countries excluding Macau, Taiwan, Japan, South Korea and China (but includes Hong Kong).

Invion made a one-off payment of \$5 million as its contribution to development costs of the Photosoft™ technology in relation to cancer treatments to RMW. Any future pre-clinical and clinical trial work for cancers for the new territories will be funded by Invion at Invion's election. RMW and its affiliates will continue funding Invion's R&D activities for cancers in relation to Australia and New Zealand under the original existing services agreement.

To help fund the transaction and for future working capital requirements, Invion successfully raised \$12.1 million late last year via a share placement to professional and sophisticated investors and a share purchase plan to existing shareholders.

The Company held a cash balance of \$8.5 million on 30 June 2022, which would enable funding of its share of the development work for atherosclerosis, infectious diseases and cancers that are not covered by existing funding arrangements with RMWC.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

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

Environmental regulation

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

Information on directors

Name: Mr Thian Chew
Title: Chairman and CEO
Qualifications: Bachelor of Information Systems, MA, MBA and qualified chartered accountant
Experience and expertise: Mr Chew has over 25 years' experience in investing, finance and transforming business operations. He is Managing Partner at Polar Ventures, a private investment and consulting firm that provides capital, strategic and operating solutions, focusing on small to mid-sized enterprises in Asia. Mr Chew was previously an Executive Director at Goldman Sachs (Hong Kong and New York) responsible for the firm's proprietary investments including growth capital, private equity and special situations in both private and public companies. Prior to this, he was a Consultant Project Manager to Morgan Stanley, New York. Mr Chew also held a number of positions in KPMG across Asia Pacific including Director at KPMG Consulting (Singapore and Sydney) where he led several large-scale operational restructurings, post-merger integration, transformation, and business performance improvement programs. As a Senior Manager at KPMG (Taipei and Melbourne), he led several business process re-engineering initiatives, and also performed financial and information technology audit, risk and assurance engagements across multiple industries. Mr Chew holds an MBA from the Wharton School (Palmer Scholar), MA from the Lauder Institute, University of Pennsylvania, and a Bachelor of Information Systems from Monash University. Mr Chew is an Adjunct Professor at HKUST's MBA program and previously qualified as a chartered accountant.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 546,857,721
Interests in options: 181,364,216

Name: Alan Yamashita
Title: Non-executive Director
Qualifications: MPA, BA
Experience and expertise: Mr Yamashita is a highly experienced corporate consultant and investment professional, with over 40 years' experience in investment management, investment banking and alternative investment throughout the APAC region. From 1999 to 2005, Mr Yamashita was President and CEO of Search Investment Group and founding CEO and CIO of Search Alternative Investment Ltd (SAIL), a major private global hedge fund and private equity investment practice headquartered in Asia. Prior to Search Investments Group, Mr Yamashita was Managing Director and Head of Asia Capital Markets for Merrill Lynch from 1996 to 1998. Mr Yamashita is currently Managing Partner at Polar Ventures and has held numerous positions as a 16-year veteran of Goldman Sachs and an advisor to various companies, including Plantation Timber Partners, Wuhan; Duty Free Shoppers, Asia; TVSN, Shanghai; and Mizuho Alternative Investments LLC.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chair of Nomination and Remuneration Committee, Member of Audit & Risk Committee
Interests in shares: Nil
Interests in options: 29,942,609

Invion Limited
Directors' report
30 June 2022

Name: Rob Merriel
Title: Non-executive Director
Qualifications: BA: Grad Dip (Psychology); Grad Dip (Accounting); CPA
Experience and expertise: Rob is a Certified Practising Accountant (CPA) with over 35 years of experience working in medical research (Hudson Institute of Medical Research and Baker Institute), large public healthcare services (Melbourne Health and Southern Health) and commercial organisations (Pacific Dunlop and Deloitte Consulting). He has been a Director of two Venture Capital Funds and a Director and Company Secretary of several biotechnology focused medical research institute spin-off companies. Mr Merriel was appointed as the Chief Financial Officer, Chief Commercialisation Officer and Company Secretary of the Hudson Institute of Medical Research in May 2014, positions he continues to hold today.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of Audit & Risk Committee and Remuneration & Nomination Committee
Interests in shares: None
Interests in options: 23,642,610

Name: Alistair Bennallack
Title: Non-executive Director
Qualifications: CA
Experience and expertise: Mr Bennallack is currently the Group Chief Financial Officer of Village Roadshow Pty Ltd, Head of Risk for Village Roadshow Pty Ltd and Chief Executive Officer of Village Roadshow Theme Parks Asia, a division of Village Roadshow Theme Parks Pty Ltd. He is the primary executive responsible for conceptualising, executing and delivering Village Roadshow's expansion into China and Asia. He is a former member of the Village Roadshow Ltd Executive Committee, current member of the Village Roadshow Theme Parks Executive Committee and current member of all Village Roadshow Pty Ltd's Management and Risk Committees. His previous roles have included Chief Financial Officer of Village Roadshow Ltd and General Manager Business Affairs of Village Roadshow Corporation Pty Ltd (controlling shareholder of Village Roadshow Ltd.)

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chair of Audit and Risk Committee
Interests in shares: 16,171,550
Interests in options: 22,780,922

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

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

Company secretary

Ms Melanie Leydin resigned as Company Secretary on 1 November 2021. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm. Upon the merger of Leydin Freyer with Vistra in November 2021, Ms Leydin is the country head of Vistra Australia. Ms Leydin has over 25 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations and is a director and company secretary for a number of entities listed on the Australian Securities Exchange.

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

Invion Limited
Directors' report
30 June 2022

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
T Chew	14	14	-	2	-	-
A Yamashita	10	14	2	2	2	2
R Merriel	14	14	2	2	2	2
A Bennallack	14	14	-	-	2	2

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

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

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

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

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Group's guiding principle for remuneration is that remuneration should be simple and transparent, should reward achievement, and should facilitate the alignment of shareholder and executive interests. The Company's philosophy is that shareholder and executive interests are best aligned:

- by providing levels of fixed remuneration and 'at risk' pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy
- by ensuring 'at risk' remuneration is contingent on outcomes that grow and/or protect shareholder value; and
- by ensuring a suitable proportion of remuneration is received as a share-based payment

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

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

Remuneration consists of:

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

Total fixed remuneration

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

'At risk' remuneration

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

The Nomination and Remuneration Committee

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

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

(a) Nomination

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

(b) Remuneration

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

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

Non-executive directors' remuneration

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

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

Executive remuneration

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

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

Invision Limited
Directors' report
30 June 2022

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

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

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

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

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

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

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

Voting and comments made at the company's 2021 Annual General Meeting ('AGM')

At the 9 November 2021 AGM, 97.62% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Invision Limited
Directors' report
30 June 2022

Details of remuneration

Amounts of remuneration

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

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

(i) Out of \$54,740 of Director fee of A Yamashita, \$50,182 was paid through the issue of share options in lieu of cash and \$4,562 is payable as at 30 June 2022.

(ii) Out of \$49,764 of Director fee of R Merriel, \$45,617 was paid through the issue of share options in lieu of cash and \$4,147 is payable as at 30 June 2022.

