

# Annual Report 2022-23



**invex**  
THERAPEUTICS

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# 2023 Corporate Highlights

**\$22.5m**

Cash

**\$1.1m**

Annual Corporate overhead  
(excluding R&D and share-based compensation)

**15.3**

Impact factor of the Brain Journal where Invex Phase II 'Pressure' Trial published

**\$6.9m**

Operating Cash Burn

**\$7.4m**

Investment into R&D

**\$0.46m**

Cash received from Invex's wholly owned UK subsidiary from the UK government for eligible R&D expenditures

**\$7.7m**

Net Loss after Tax

**18%**

Directors and Management share ownership

# Chairman's letter

## Dear Shareholders,

On behalf of the Board of Invex Therapeutics Ltd (Invex, the Company) and its controlled entity (Group), we hereby present the Invex Annual Report to shareholders for the year ended 30 June 2023 (FY23). During the year, we focused our efforts and expenditure on our Phase III trial for Idiopathic Intracranial Hypertension (IIH) called IIH EVOLVE.

By way of background, IIH is a chronic condition that develops predominately in obese women of child bearing age, where intracranial pressure (ICP) in the brain elevates significantly, resulting in disabling daily headaches and in some cases permanent vision loss. There are currently no European Medicines Agency (EMA) and US Food and Drug Administration (FDA) treatments approved for IIH. Hence, there is an urgent need to develop new drug treatments for these patients, who suffer from significant quality of life effects with IIH patients often requiring multiple hospital admissions, representing a large cost to the healthcare system.

IIH EVOLVE is a placebo-controlled, double-blind trial that in FY23 commenced randomising 240 patients with newly diagnosed IIH to determine the efficacy and safety of Presendin™ (sustained release Exenatide) versus placebo, administered once weekly over 24 weeks. The primary endpoint of the trial is the change in intracranial pressure from baseline with key secondary endpoints related to vision and headache outcome measures.

Invex intends to open up to 40 clinical sites globally. Information on the trial is available at [clinicaltrials.gov](https://clinicaltrials.gov) under Identifier NCT05347147.

FY23 started with a great deal of enthusiasm as we received a significant number of regulatory approvals to commence our IIH EVOLVE Phase III clinical trial in the United States, United Kingdom, Australia and New Zealand during the first half and then recruited our first patient in November 2022 in Adelaide, Australia. The second half reflected the strong regulatory success once more in France, Germany and Israel. In addition, we qualified almost all of the 40 sites we anticipated activating for patient recruitment during the period. Unfortunately, the time difference between receiving these approvals and qualifying these sites to then activate them for patient recruitment and recruitment itself has proved much slower than anticipated.

On 28 June 2023, the Group provided an update to the market following a comprehensive review of the reasons behind the slower than expected patient enrolment into the IIH EVOLVE Phase III clinical trial. As of 26 June 2023, the Company had enrolled 13 patients into the IIH EVOLVE trial with a total of 12 sites activated out of the target sites of 40 globally, behind expectations. The Company noted a high number of patients who had been screened (n=25) had failed to be enrolled and over 50 additional IIH patients had been pre-screened and not progressed to screening.

The main factors negatively impacting enrolment were a Perimetric Mean Deviation (PMD) score outside of the inclusion criteria in approximately 60% of IIH patients screened and the majority of pre-screen patients having a diagnostic lumbar puncture to assess their ICP falling outside of the 4 week period immediately prior to formal screening.

The Board, having consulted extensively with its regulatory and clinical experts, decided to significantly amend the current protocol for the IIH EVOLVE trial and intends to seek requisite authorities' feedback and ethics committee approvals for a revised protocol.

The primary endpoint will remain unchanged, with the Group assessing the change in ICP from baseline at 24 weeks in the Presendin™ arm versus placebo in newly diagnosed IIH patients who have received a diagnostic lumbar puncture within 6 months of enrolment into the trial (previously 4 weeks). The protocol changes will focus on reordering of the secondary endpoints by replacing PMD as the key secondary endpoint with the more robust Quality of Life Short Form 36 (SF-36) Physical component score (PCS).



