

Invion Limited

ABN 76 094 730 417

**APPENDIX 4E PRELIMINARY FINAL REPORT
30 June 2023**

PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

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 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	24.7% to	4,104,711
Loss from ordinary activities after tax attributable to the owners of Invion Limited	down	28.0% to	(1,614,823)
Loss for the year attributable to the owners of Invion Limited	down	28.0% to	(1,614,823)

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 \$1,614,823 (30 June 2022: \$2,241,379).

3. Net tangible assets

	Reporting period Cent	Previous period Cent
Net tangible assets per ordinary security	0.08	0.13

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):

This report, and the accompanying summary consolidated financial statements, are based upon accounts which are in the process of being audited.

11. Attachments

Details of attachments (if any):

Unaudited summary consolidated financial statements for Invion Limited and its controlled entities for the period ended 30 June 2023 are attached

12. Signed

Signed  _____

Date: 31 August 2023

Thian Chew
Chairman

Invion Limited
Appendix 4E Preliminary final report
Preliminary Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

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

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

Invision Limited
Appendix 4E Preliminary final report
Preliminary Statement of financial position
As at 30 June 2023

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

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

Invin Limited
Appendix 4E Preliminary final report
Preliminary Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	130,956,127	2,429,194	(128,594,662)	4,790,659
Loss after income tax expense for the year	-	-	(2,241,379)	(2,241,379)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,241,379)	(2,241,379)
<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 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>
Consolidated	Issued capital \$	Options reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	146,543,659	3,871,119	(130,836,041)	19,578,737
Loss after income tax expense for the year	-	-	(1,614,823)	(1,614,823)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,614,823)	(1,614,823)
<i>Transactions with owners in their capacity as owners:</i>				
Options expense for:	-	-	-	-
-Options granted to Directors and employees	-	432,290	-	432,290
Shares issued on exercise of options	74,600	(74,600)	-	-
Expiry of employee options	-	(1,975,640)	1,975,640	-
Adjustment to capital raising cost on expiry of lead manager service options	264,900	(264,900)	-	-
Balance at 30 June 2023	<u>146,883,159</u>	<u>1,988,269</u>	<u>(130,475,224)</u>	<u>18,396,204</u>

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

Invision Limited
Appendix 4E Preliminary final report
Preliminary Statement of cash flows
For the year ended 30 June 2023

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

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

Invion Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

Note 1. General information

This preliminary financial report has been prepared in accordance with ASX Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2022 and any ASX announcements made by the Company during the period. The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year.

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

Note 2. Corporate information

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

The Invion Group ("the Group") consists of Invion Limited ("Invion" or "the Company") and its wholly owned subsidiary Epitech Dermal Science Pty Ltd. The Group is headquartered in Melbourne (Australia). This Appendix 4E Preliminary final report of Invion Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 30 August 2023.

Note 3. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Significant accounting policies (continued)

Going concern

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

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

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

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

Principles of consolidation

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

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

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

Note 3. Significant accounting policies (continued)

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.

Operating segments

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

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

Rendering of services

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

Sale of goods

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

Interest

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

Income tax

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Contract assets

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

Property, plant and equipment

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

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

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

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

Note 3. Significant accounting policies (continued)

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.

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.

Note 3. Significant accounting policies (continued)

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.

Trade and other payables

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

Employee benefits

Short-term employee benefits

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

Share-based payments

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

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

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

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

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

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

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

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

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

Note 3. Significant accounting policies (continued)

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.

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.

Share-based payment transactions

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

Joint arrangements and Determination of the consideration for the services

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

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

Intangible assets

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

Estimation of useful lives of assets

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

Impairment

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

Note 5. Operating segments

Identification of reportable operating segments

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

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

Note 6. Revenue

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
R&D services fee- over time	<u>4,104,711</u>	<u>3,291,763</u>

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

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

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

Note 7. Other income

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Reimbursement of expenses	-	80,000
Interest received	<u>33,650</u>	<u>53</u>
Other income	<u>33,650</u>	<u>80,053</u>

Invion Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

Note 8. Employee benefits expense

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

Note 9. Depreciation and amortisation expenses

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Amortisation: Intangible amortisation	665,279	421,875
Depreciation: Plant and equipment	17,828	545
	<u>683,107</u>	<u>422,420</u>

Note 10. Administrative & corporate expenses

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

Note 11. Research & development expenses

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

Note 12. Income tax expense

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

Invision Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

Note 12. Income tax expense (continued)

	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
<i>Income tax expense</i>		
Current tax	-	215,047
Deferred tax - origination and reversal of temporary differences	144,274	44,972
Income tax losses not recognised as a deferred tax asset	(144,274)	(260,019)
	<u>-</u>	<u>-</u>
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	(1,614,823)	(2,241,379)
Tax at the statutory tax rate of 25%	(403,706)	(560,345)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non tax deductible items - permanent differences	259,432	345,298
Non assessable items - permanent differences	(19,215)	(44,972)
	(163,489)	(260,019)
Tax assets not recognised	163,489	260,019
	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>
	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
Tax assets at 25% (2022: 25%)		
Domestic tax losses	1,949,512	1,445,574
Temporary differences – including balances in equity	49,015	79,466
	<u>1,998,527</u>	<u>1,525,040</u>