(iii) Out of \$49,764 of Director fee of A Bennallack, \$45,617 was paid through the issue of share options in lieu of cash and \$4,147 is payable as at 30 June 2022.

(v) T. Chew's salary and fee of \$399,000 comprise of Director fee of \$90,000 and CEO salary of \$309,000. Out of the Director fee for the year \$82,500 was paid through the issue of share options in lieu of cash and \$7,500 is payable as at 30 June 2022.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
30 June 2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
T Chew ⁽ⁱ⁾	30,000	-	-	-	-	13,995	43,995
M Farris ⁽ⁱⁱ⁾	15,068	-	-	-	-	(61,946)	(46,878)
A Yamashita ⁽ⁱⁱⁱ⁾	54,744	-	-	-	-	41,984	96,728
R Merriel ^(iv)	41,660	-	-	3,960	-	126,952	172,572
A Bennallack ^(v)	34,672	-	-	3,296	-	127,157	165,125
<i>Executive Directors:</i>							
T Chew ^(vi)	266,000	-	15,846	-	-	41,984	323,830
C Newton ^(vii)	70,731	-	-	14,541	-	147,079	232,351
	<u>512,875</u>	<u>-</u>	<u>15,846</u>	<u>21,797</u>	<u>-</u>	<u>437,205</u>	<u>987,723</u>

Invision Limited
Directors' report
30 June 2022

- (i) \$30,000 of Director fee as Non-executive Director was paid through the issue of share options in lieu of cash.
- (ii) M. Farris resigned as Non-Executive Director on 31 August 2020. \$(61,946) of movement in share-based payments represent \$26,765 of share-based payment expenses on unvested options and \$(88,711) of reversal of share-based payment charge due to the forfeiture of options due to the resignation.
- (iii) Out of \$54,744 of Director fee, \$50,182 was paid through the issue of share options in lieu of cash and \$4,562 is payable as at 30 June 2021.
- (iv) R. Merriel was appointed as the Non-Executive Director on 31 August 2020. Out of \$45,620 of Director fee (inclusive of superannuation), \$37,494 was paid through the issue of share options in lieu of cash and \$4,166 is payable as at 30 June 2021.
- (v) A. Bennallack was appointed as the Non-Executive Director on 22 October 2020. Out of \$37,968 of Director fee (inclusive of superannuation), \$35,465 is payable as at 30 June 2021.
- (vi) T. Chew was appointed Executive Chairman and CEO effective 1 November 2020. \$266,000 of salary comprise of T. Chew's Executive Director fee of \$60,000 and CEO salary of \$206,000 for the period 1 November 2020 to 30 June 2021. Out of \$60,000 Director fee, \$52,500 was paid through the issue of share options in lieu of cash. Director fee of \$7,500 and CEO salary of \$206,000 is payable as at 30 June 2021.
- (vii) C. Newton resigned as the Managing Director & CEO on 31 October 2020.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>Non-Executive Directors:</i>						
T Chew	-	100%	-	-	-	-
M Farris*	-	100%	-	-	-	-
A Yamashita	100%	100%	-	-	-	-
R Merriel	100%	100%	-	-	-	-
A Bennallack	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
T Chew	89%	100%	11%	-	-	-
C Newton**	-	100%	-	-	-	-

* M. Farris resigned as the Non-executive Director on 31 August 2020.

** C Newton resigned as the Managing Director & CEO on 31 October 2020 and T. Chew was appointed Executive Chairman and CEO effective 31 October 2020.

Service agreements

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

Name: Thian Chew
 Title: Executive Chairman and CEO effective 31 October 2020.
 Agreement commenced: 1 November 2020
 Term of agreement: Remuneration:
 Total annual remuneration package of \$309,000.

Short term Incentives:

An annual short-term incentive of up to 50% of the Remuneration Package payable in cash net of any applicable deduction for income taxes etc. This short-term incentive will be payable at the absolute discretion of the Board and subject to funds being available on the attainment of annual predetermined performance milestones.

Long term Incentive:

Eligible to participate in the Company's equity participation plans. The amount, price and other terms of any securities issued (if any) is at the sole discretion of the Board and will be subject to the rules of the plans and to shareholder approval. The Employee will receive, subject to shareholder approval, up to 2.5 percent equity in the form of premium priced, non-dilutive options to be vested 25% up front, followed by 25% annually until the end of the third year. The options will expire after four years. In the event of a change of control after the first anniversary of continuous service, then the balance of any unissued shares subject to this clause will be issued and will vest immediately.

Notice period:

6 months' notice in writing.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as compensation during the year ended 30 June 2022. Following shares were issued to directors and other key management personnel upon exercise of remuneration related options:

Name	Grant Date	Date of exercise of option	Exercise price	Number of Options exercised	Number of shares issued
R Merriel	07/04/2021	30/09/2021	\$0.00	19,341	19,341
R Merriel	10/06/2021	30/09/2021	\$0.00	882,961	882,961
R Merriel	16/09/2021	30/09/2021	\$0.00	97,698	97,698
A Bennallack	30/09/2021	04/10/2021	\$0.00	2,838,217	2,838,217
				<u>3,838,217</u>	<u>3,838,217</u>