### **Independent Assessment – IIH Market Opportunity**

On 28 June 2023 the Group announced it had engaged a specialised global healthcare intelligence group to undertake an analysis on the potential future risks to the addressable market for Presendin™ for IIH. This independent assessment was initiated following evidence of the growing use of approved GLP-1 receptor agonists (GLP-1RA) for obesity management, specifically semaglutide, currently sold under the brand names Ozempic®, Wegovy® and Rybelsus®.

Although these drugs have not been impacting recruitment of the IIH EVOLVE clinical trial, due to supply constraints of the approved GLP-1RAs in Europe, this is expected to normalise over time as capacity grows and supply increases. The link between obesity and IIH is well established. Patients with IIH are typically female, and more than 90% of these sufferers are obese. The Group considers the use of these agents in the management of obesity particularly as a key potential future risk to the acceptability of Presendin™ as an orphan treatment in IIH noting this link. Weight loss is considered an effective treatment option for IIH sufferers as it lowers ICP. However, sustainable weight loss is challenging in IIH and across the obesity spectrum. Orphan drug developers like the Group typically rely on a higher priced intervention to recoup the significant costs associated with treating the small number of patients eligible for treatment with a rare disorder (such as IIH).

Following receipt of the report in mid Q3 CY 2023, the Board will be in a position to fully assess the market opportunity for Presendin™ in IIH in light of these new GLP-1RAs including Ozempic® and Wegovy®, their pricing structures and clinician attitudes to prescribing them to treat the obesity associated with IIH.

### **Orphan Drug Designation in Europe for Exenatide in Moderate to Severe Traumatic Brain Injury**

On 23 June 2023, Invex announced the granting of orphan drug designation (ODD) from the EMA for Exenatide in the treatment of moderate to severe Traumatic Brain Injury (TBI). This is the second ODD for Exenatide in Europe, with Invex receiving an ODD for IIH in 2017, alongside an ODD from the US FDA.

The EMA provides a range of incentives in the European Union (EU) for medicines that have been granted an orphan designation, including ten years market exclusivity from the date of approval, clinical trial protocol assistance, access to the centralised authorisation procedure in Europe, and certain fee reductions.

Overall, 57,000 TBI-related deaths and 1.5 million hospitalisations occur every year in the European Union. Management of ICP elevation is considered critical in patients with moderate to severe TBI, however, at present, there are no EMA or FDA approved therapies specifically for the treatment of intracranial hypertension in this patient population.

In late Q4 of FY23 the Group filed an additional ODD for the US Market for moderate to severe TBI, which if granted in 2H CY2023 will provide seven years market exclusivity for Exenatide, certain tax credits and a waiver from the Prescription Drug User Fee Act (PDUFA) fees, which were approximately US\$3.1 million in 2022. A proof of concept clinical trial for Exenatide to lower ICP in moderate to severe TBI is under consideration.

# Chairman's letter continued

## Financials

The Group recorded a net loss after tax of \$7.732 million for the year ended 30 June 2023 (FY23), an increase of 80% on the prior corresponding period (pcp), this was largely due to higher R&D costs of \$7.40 million (FY22: \$2.962 million), reflecting the necessary regulatory and clinical expenditure required to commence the IIH EVOLVE study, along with product manufacturing costs of \$0.744 million (FY22: \$0.327 million) associated with the purchase of drug product (Presendin™) and placebo from Peptron. In addition share-based payment expenses of \$0.481 million (FY22: \$0.352 million) and corporate and administrations costs of \$1.125 million (FY22: \$0.9 million) were recorded.

The Group is structured utilising a global virtual business model, with a small number of highly experienced executives and employees based in the UK utilising additional expertise from clinical, regulatory and manufacturing consultants, as required, to progress our clinical program in Australia, the UK, Europe and the United States.

The Group remains in a strong financial position with cash and cash equivalents of \$22.47 million as at 30 June 2023 (FY22: \$29.339 million).

## Corporate Governance & Diversity

There were no changes to the Board composition during the year. However, shortly after the end of the year, on 3 July 2023 we announced the resignations of Dr Jason Loveridge, Non-Executive Chairman and Professor Alexandra Sinclair, Executive Director and Chief Scientific Officer, effective 10 July 2023.