Note 13. Current assets - trade and other receivables

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

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

Invision Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

Note 14. Current assets - Other current assets

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

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

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

Note 16. Non-current assets - intangibles

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

Reconciliations

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

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

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

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

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

- Co-develop Photosoft™ technology also referred to as Next Generation Photo Dynamic Therapy (NGPDT) for potential applications in atherosclerosis and infectious diseases (AID) (including viral, bacterial, fungal and parasitic) ('the AID indications'). In 2022 financial year, Invion had paid to RMWCG an amount of A\$2.25 million as a contribution towards the prior development of the NGPDT IP as it relates to AID and the AID Territory. In consideration of the contributions made by Invion for the joint development of the NGPDT, RMWCG agrees to grant an exclusive licence to use the NGPDT IP (including any improvements thereof) and any Inventions, and to distribute Products and Procedures, in relation to the Indications in the AID Territory Under Amended and Restated Exclusive Distribution and Licence Agreement – AID. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.
- Co-develop Photosoft™ technology for Cancer Indications in the Cancer Territory the Agreement. In 2022 financial year, Invion had paid to RMWCG an amount of \$5 million as a contribution towards the prior development of the NGPDT IP as it relates to the Cancer Indications and the Cancer Territory. In consideration of the contributions made by Invion for the joint development of the NGPDT, RMWCG agrees to grant an exclusive licence to use the NGPDT IP (including any improvements thereof) and any Inventions, and to distribute Products and Procedures, in relation to the Indications in the Cancer Territory. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.
- During the current financial year, Invion paid to \$2.5 million to RMWCG under this Agreement, as a contribution towards the prior development of the NGPDT IP as it relates to the infectious diseases (ID) Indications and the Extended ID Territory (United States of America, Canada and Hong Kong). Under Amended and Restated Exclusive Distribution and Licence Agreement – AID, in consideration of the contributions made by Invion for the joint development of the NGPDT, RMWCG agrees to grant an exclusive licence to use the NGPDT IP (including any improvements thereof) and any Inventions, and to distribute Products and Procedures, in relation to the Indications in the Extended ID Territory. This commercialisation licence is reflected as an intangible asset and is being amortised over a 20-year period.

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

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

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

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

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

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

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

Note 17. Current liabilities - trade and other payables

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

Refer to note 22 for further information on financial instruments.

Note 18. Current liabilities - Employee benefits

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Annual leave provisions	<u>63,382</u>	<u>39,615</u>

Invision Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

Note 19. Equity - issued capital

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

Movements in ordinary share capital

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

Ordinary shares

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

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

Share buy-back

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

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.

Note 19. Equity - issued capital (continued)

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

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

Note 20. Equity - reserves

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Options reserve	<u>1,988,269</u>	<u>3,871,119</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 \$371,301 for options granted to the granted to Directors and employees, \$60,989 of options granted to Directors in-lieu of Directors fee payable, reserve balance of \$74,600 taken to share capital on the exercise of the options, reserve balance of \$264,900 taken to cost of capital on the lapse of option issued to Fund Manager in November 2021, and reserve of \$1,975,640 taken to accumulated losses on lapse of Employee options granted in February 2019.

Note 21. Equity - dividends

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

Note 22. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

Credit risk

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

Note 22. Financial instruments (continued)

Liquidity risk

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

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

Fair value of financial instruments

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

Note 23. Key management personnel disclosures

Directors

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

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

Compensation

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

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

Note 24. Remuneration of auditors

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

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Audit services -</i>		
Audit or review of the financial statements- Grant Thornton Audit Pty Ltd	<u>88,016</u>	<u>83,476</u>

Note 25. Contingent liabilities

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

Note 26. Commitments

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

Invion Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

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.

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

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

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

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

Note 28. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2023	30 June 2022
	\$	\$
Loss after income tax	<u>(1,617,388)</u>	<u>(2,241,379)</u>
Total comprehensive income	<u>(1,617,388)</u>	<u>(2,241,379)</u>

Invision Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

Note 28. Parent entity information (continued)

Statement of financial position

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

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

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

Contingent liabilities

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

Capital commitments - Property, plant and equipment

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

Significant accounting policies

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

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

Note 29. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2023	30 June 2022
		%	%
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 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Invion Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

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

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

Note 32. Earnings per share

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

Note 33. Share-based payments

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

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

Note 33. Share-based payments (continued)

Unlisted options:

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

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

30 June 2023

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

Out of the total options granted during the year:

- 6,090,139 options issued on 12 September 2022 were issued at nil exercise price to the Directors in-lieu of cash for the Directors fee payable. These were issued based on the approvals obtained in the AGM held on 9th November 2021 and relates to the period June to August 2022;
- 22,013,745 options were issued to Mr. Thian Chew on 17 November 2022 under the Company's Employee Share Option Plan based on approval obtained in the General Meeting on 17 November 2022. The fair value of the options was determined at \$130,760 using Black Scholes option pricing model with the input as details below; and
- 55,000,000 options were granted to various consultants having long-term association with Invion providing research and development services to the company. 35 million options granted on 13 January 2023 and 20 million options granted on 10 May 2023. The fair value of these options was determined at \$153,650 and \$ 71,800, respectively using Black Scholes option pricing model with the input as details below.

Invision Limited
Appendix 4E Preliminary final report
Preliminary Notes to the financial statements
30 June 2023

Note 33. Share-based payments (continued)

30 June 2022

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

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

Listed options:

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

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

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

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

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

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