Invision Limited
Directors' report
30 June 2022

Options

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
T Chew	5,451,523	12/02/2019	12/2/2019	12/02/2023	\$0.03	\$0.01
T Chew	5,451,523	12/02/2019	01/12/2019	12/02/2023	\$0.03	\$0.01
T Chew	5,451,523	12/02/2019	01/12/2020	12/02/2023	\$0.03	\$0.01
T Chew	5,451,523	12/02/2019	01/12/2021	12/02/2023	\$0.03	\$0.01
T Chew	5,451,523	12/02/2019	01/12/2022	12/02/2023	\$0.03	\$0.01
A Yamashita	4,088,642	12/02/2019	12/02/2019	12/02/2023	\$0.03	\$0.01
A Yamashita	4,088,642	12/02/2019	01/12/2019	12/02/2023	\$0.03	\$0.01
A Yamashita	4,088,642	12/02/2019	01/12/2020	12/02/2023	\$0.03	\$0.01
A Yamashita	4,088,642	12/02/2019	01/12/2021	12/02/2023	\$0.03	\$0.01
A Yamashita	4,088,642	12/02/2019	01/12/2022	12/02/2023	\$0.03	\$0.01
R Merriel	20,443,211	31/08/2020	31/08/2020	31/08/2024	\$0.02	\$0.01
A Bennallack	20,443,211	22/10/2020	22/10/2020	22/10/2024	\$0.02	\$0.01
T Chew	3,537,736	31/10/2020	31/10/2020	31/10/2024	\$0.00	\$0.01
A Yamashita	2,151,887	31/10/2020	31/10/2020	31/10/2024	\$0.00	\$0.01
A Yamashita	1,222,558	15/12/2020	15/12/2020	31/10/2024	\$0.00	\$0.01
T Chew	2,010,052	15/12/2020	15/12/2020	31/10/2024	\$0.00	\$0.01
T Chew	2,525,590	07/04/2021	07/04/2021	31/10/2024	\$0.00	\$0.01
A Yamashita	1,536,120	07/04/2021	07/04/2021	31/10/2024	\$0.00	\$0.01
T Chew	1,589,620	10/06/2021	10/06/2021	31/10/2024	\$0.00	\$0.01
A Yamashita	966,842	10/06/2021	10/06/2021	31/10/2024	\$0.00	\$0.01
T Chew	1,727,211	16/09/2021	16/09/2021	31/10/2024	\$0.00	\$0.01
A Yamashita	1,050,528	16/09/2021	16/09/2021	31/10/2024	\$0.00	\$0.01
R Merriel	861,688	16/09/2021	16/09/2021	31/10/2024	\$0.00	\$0.01
T Chew	138,488,557	30/09/2021	30/09/2021	23/09/2025	\$0.02	\$0.01
T Chew	1,097,756	07/12/2021	31/10/2025	31/10/2025	\$0.00	\$0.02
A Yamashita	667,680	07/12/2021	31/10/2025	31/10/2025	\$0.00	\$0.02
R Merriel	606,986	07/12/2021	31/10/2025	31/10/2025	\$0.00	\$0.02
A Bennallack	606,986	07/12/2021	31/10/2025	31/10/2025	\$0.00	\$0.02
T Chew	1,291,619	15/03/2022	31/10/2025	31/10/2025	\$0.00	\$0.02
A Yamashita	785,591	15/03/2022	31/10/2025	31/10/2025	\$0.00	\$0.02
R Merriel	714,179	15/03/2022	31/10/2025	31/10/2025	\$0.00	\$0.02
A Bennallack	714,179	15/03/2022	31/10/2025	31/10/2025	\$0.00	\$0.02
T Chew	1,838,460	16/06/2022	31/10/2025	31/10/2025	\$0.00	\$0.01
R Merriel	1,118,192	16/06/2022	31/10/2025	31/10/2025	\$0.00	\$0.01
A Yamashita	1,016,546	16/06/2022	31/10/2025	31/10/2025	\$0.00	\$0.01
R Merriel	1,016,546	16/06/2022	31/10/2025	31/10/2025	\$0.00	\$0.01

Options granted carry no dividend or voting rights.

Invision Limited
Directors' report
30 June 2022

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$
T Chew*	1,254,688	-	-
A Yamashita**	54,740	-	-
R Merriel**	49,820	13,943	-
A Bennallack**	80,000	42,671	-

* Option value of \$1,254,688 represents 5,955,046 options issued during the year in-lieu of the Directors fee payable of \$90,000 and 138,488,557 options, fair valued at \$1,164,688, issued under the Company's Employee Share Option Plan on 30 September 2021.

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

Additional information

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

	2022	2021	2020	2019	2018
Net tangible assets per share (\$)	-	-	0.01	-	-
Earnings per share (cent per share)	(0.04)	(0.03)	(0.03)	(0.05)	(0.02)
Share price at financial year end (cent)	0.90	1.30	0.80	1.50	3.40

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposal/other movement	Balance at the end of the year
Ordinary shares					
T Chew	546,857,721	-	-	-	546,857,721
R Merriel*	-	-	1,000,000	(1,000,000)	-
A Bennallack**	13,333,333	-	2,838,217	-	16,171,550
	<u>560,191,054</u>	<u>-</u>	<u>3,838,217</u>	<u>(1,000,000)</u>	<u>563,029,271</u>

* During the year 1,000,000 shares were issued R Merriel upon exercise of 1,000,000 options. Subsequent to the issue, R Merriel disposed 1,000,000 shares on 4 October 2021.

** Addition represents share issued to A Bennallack upon exercise of 2,838,217 options on 4 October 2021.

Invion Limited
Directors' report
30 June 2022

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
T Chew*	36,920,613	144,443,603	-	-	181,364,216
A Yamashita**	26,320,618	3,621,991	-	-	29,942,609
R Merriel***	21,345,513	3,297,097	(1,000,000)	-	23,642,610
A Bennallack***	20,443,211	5,175,928	(2,838,217)	-	22,780,922
	<u>105,029,955</u>	<u>156,538,619</u>	<u>(3,838,217)</u>	<u>-</u>	<u>257,730,357</u>

* Options granted to T Chew comprise of 5,955,046 options issued in-lieu of the Directors fee and 138,488,557 options were issued on 30 September 2021 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 23 September 2021.

** During the year 3,621,991 options were granted to A Yamashita Chew in-lieu of the Directors fee payable.

*** During the year 3,297,097 and 5,175,928 options were granted during the year to R Merriel and A Bennallack respectively in-lieu of the Directors fee payable. R Merriel exercised 1,000,000 and A Bennallack exercised 2,838,217 of their respective options during the year.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
12 February 2019	12 February 2023	\$0.03	199,434,882
31 October 2019	30 October 2023	\$0.02	2,725,761
01 July 2020	01 July 2024	\$0.02	15,928,570
31 August 2020	31 August 2024	\$0.02	20,443,211
22 October 2020	22 October 2024	\$0.02	20,443,211
29 October 2020	31 October 2024	\$0.01	2,725,942
31 October 2020	31 October 2024	\$0.00	5,689,623
15 December 2020	31 October 2024	\$0.00	3,232,610
07 April 2021	31 October 2024	\$0.00	4,061,710
10 June 2021	31 October 2024	\$0.00	2,556,462
16 September 2021	31 October 2025	\$0.00	3,639,427
30 September 2021	23 September 2021	\$0.00	138,488,557
07 December 2021	31 October 2025	\$0.00	2,979,408
15 March 2022	31 October 2025	\$0.00	3,505,568
16 June 2022	31 October 2025	\$0.00	4,989,744
			<u>430,844,686</u>

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

Invision Limited
Directors' report
30 June 2022

Shares issued on the exercise of options

The following ordinary shares of Invision Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
07 April 2021	\$0.00	19,341
10 June 2021	\$0.00	882,961
16 September 2021	\$0.00	97,698
30 September 2021	\$0.00	<u>2,838,217</u>
		<u><u>3,838,217</u></u>

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Non-audit services

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

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

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd

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

Auditor's independence declaration

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

Invision Limited
Directors' report
30 June 2022

Auditor

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

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

On behalf of the directors



Thian Chew
Chairman

17 August 2022

For personal use only

Grant Thornton Audit Pty Ltd


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Auditor's Independence Declaration

To the Directors of Invion Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Invion Limited for the year ended 30 June 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 17 August 2022

www.grantthornton.com.au

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Invion Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 \$	30 June 2021 \$
Revenue	6	3,291,763	2,330,027
Other income	7	80,053	89,386
Expenses			
Employee benefits expense	8	(748,096)	(958,428)
Depreciation and amortisation expenses	9	(422,420)	(277,867)
Administrative & corporate expenses	10	(1,160,918)	(889,096)
Share-based payment expense	33	(959,116)	(257,451)
Research & development expenses	11	(2,322,645)	(1,519,522)
Loss before income tax expense		(2,241,379)	(1,482,951)
Income tax expense	12	-	-
Loss after income tax expense for the year attributable to the owners of Invion Limited		(2,241,379)	(1,482,951)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Invion Limited		<u>(2,241,379)</u>	<u>(1,482,951)</u>
		Cent	Cent
Basic loss per share	32	(0.04)	(0.03)
Diluted loss per share	32	(0.04)	(0.03)