The resignations of Dr Loveridge and Professor Sinclair was in response to discussions with major shareholders who indicated to the Company that, following the ASX release on 28 June 2023, they no longer supported their positions as Directors of the Company. Consequently, both Directors felt it was in the best interests of all shareholders to tender their resignations.

Dr Loveridge has been Chairman of Invex since March 2019 and Professor Sinclair an Executive Director since June 2019. Both have made considerable contributions to the Company, including an IPO on ASX and material development of the Company's therapeutic assets. I was afforded the opportunity to serve the Company as the Interim Non-Executive Chairman of the Company, effective 10 July 2023. Professor Sinclair and Dr Loveridge will cease their engagement with the Company, consistent with their contractual commitments in the months ahead.

On behalf of the Board, we would like to express our sincere thanks to Dr Loveridge and Professor Sinclair for their tireless efforts in moving our Exenatide program in IIH into a Phase III clinical trial.

Although the recent period has been a difficult one for the Company as we transition to a new trial design, both Jason and Alex, as co-founders of the Company, have been passionate advocates for Invex and the research we undertake to find treatments for patients with raised intracranial pressure, including IIH. We wish them all the very best in their future endeavours.



Diversity in the workplace encompasses a wide range of perspectives, experiences, and backgrounds. Invex makes a significant commitment to diversity, which the Group sees as crucial for effective decision-making and ensuring equitable representation. Our small team has demonstrated an exceptional willingness to collaborate, engage and execute. Female representation at the Board level was 40%. Excluding the Executive Directors, 100% of Invex employees are female.

#### **Concluding Remarks**

The 2023 financial year has proven a difficult one for the Company, given the need to re-design the IIH EVOLVE Phase III clinical trial in light of poor recruitment achieved since the first patient was enrolled in November 2022. The IIH EVOLVE trial has been re-designed to accelerate patient recruitment. Although the changes are expected to be cash neutral relative to the original design, to re-start the trial under the revised protocol is expected to take a number of months as the Company seeks the requisite regulatory and ethics committee approvals.

In parallel, the Company awaits the outcome of the market assessment in IIH in mid Q3 CY2023, which will assist the Board in determining whether to continue with the revised protocol change for the IIH EVOLVE Phase III clinical trial.

We look forward to an improved 2024 financial year as we continue the development of Presendin™ in neurological disorders associated with raised intracranial pressure and carefully manage our cash position in light of market conditions.



**Mr David McAuliffe**  
**Interim Non-Executive Chairman**



# Directors' Report

Your Directors present their report together with the consolidated financial statements of Invex Therapeutics Ltd (Invex or Company) and its controlled entity (Group) for the financial year ended 30 June 2023.

## DIRECTORS

The name of the Directors in office for the year ended 30 June 2023 until the date of this report are as follows. All Directors were in office for the entire year unless otherwise stated.

### **Dr Thomas Duthy**

Executive Director  
Appointed 1 October 2020

Dr Duthy has over 18 years of direct financial market and executive-level/Board experience with ASX listed companies. He is a Director and Founder of Nemean Group, which provides corporate advisory and investor relations (IR) services in the Life Sciences and Technology sectors. This included an IR/Corporate Development consultancy role with Nova Eye Medical (ASX:EYE), during which time a \$100 million all-cash sale of their Lasers & Ultrasound business to Lumibird Group was completed (2020). He has also provided IR advisory services to Limeade (ASX:LME), which announced a \$112 million all cash takeover by WebMD Health Services in June 2023, representing a 325% premium to the prevailing market price.

Prior to establishing Nemean Group in October 2018, Dr Duthy was the Global Head of Investor Relations & Corporate Development at Sirtex Medical Limited (ASX:SRX), which was sold to CDH Investments in September 2018 for A\$1.9 billion and remains the largest medical device transaction in Australian corporate history. Prior to Sirtex, Tom spent ten years as a leading sell-side Healthcare & Biotechnology analyst at Taylor Collison Limited, focused mainly on small cap companies. He is a Member of the Australian Institute of Company Directors (MAICD).

Current directorships – Neurotech International Limited and Arovella Therapeutics Limited.

Former directorships held in last three years – Respire Limited - resigned 19 April 2022

Interests in shares and options – 106,923 shares and 1,800,000 unlisted options.

### **Mr David McAuliffe**

Interim Non-executive Chairman  
Appointed 8 March 2019

Mr McAuliffe is an experienced company director and entrepreneur who has had over 24 years experience, mostly in the international biotechnology field. During that time, he was involved in numerous capital raisings and in-licensing of technologies. He is a founder of several companies in Australia, France and the United Kingdom, many of which have become public companies. Mr McAuliffe has an Honours degree in Law, a Bachelor of Pharmacy degree and is the President of the Dyslexia – Speld Foundation WA (Inc). Mr McAuliffe is considered an independent Director.

Current directorships – 4DS Memory Limited.

Former directorships held in last three years – None.

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

### **Dr Megan Baldwin**

Non-executive Director  
Appointed 16 February 2021

Dr Baldwin is CEO and Managing Director of Opthea Limited (ASX:OPT; NASDAQ:OPT), a late-stage biopharmaceutical company developing a novel therapy, OPT-302, to address the unmet need in the treatment of retinal eye diseases, including wet age-related macular degeneration (wet AMD). Under Dr Baldwin's leadership, Opthea has rapidly advanced its ophthalmology program through Phase I and Phase II clinical development and in October 2020 completed a \$180 million IPO and listing



on the US NASDAQ exchange to progress two pivotal Phase III studies in wet AMD. Dr Baldwin is currently over-seeing the expansion of the company's management team in the U.S. and preparing for commercialization of OPT-302.

Dr Baldwin is an experienced biotechnology executive, having over 20 years' experience working on therapeutic drug development programs for cancer and ophthalmic indications. Prior to Opthea, Dr Baldwin was employed at Genentech (now Roche) as a postdoctoral researcher before moving to Genentech's commercial division. Dr Baldwin also serves on the Board of Ausbiotech as Deputy Chair. Dr Baldwin is considered an independent Director.

Current directorships - Opthea Limited, Ausbiotech.

Former directorships held in last three years - None

Interests in shares and options - 600,000 unlisted options.

### **Dr Jason Loveridge**

Non-executive Chairman

Appointed 8 March 2019, resigned 10 July 2023

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

Dr Loveridge graduated in Biochemistry and Microbiology from the University of New South Wales, Australia, and holds a Ph.D. in Biochemistry from the University of Adelaide, Australia. He is also a fellow of the Royal Society of Medicine. Dr Loveridge is not considered an independent Director.

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

Former Directorships in last three years - None

Interests in shares and options - 3,374,462 shares and 2,080,000 unlisted options.

### **Professor Alexandra Sinclair**

Executive Director - Chief Scientific Officer

Appointed 28 June 2019, resigned 10 July 2023

Prof Alexandra Sinclair is a founder of Invex Therapeutics and a Clinician Scientist and practicing Neurology Consultant running the Translational Brain Science Group at the Institute of Metabolism and Systems Research, College of Medical and Dental Sciences, University of Birmingham, UK. She runs the Headache Service and Idiopathic Intracranial Hypertension Service at University Hospital Birmingham NHS Foundation Trust.

Prof Sinclair pioneered the pre-clinical work identifying GLP-1RA's as a novel therapeutic approach to reduce brain pressure which she then progressed into a successful phase 2 clinical trial. She runs a translational research group focussed on developing novel therapeutics with forward translation to improve patient care. She is a member of the British Medical Association, UK, the Association of British Neurologists (ABN), UK and a Fellow of the Royal College of Physicians, London,. Prof Sinclair is a member of the board for the European Headache Federation and is on the scientific committees for the North American Neuro-Ophthalmology Society (NANOS). She is also a council member for the British Association for the Study of Headache (BASH). Prof Sinclair has served on the MRC Neuroscience and Mental Health Board and the Midland Neuroscience Teaching and Research Fund Board, as well as being Chair of the Brain Research UK Scientific Advisory Board. Previously, she was an elected board member of the IHS. She was on the research committee for the Association for British Neurologists and was also the previous patron of the patient charity IHH UK.