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

Invision Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 30 June 2022 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents		8,473,439	1,036,818
Trade and other receivables	13	139,957	11,000
Other current assets	14	34,149	28,313
Total current assets		<u>8,647,545</u>	<u>1,076,131</u>
Non-current assets			
Property, plant and equipment	15	479	1,024
Intangibles	16	11,393,125	4,565,000
Total non-current assets		<u>11,393,604</u>	<u>4,566,024</u>
Total assets		<u>20,041,149</u>	<u>5,642,155</u>
Liabilities			
Current liabilities			
Trade and other payables	17	422,797	835,650
Employee benefits	18	39,615	15,846
Total current liabilities		<u>462,412</u>	<u>851,496</u>
Total liabilities		<u>462,412</u>	<u>851,496</u>
Net assets		<u>19,578,737</u>	<u>4,790,659</u>
Equity			
Issued capital	19	146,543,659	130,956,127
Reserves	20	3,871,119	2,429,194
Accumulated losses		<u>(130,836,041)</u>	<u>(128,594,662)</u>
Total equity		<u>19,578,737</u>	<u>4,790,659</u>

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

Invin Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	130,555,435	1,990,206	(127,111,711)	5,433,930
Loss after income tax expense for the year	-	-	(1,482,951)	(1,482,951)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,482,951)	(1,482,951)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued in lieu of employee compensation	375,867	-	-	375,867
Shares issued on exercise of options	24,825	(24,825)	-	-
Options expense for options granted to Directors and employees, net of forfeited options	-	463,813	-	463,813
Balance at 30 June 2021	<u>130,956,127</u>	<u>2,429,194</u>	<u>(128,594,662)</u>	<u>4,790,659</u>
	Issued capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	130,956,127	2,429,194	(128,594,662)	4,790,659
Loss after income tax expense for the year	-	-	(2,241,379)	(2,241,379)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,241,379)	(2,241,379)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	15,530,622	-	-	15,530,622
Options expense for:	-	-	-	-
-Options granted to Directors and employees	-	959,118	-	959,118
-Listed options issued to Lead Managers	-	264,900	-	264,900
Options issued to Directors for Directors fee payables	-	274,817	-	274,817
Shares issued on exercise of options	56,910	(56,910)	-	-
Balance at 30 June 2022	<u>146,543,659</u>	<u>3,871,119</u>	<u>(130,836,041)</u>	<u>19,578,737</u>

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

Invision Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated	30 June 2021
		30 June 2022	30 June 2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		3,479,086	2,634,500
Payments to suppliers and employees		(4,676,040)	(2,305,911)
COVID-19 incentives		-	89,300
		<u>(1,196,954)</u>	<u>417,889</u>
Interest received		53	86
Other revenue		88,000	-
		<u>88,000</u>	<u>-</u>
Net cash from/(used in) operating activities	31	<u>(1,108,901)</u>	<u>417,975</u>
Cash flows from investing activities			
Payments for intangibles	16	<u>(7,250,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(7,250,000)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares	19	16,637,500	-
Share issue transaction costs paid		(841,978)	-
		<u>15,795,522</u>	<u>-</u>
Net cash from financing activities		<u>15,795,522</u>	<u>-</u>
Net increase in cash and cash equivalents		7,436,621	417,975
Cash and cash equivalents at the beginning of the financial year		<u>1,036,818</u>	<u>618,843</u>
Cash and cash equivalents at the end of the financial year		<u><u>8,473,439</u></u>	<u><u>1,036,818</u></u>

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

Invion Limited
Notes to the financial statements
30 June 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 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

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 17 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Corporate information

Invion Limited is a Company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange since its listing on 15 February 2011 (ASX:IVX). Invion is a clinical-stage life-sciences company that is leading the global clinical development of the Photosoft™ technology for the treatment of cancers, atherosclerosis and infectious diseases. Through the Exclusion distribution and licencing agreements of 2017, 2021 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). This consolidated financial report of Invion Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 17 August 2022.

Note 3. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

This financial report for year ended 30 June 2022 has been prepared on a going concern basis. The Group incurred an operating loss after income tax of \$2,241,379 (2021: \$1,482,951) for the year. At 30 June 2022 the Company had net assets of \$19,578,737 (30 June 2021: \$4,790,659) and a net current asset position of \$8,185,133 (30 June 2021: \$224,635). In common with other companies in the biotechnology sector, the Group's operations are subject to risks and uncertainty due primarily to the nature of the drug development and commercialisation.

Note 3. Significant accounting policies (continued)

The ability of the Group to continue as a going concern and meet its strategic objectives is principally dependent upon funds continuing to be available for research and development expenditure and other principal activities. The Directors have identified funding risk as an area of uncertainty and material risk impacting the Group due to the dependency on the R&D Services Agreement with RMW Cho Group, and as similar to other companies in the biotechnology sector, recognise that further capital may be required to fund the Group's activities. During the year ended 30 June 2022, the Company undertook two placements of ordinary shares to professional and sophisticated investors raising \$16.7 million.

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Invion Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Invion Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

Note 3. Significant accounting policies (continued)

Operating segments

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

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

Rendering of services

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

Sale of goods

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

Interest

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

Other income

Government grant – Jobkeeper

Government grants are recognised when the right to receive a grant has been established and the company is entitled to it.

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Note 3. Significant accounting policies (continued)

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Property, plant and equipment

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

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

Plant and equipment	10%-50%
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

Note 3. Significant accounting policies (continued)

Intangible assets

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

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

Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development

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

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

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

Patents -Intellectual property

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

Impairment of non-financial assets

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

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

Note 3. Significant accounting policies (continued)

Trade and other payables

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

Employee benefits

Short-term employee benefits

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

Share-based payments

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using 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.

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

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

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

Note 3. Significant accounting policies (continued)

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

Fair value measurement

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

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

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Determination of the consideration for the services

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

Intangible assets

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

Estimation of useful lives of assets

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

Impairment

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

Note 5. Operating segments

Identification of reportable operating segments

The Invision 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 Invision Group operates as a clinical-stage life sciences (drug development) group. At 30 June 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.

Invion Limited
Notes to the financial statements
30 June 2022

Note 6. Revenue

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
R&D services fee- over time	3,291,763	2,308,027
Sale of Chlorine mixture- point in time	-	22,000
	<u>3,291,763</u>	<u>2,330,027</u>
Revenue	<u>3,291,763</u>	<u>2,330,027</u>

The above represents fees of \$3,291,763 earned from RMW Cho Group (RMWCG) for Research and Development services provided. RMWCG which is the single largest customer of the Group and a related party to Invion Limited. Refer to note 27 for further details on the related party transactions.

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. Refer to note 16 for further details on the Co-development agreement.

Note 7. Other income

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
COVID-19 Cash boost incentives	-	50,000
COVID-19 Job keeper incentives	-	39,300
Reimbursement of expenses	80,000	-
Interest received	53	86
	<u>80,053</u>	<u>89,386</u>
Other income	<u>80,053</u>	<u>89,386</u>

Note 8. Employee benefits expense

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Salaries, wages and fees	714,374	903,281
Superannuation	9,953	19,603
Employee entitlements	23,769	35,544
	<u>748,096</u>	<u>958,428</u>
	<u>748,096</u>	<u>958,428</u>

Note 9. Depreciation and amortisation expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Amortisation: Intangible amortisation	421,875	275,000
Depreciation of non-current assets: Plant and equipment	545	2,867
	<u>422,420</u>	<u>277,867</u>
	<u>422,420</u>	<u>277,867</u>

Invion Limited
Notes to the financial statements
30 June 2022

Note 10. Administrative & corporate expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Legal fees	94,654	84,233
Compliance costs	392,548	167,412
Consulting fees incl. accounting, business development	339,754	222,364
Insurance	190,509	170,296
Office, administration and corporate expenses	70,484	191,221
Rent and occupancy expenses	43,600	44,428
Business development expenses	29,369	9,142
	<u>1,160,918</u>	<u>889,096</u>

Note 11. Research & development expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Pre- clinical trial costs	898,719	697,419
Consultancy fee -scientific and tech.	1,411,926	821,383
Other research and development	12,000	720
	<u>2,322,645</u>	<u>1,519,522</u>

Note 12. Income tax expense

The Company has recorded nil tax benefit for the period ended 30 June 2022 (2021: \$nil).

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Income tax expense</i>		
Current tax	215,047	259,968
Deferred tax - origination and reversal of temporary differences	44,972	(26,697)
Income tax losses not recognised as a deferred tax asset	(260,019)	(233,271)
Aggregate income tax expense	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,241,379)	(1,482,951)
Tax at the statutory tax rate of 25% (2021: 26%)	(560,345)	(385,567)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non tax deductible items - permanent differences	345,298	138,599
Non assessable items - permanent differences	(44,972)	(13,000)
Movement in temporary differences not recorded	-	26,697
	<u>(260,019)</u>	<u>(233,271)</u>
Tax assets not recognised	260,019	233,271
Income tax expense	<u>-</u>	<u>-</u>

Invision Limited
Notes to the financial statements
30 June 2022

Note 12. Income tax expense (continued)

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Tax assets at 25% (2021: 26%)		
Domestic tax losses	1,445,574	1,232,977
Temporary differences – including balances in equity	<u>79,466</u>	<u>130,707</u>
Total unrecorded tax assets	<u><u>1,525,040</u></u>	<u><u>1,363,684</u></u>

Note 13. Current assets - trade and other receivables

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Trade receivables	<u>139,957</u>	<u>11,000</u>

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

Note 14. Current assets - Other current assets

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Prepayments	<u>34,149</u>	<u>28,313</u>

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

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Plant and equipment - at cost	8,032	8,032
Less: Accumulated depreciation	<u>(7,553)</u>	<u>(7,008)</u>
	<u>479</u>	<u>1,024</u>

Note 16. Non-current assets - intangibles

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Intellectual property - at cost	12,750,000	5,500,000
Less: Accumulated amortisation	<u>(1,356,875)</u>	<u>(935,000)</u>
	<u><u>11,393,125</u></u>	<u><u>4,565,000</u></u>

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

Reconciliations

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

Consolidated	Photosoft \$	Total \$
Balance at 1 July 2020	4,840,000	4,840,000
Amortisation expense	<u>(275,000)</u>	<u>(275,000)</u>
Balance at 30 June 2021	4,565,000	4,565,000
Additions	7,250,000	7,250,000
Disposals	<u>(421,875)</u>	<u>(421,875)</u>
Balance at 30 June 2022	<u><u>11,393,125</u></u>	<u><u>11,393,125</u></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. This licence is being carried at the cost of the licence and distribution agreement less accumulated amortisation. The commercial licence represents distribution rights of treatments using the Photosoft™ technology, including on cancer indications in Australia and New Zealand.

During the current period, the company entered into the following additional arrangements:

(i) The Co-development Agreement with RMW Cho Group (RMWCG) in September 2021 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'). Based on the terms of this agreement, RMWCG contributed its existing intellectual property and know-how in relation to the Photosoft™ technology for the Indications and Invion paid RMWCG a one-time amount of A\$2,250,000 as its contribution to development costs of the Photosoft™ technology in relation to the AID indications. Invion and RMWCG will make further contributions towards the co-development of the Photosoft™ technology for the AID indications as they relate to the Asia Pacific Territory¹, on the basis that:

- for development activities that are not directly related to clinical trials or commercialisation of the Photosoft™ technology, including pre-clinical studies, research activities, and all drug formulation and manufacturing (including scale up and GMP compliance) (Non-Clinical Activities), for the AID indications in the Territory¹, Invion will be responsible for 25% and RMWCG will be responsible for 75% of contributions.
- for development activities that are directly related to clinical trials or commercialisation of the Photosoft™ technology, including preparatory work for clinical studies and engagement with regulatory authorities, for the indications in the Territory, Invion will be responsible for 75% and RMWCG will be responsible for 25% of contributions (Clinical Activities).

In consideration of the contributions made by Invion for the joint development of the NGPDT under this Agreement, RMWCG granted to Invion Limited 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 Territory¹ 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.

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 RMWCG, and excludes Middle East, Russia and the specified territories of China, Hong Kong, Macau and Taiwan)

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

(ii) In March 2022, 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) on the following key material terms:

- RMWCG contributed its existing intellectual property and know-how in relation to the Photosoft™ technology for the AID and Cancer Indications.
- Invion paid to RMWCG as a contribution towards the development of the NGPDT IP as it relates to the Cancer Indications and the Cancer Territory, having regard to past contributions made by RMWCG towards the development of the NGPDT IP as it relates to the Cancer Indications and the Cancer Territory.
- Invion and RMWCG will make further contributions towards the co-development of the Photosoft™ technology on the following basis:
 - for Development Activities for AID that do not directly relate to Non-Clinical Activities in an AID Territory, Invion will be responsible for 25%, and RMWCG will be responsible for 75%, of all contributions (by value) by the parties in relation to such Development Activities (whether by way of funding or other in-kind contributions);
 - for Development Activities for AID that directly relate to Clinical Activities in an AID Territory, Invion will be responsible for 75% and RMWCG will be responsible for 25%, of all contributions (by value) by the parties in relation to such Development Activities (whether by way of funding or other in-kind contributions);
 - Invion and RMWCG will each continue to contribute to the Development Activities for Cancer Indications in a Cancer Territory.

In consideration of the contributions made by Invion for the joint development of the NGPDT under this Agreement, RMWCG granted 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 Territory² on the terms and conditions of the Exclusive Distribution and Licence Agreement – AID and Exclusive Distribution and Licence Agreement – Cancer.

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 as it worked with its research partner, Hudson Institute of Medical Research, Proof-of-Concept (PoC) tests on the improved API INV043. Hudson Institute's third PoC study of INV043 in combination therapy with immune checkpoint inhibitors (ICIs) found the combination therapy improved effectiveness of the treatment by around 65% in mice with triple negative breast cancer (TNBC) when compared to using standalone ICI therapy. Hudson Institute is undertaking further PoC work, including a more detailed study analysing the immune response using INV043 and additional models to demonstrate efficacy and safety. Invion is preparing for the groundwork for the clinical trial preparations initially targeting skin and anogenital cancers. Invion's research partner, the Peter MacCallum Cancer Centre, is spearheading related development work and has commenced early-stage in-vitro work using INV043. Invion has also commenced preparatory and early-stage preclinical work on atherosclerosis and infectious diseases. The Proof-of-Concept (PoC) tests on INV043 undertaken during the year showed great promise across a range of cancers. In light of significant progress in R&D research 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 licence.

²The Cancer Territory includes all Asia and Pacific countries excluding China (other than Hong Kong, which is included in the Territory), Macau, Taiwan, Japan, North Korea and South Korea. The AID Territory includes all Asia and Pacific countries excluding China, Hong Kong, Macau, Taiwan. Invion's rights with respect to development and distribution of the Photosoft™. Invion's rights with respect to development and distribution of the Photosoft™ technology in Australia and New Zealand will continue to be covered under the existing agreements with RMWCG dated 31 August 2017.

Invision Limited
Notes to the financial statements
30 June 2022

Note 17. Current liabilities - trade and other payables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Trade payables	221,262	448,923
Accrued expenses	150,964	90,823
Director related accruals	20,356	258,089
Other payables	30,215	37,815
	<u>422,797</u>	<u>835,650</u>

Refer to note 22 for further information on financial instruments.

Note 18. Current liabilities - Employee benefits

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Annual leave provisions	<u>39,615</u>	<u>15,846</u>

Note 19. Equity - issued capital

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>6,416,513,644</u>	<u>5,539,542,295</u>	<u>146,543,659</u>	<u>130,956,127</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	01 July 2020	5,500,606,300		130,555,435
Share issued in lieu of employee Compensation	11 August 2020	2,992,606	\$0.00	26,933
Share issued in lieu of employee Compensation	29 October 2020	33,443,389	\$0.00	348,934
Shares issued on exercise of options	22 December 2020	750,000	\$0.00	8,396
Shares issued on exercise of options	13 April 2021	250,000	\$0.00	2,798
Shares issued on exercise of options	09 June 2021	<u>1,500,000</u>	\$0.00	<u>13,631</u>
Balance	30 June 2021	5,539,542,295		130,956,127
Placement of shares	30 September 2021	321,428,571	\$0.01	4,500,000
Shares issued on exercise of options	04 October 2021	1,000,000	\$0.01	13,943
Shares issued on exercise of options	05 October 2021	2,838,217	\$0.02	42,967
Placement of shares	22 November 2021	545,454,546	\$0.02	12,000,000
Placement of shares	10 December 2021	6,250,015	\$0.02	137,500
Cost of raising capital		-	\$0.00	<u>(1,106,878)</u>
Balance	30 June 2022	<u>6,416,513,644</u>		<u>146,543,659</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.

Note 19. Equity - issued capital (continued)

Share buy-back

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

Capital risk management

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

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

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

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

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

The capital risk management policy remains unchanged from the 2020 Annual Report.

Note 20. Equity - reserves

Options reserve

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
	<u>3,871,119</u>	<u>2,429,194</u>

Option reserve

Items recognised as an expense with respect to share-based consideration. The movement during the year is due to share option expense of \$959,116 for options granted to the granted to Directors and employees, \$274,817 of options granted to Directors in-lieu of Directors fee payable, \$264,900 of options issued towards cost raising capital to lead managers and reserve balance of \$56,910 taken to share capital on the exercise of the options.

Note 21. Equity - dividends

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

Note 22. Financial instruments

Financial risk management objectives

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

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

Note 22. Financial instruments (continued)

Market risk

Foreign currency risk

The consolidated entity has limited transactions denominated in foreign currency and does not have significant exposure to foreign currency risk through foreign exchange rate fluctuations. At 30 June 2022, there were no creditors denominated in foreign currencies.

Credit risk

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

Liquidity risk

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

At as 30 June 2022, the Group's exposure on liquidity risk is on Trade and other payable of \$422,797 (2021: \$835,650) payable within next 12 months.

Fair value of financial instruments

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

Note 23. Key management personnel disclosures

Directors

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

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

Compensation

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

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Short-term employee benefits	714,368	528,721
Post-employment benefits	9,952	21,797
Long-term benefits	23,769	-
Share-based payments	940,442	437,205
	<u>1,688,531</u>	<u>987,723</u>

Invion Limited
Notes to the financial statements
30 June 2022

Note 24. Remuneration of auditors

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

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Audit services -</i>		
Audit or review of the financial statements- Grant Thornton Audit Pty Ltd	<u>83,476</u>	<u>59,000</u>

Note 25. Contingent liabilities

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

Note 26. 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. No lease liability therefore recognised.

R&D commitments: At the Balance Date, the Company had contractual commitments to the value of \$1.01 million relating to R&D development activities (30 June 2021: \$0.35 million).

Note 27. Related party transactions

Parent entity

Invion Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Key management personnel

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

Transactions with related parties

Mr Thian Chew, Executive Chairman and CEO of Invion Limited, is Managing Partner of Polar Ventures Limited. Polar Ventures Limited and The Cho Group are associates in accordance with section 12(2) of the Corporations Act. The Cho Group has entered into a consultancy agreement with Polar Ventures, pursuant to the terms of which Polar Ventures has agreed to provide general advice and support for The Cho Group's interests in its investment in Invion. During the year ended 30 June 2022, transaction with Mr Chew consisted of director's fees of \$90,000, CEO salary of \$309,000 and bonus of \$161,100. Further, 138,488,557 options were issued to Mr. Thian Chew on 30 September 2021 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 23 September 2021. Refer to note 33 for more details. Director fee of \$7,500 is payable as at 30 June 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 \$3,291,763 (2021: \$2,330,027). As at 30 June 2022, there are \$128,957 included in trade receivables as contract asset (30 June 2021: Nil).

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

Invision Limited
Notes to the financial statements
30 June 2022

Note 28. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax	(2,241,379)	(1,495,809)
Total comprehensive income	(2,241,379)	(1,495,809)

Statement of financial position

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Total current assets	8,384,687	813,273
Total assets	19,778,291	5,379,297
Total current liabilities	462,412	851,496
Total liabilities	462,412	851,496
Equity		
Issued capital	146,543,659	130,956,127
Options reserve	3,871,119	2,429,194
Accumulated losses	(131,098,899)	(128,857,520)
Total equity	<u>19,315,879</u>	<u>4,527,801</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

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

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

Invion Limited
Notes to the financial statements
30 June 2022

Note 29. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
Epitech Dermal Science Pty Ltd	Australia	100.00%	100.00%

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 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 31. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	30 June 2022 \$	30 June 2021 \$
Loss after income tax expense for the year	(2,241,379)	(1,482,951)
Adjustments for:		
Depreciation and amortisation	422,420	277,867
Equity based compensation	1,213,343	900,686
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(9,025)	99,140
Increase/(decrease) in trade and other payables	(389,072)	492,913
(Decrease)/ increase in provisions	23,769	(18,245)
Decrease/ (increase) in contract assets	(128,957)	148,565
Net cash from/(used in) operating activities	<u>(1,108,901)</u>	<u>417,975</u>

Note 32. Earnings per share

	Consolidated	
	30 June 2022 \$	30 June 2021 \$
Loss after income tax attributable to the owners of Invion Limited	<u>(2,241,379)</u>	<u>(1,482,951)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>6,117,402,888</u>	<u>5,526,241,189</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>6,117,402,888</u>	<u>5,526,241,189</u>
	Cent	Cent
Basic loss per share	(0.04)	(0.03)
Diluted loss per share	(0.04)	(0.03)

Invision Limited
Notes to the financial statements
30 June 2022

Note 33. Share-based payments

Summary of options granted and lapsed during the year ended 30 June 2022:

Share based payments expense during the period is \$959,116 (2021: 257,451) of which relates to options issued to Directors, KMP and consultants of the company.

Unlisted options:

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

	Number of options 30 June 2022	Weighted average exercise price 30 June 2022	Number of options 30 June 2021	Weighted average exercise price 30 June 2021
Outstanding at the beginning of the financial year	278,144,104	\$0.03	259,860,927	\$0.03
Granted	156,538,619	\$0.02	78,483,461	\$0.01
Exercised	(3,838,217)	\$0.00	(2,500,000)	\$0.00
Expired	-	\$0.00	(57,700,284)	\$0.03
Outstanding at the end of the financial year	<u>430,844,506</u>	\$0.02	<u>278,144,104</u>	\$0.03

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
12/02/2019	12/02/2023	\$0.03	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	2,725,942	-	-	(180)	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	4,081,051	-	(19,341)	-	4,061,710
10/06/2021	31/10/2024	\$0.00	3,439,423	-	(882,961)	-	2,556,462
16/09/2021	31/10/2024	\$0.00	-	3,737,125	(97,698)	-	3,639,427
30/09/2021	23/09/2025	\$0.02	-	138,488,557	-	-	138,488,557
30/09/2021	31/10/2024	\$0.00	-	2,838,217	(2,838,217)	-	-
07/12/2021	31/10/2025	\$0.00	-	2,979,408	-	-	2,979,408
15/03/2022	31/10/2025	\$0.00	-	3,505,568	-	-	3,505,568
16/06/2022	31/10/2025	\$0.00	-	4,989,744	-	-	4,989,744
			<u>278,144,284</u>	<u>156,538,619</u>	<u>(3,838,217)</u>	<u>(180)</u>	<u>430,844,506</u>
Weighted average exercise price			\$0.03	\$0.02	\$0.00	\$0.00	\$0.02

Out of the total options granted during the year, 138,488,557 options were granted to Thian Chew, Executive Chair and CEO, on 30 September 2021 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 23 September 2021. The fair value of the options was determined at \$1,164,688 using Black Scholes option pricing model with the input as details below. Balance of 18,050,062 options granted during the year 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 2020 AGM, 2021 AGM and General Meeting on 23 September 2021.

Invision Limited
Notes to the financial statements
30 June 2022

Note 33. Share-based payments (continued)

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
17/12/2015	18/11/2020	\$0.02	5,000	-	-	(5,000)	-
12/02/2019	12/02/2023	\$0.03	253,041,524	-	-	(53,606,642)	199,434,882
31/10/2019	31/10/2023	\$0.02	6,814,403	-	-	(4,088,642)	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	-	2,725,942	-	-	2,725,942
31/10/2020	31/10/2024	\$0.00	-	5,689,623	(1,116,492)	-	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	-	5,464,559	(1,383,508)	-	4,081,051
10/06/2021	31/10/2024	\$0.00	-	3,439,423	-	-	3,439,423
			<u>259,860,927</u>	<u>78,483,641</u>	<u>(2,500,000)</u>	<u>(57,700,284)</u>	<u>278,144,284</u>
Weighted average exercise price			\$0.03	\$0.01	\$0.00	\$0.03	\$0.03

The weighted average share price during the financial year was \$0.02 (2021: \$0.03).

Listed options:

During the year ended 30 June 22 following listed options were granted:

Details	Grant Date	Options
Listed Options issued to Lead Manager in relation to the Placement ⁽ⁱ⁾	11/11/2021	30,000,000
Listed Options issued under Placement and Share purchase plan ⁽ⁱⁱ⁾	17/12/2021	<u>254,981,422</u>
		<u><u>284,981,422</u></u>

(i) 30,000,000 listed fully vested options (exercisable at \$0.04, expiring 18 months from the date of issue) issued in total to Evolution Capital Pty Ltd and 180 Markets Pty Ltd in consideration for lead manager services provided to the Company (Lead Manager Options). The fair value of the Lead Manager Options issued was \$264,900 being the market price of the options on the date of the grant.

(ii) 254,981,422 listed fully vested options (exercisable at \$0.04, expiring 18 months from the date of issue) were issued as free attaching options in conjunction with the capital raising activities as announced on 23 September 2021.

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

Grant date*	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/09/2021	23/09/2025	\$0.01	\$0.02	90.00%	-	0.43%	\$0.01
11/11/2021	16/06/2023	\$0.03	\$0.04	94.00%	-	0.39%	\$0.01

* The valuation model inputs for options with the grant date 30 September 2021 relates to 138,488,557 unlisted options issued to Thian Chew, Executive Chair and CEO.

** The valuation model inputs for options with the grant date 11 November 2021 relates to 30,000,000 listed options issued to Evolution Capital Pty Ltd and 180 Markets Pty Ltd.

Invision Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Thian Chew
Chairman

17 August 2022

Independent Auditor's Report

To the Members of Invion Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Invion Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Intangible assets – Note 16	
<p>Invion Limited hold the licence in Australia and New Zealand to the Photosoft™ technology, which is recorded as an intangible asset.</p> <p>During the period, the Group entered into the following two agreements with RMW Cho Group:</p> <ul style="list-style-type: none"> – Co-Development Agreement and Exclusive Distribution and Licence Agreement for the treatment of atherosclerosis and infectious diseases, for which Invion Limited paid \$2.25m; and – Amendment to the above agreement to include cancer indications, and not only atherosclerosis, for which Invion Limited paid an additional \$5m. <p>The intangible assets are carried at the cost of the licence less accumulated amortisation, with the asset being amortised over 20 years. The initial recognition is based on the value of the distribution agreement.</p> <p>Accounting for these transactions is a complex and judgemental exercise requiring management to determine the accounting treatment, estimate the useful life, and assess if any impairment indicators exist. Therefore, this matter has been assessed as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing the R&D agreements that Invion Limited has in place; • Reviewing and evaluating the technical papers prepared by management; • Assessing if the intangible assets have been correctly recorded in line with AASB 138 Intangible Assets and meet the definition of a finite intangible asset under the standard; • Assessing management's judgement around the useful life of the intangible assets; • Evaluating management's assessment for the existence of any impairment indicators in line with AASB 138; and • Assessing the adequacy of the Group's disclosures in relation to intangible assets.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

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

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

For personal use only

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 15 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Invion Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 17 August 2022

Invion Limited
Shareholder information
30 June 2022

Invion Limited ACN 094 730 417

Registered Office

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

Share Registry

Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Link Market Services, Locked Bag A14, Sydney South, NSW, 1235

Tel: 1300 554 474

Email: registrars@linkmarketservices.com.au

www.linkmarketservices.com.au

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

Change of address

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

Annual General Meeting

The Annual General Meeting will be held in Melbourne on or about 8 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is Tuesday, 20 September 2022. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Wednesday 20 September 2022, at the Company's Registered Office.

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

Corporate Governance Statement

The Company's 2020 Corporate Governance Statement has been released to the ASX on this day and is available on the Company's website at <https://www.inviongroup.com/Investor-Centre/company-info/corporate-governance>

Annual report mailing list

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

Securities exchange listing

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

ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 8 August 2022.

Invion Limited
Shareholder information
30 June 2022

1. Total securities on issue

ASX Code	Description	Expiry	Listed	Unlisted
IVX	Fully paid ordinary shares		6,416,513,644	-
IVXO	Listed options	17/6/2023	295,417,773	-
IVXAX	Share options (\$0.0177)	22/10/2024	-	20,443,211
IVXAW	Share options (\$0.02)	01/07/2024	-	15,928,570
IVXAZ	Share options (\$0.0106)	31/10/2024	-	2,725,762
IVXAA	Share options (\$0.00)	31/10/2024	-	7,313,661
IVXAT	Share options (various prices)	Various dates	-	199,434,880
IVXAV	Share options (\$0.172)	31/08/2024	-	20,443,211
IVXAU	Share options (\$0.02)	30/10/2023	-	2,725,761
IVXAY	Share options (\$0.00)	31/10/2024	-	5,670,282
IVXAAE	Share options (\$0.00)	31/10/2025	-	2,979,408
IVXAAC	Share options (\$0.017)	23/09/2025	-	138,488,557
IVXAAA	Share options (\$0.00)	31/10/2024	-	2,556,462
IVXAAF	Share options (\$0.00)	31/10/2025	-	3,505,568
IVXAAB	Share options (\$0.00)	31/10/2024	-	3,639,427
IVXAAG	Share options (\$0.00)	31/10/2025	-	4,989,744
			<u>6,711,931,417</u>	<u>430,844,504</u>
		Total Fully diluted		6,416,513,644

Top Holders

	Securities	%
Top 20 holders	3,949,870,815	61.56%
Balance of Register	<u>2,466,642,829</u>	38.44%
Total Issued Capital	<u>6,416,513,644</u>	

2. Distribution of equity securities - Ordinary shares

Range	Securities	%	No of holders	%
100,001 and Over	6,313,140,190	98.39%	1,804	36.84%
10,001 to 100,000	99,965,228	1.56%	2,096	42.80%
5,001 to 10,000	2,160,138	0.03%	278	5.68%
1,001 to 5,000	1,141,551	0.02%	372	7.60%
1 to 1,000	<u>106,537</u>	-	<u>347</u>	7.09%
	<u>6,416,513,644</u>		<u>4,897</u>	
Unmarketable Parcels	45,905,535	0.72%	2,394	48.89%

3. Voting Rights

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

Invion Limited
Shareholder information
30 June 2022

4. Substantial shareholders

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

Rank	Name	8 August 2022	% IC
1	POLAR VENTURES LIMITED	545,217,721	8.50%
2	RMW CHO HEALTH TECHNOLOGY LIMITED	321,428,571	5.01%
3	RMWC PTY LTD (RMWC FAMILY A/C)	314,547,156	4.90%
4	MR HONSUE CHO	284,626,482	4.44%
5	POLAR VENTURES LIMITED	1,640,000	0.03%

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

Rank	Name	8 August 2022	%
1	NGPDT GREATER CHINA LIMITED	545,217,721	8.50%
2	SHENGLI WANG	136,288,074	2.12%

5. Share buy-back

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

6. Statement in accordance with ASX Listing Rule 4.10.19

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

7. Twenty largest shareholders - ordinary shares

Rank	Name	8 August 2022	% IC
1	POLAR VENTURES LIMITED	545,217,721	8.50%
2	NGPDT GREATER CHINA LIMITED	545,152,297	8.50%
3	BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAIL CLIENT DRP)	474,574,525	7.40%
4	RMW CHO HEALTH TECHNOLOGY LIMITED	321,428,571	5.01%
5	RMWC PTY LTD (RMWC FAMILY A/C)	314,547,156	4.90%
6	MR HONSUE CHO	284,626,482	4.44%
7	ACSLNC PTY LTD (ACSLNC FAMILY A/C)	244,140,000	3.80%
8	YONG CHEN	200,000,000	3.12%
9	CITICORP NOMINEES PTY LIMITED	148,393,570	2.31%
10	SHENGLI WANG	136,288,074	2.12%
11	MS DANDAN WANG	104,476,192	1.63%
12	MING KIT HUI	98,576,667	1.54%
13	MR SHENGWEI OU	79,304,171	1.24%
14	SHUBO MIAO	73,333,333	1.14%
15	STEYNTON NOMINEES PTY LTD (GE SCOTT FAMILY)	73,000,000	1.14%
16	MR ESMOND WONG & MRS QUYNH THI KIM NGUYEN	67,564,765	1.05%
17	EQ INVESTMENT PTY LTD	62,500,000	0.97%
18	PLATINUM HOMES LTD	62,333,333	0.97%
19	MS YINGHUA MA	59,000,000	0.92%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	55,413,958	0.86%
		<u>3,949,870,815</u>	

8. Twenty largest shareholders - quoted share options

Rank	Names	8 August 2022	%
1	CS FOURTH NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 11 A/C)	23,164,306	7.84%
2	MS CHUNYAN NIU	20,727,851	7.02%
3	CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	17,045,455	5.77%
4	EVOLUTION CAPITAL PTY LTD	15,000,000	5.08%
5	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD (CUSTODIAN A/C)	13,477,273	4.56%
6	MATTHEW BURFORD SUPER FUND PTY LTD (BURFORD SUPERFUND A/C)	11,688,438	3.96%
7	MR BIN LIU	11,582,415	3.92%
8	SPICEME CAPITAL PTY LTD	7,500,000	2.54%
9	MR GARRY ARENPHY	5,479,936	1.85%
10	MR MATTHEW OMER SKYE	5,371,117	1.82%
11	MR STEVEN LOUGHREY	5,000,000	1.69%
12	MARKERI INVESTMENTS PTY LTD (THE SLATER SUPER FUND A/C)	5,000,000	1.69%
13	PPF ADVISORY PTY LTD	5,000,000	1.69%
14	EUTHENIA TYCHE PTY LTD	5,000,000	1.69%
15	MR KIM FI LAY	4,887,413	1.65%
16	BNP PARIBAS NOMINEES PTY LTD BARCLAYS (DRP A/C)	4,741,000	1.60%
17	MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY (KEVIN & HELEN LEARY S/F A/C)	4,372,843	1.48%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	4,261,363	1.44%
19	MR MICAH MILLS	4,083,333	1.38%
20	MR NATHANIEL CHARLES MCLERNON	4,000,000	1.35%

9. Holders of greater than 20% unquoted securities

No equity holders hold greater than 20% or more of the following unquoted equity securities (by class) of the Company.