Current directorships - None.

Former directorships held in last three years - None.

Interests in shares and options - 2,500,000 shares and 1,920,000 unlisted options.

# Directors' Report continued

## **Ms Narelle Warren**

Company Secretary

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

## PRINCIPAL ACTIVITY

Invex is a biopharmaceutical Group focused on the repurposing of an already approved drug, Exenatide, for efficacious treatment of neurological conditions derived from or involving raised intracranial pressure (ICP). The Group's primary focus is Idiopathic Intracranial Hypertension (IIH), a severe condition of predominately overweight women of childbearing age, which can lead to disabling headaches and in some patients, permanent vision loss. The Group's lead program is the development of Presendin™ for IIH, which is currently at Phase III clinical stage.

Presendin™ is a once per week, subcutaneous, sustained-release (SR) Exenatide microsphere formulation originally developed by Peptron, Inc. (KOSDAQ: 087010). Invex completed a Phase II trial in 2020 and commenced a single, Phase III clinical trial ("IIH EVOLVE") designed to meet the requirements for market approval of Presendin™ for the treatment of IIH in the European Union (EU), United Kingdom (UK) and Australia in November 2022.

Presendin™ is the Group's filed (and granted) trademark name for reformulated Exenatide.

The principal activity of the Group during the year has been to manage the Phase III IIH EVOLVE clinical trial and explore new potential applications for Exenatide in Traumatic Brain Injury and other neurological disorders with raised ICP, consistent with the Group's patents.

## OPERATING RESULTS

The result of the Group for the year ended 30 Jun 2023 was a loss of \$7,731,713 (2022: \$3,950,183 loss). The net loss of the Group predominantly related to Research & Development costs of \$7.40 million associated with the Phase III clinical trial, intellectual property prosecution, manufacturing costs and regulatory advice, administration and corporate costs of \$1.125 million and non-cash items; notably share-based payments of \$0.481 million.

## REVIEW OF OPERATIONS

The Group is well funded to meet its medium-term objectives, including the completion of a Phase III trial for Presendin™ in IIH, with the associated drug manufacture and supply for the Phase III trial. In addition, the Group may consider the commencement of a small Phase II study for Presendin™ in a second patient group, likely to be moderate to severe TBI.

FY23 highlights include:

- Regulatory approvals and Human Research Ethics Committee clearance to commence IIH EVOLVE in Australia, New Zealand, Germany, France, Israel, the UK and the US
- First patient recruited into IIH EVOLVE
- Paediatric Committee (PDCO) of the European Medicines Agency (EMA) approval of the Paediatric Investigation Plan (PIP) for paediatric development of Presendin™ in IIH
- Publication of the Invex Phase II 'Pressure' clinical trial in the Journal Brain, which provided initial safety and efficacy of Exenatide in IIH patients
- Orphan drug designation (ODD) from the EMA for Exenatide in the treatment of moderate to severe TBI

## LIKELY DEVELOPMENTS

The Group has undertaken a significant amount of clinical and regulatory preparative work during FY23 and has commenced patient recruitment in the Phase III IIH EVOLVE clinical trial across a number of countries. Due to slower than anticipated patient recruitment the Group has re-designed the IIH EVOLVE clinical trial to accelerate recruitment. However, the implementation of the revised clinical trial is contingent on the findings from an independent assessment and report on the potential future risks to the addressable market for Presendin™ for IIH by a specialised global healthcare intelligence group.

## DIVIDENDS

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

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 10 July 2023 Dr Jason Loveridge and Professor Alexandra Sinclair resigned as Directors of the Company.

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

## MEETINGS OF DIRECTORS

During the year the following Director meetings were held.

Director	Board Meetings	
	Number Eligible to Attend	Number Attended
Dr Thomas Duthy	7	7
Mr David McAuliffe	7	7
Dr Megan Baldwin	7	6
Dr Jason Loveridge	7	7
Prof Alexandra Sinclair	7	6

## ENVIRONMENTAL REGULATIONS

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

## UNISSUED SHARES UNDER OPTION

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

Date Options Granted	Expiry Date	Exercise Price	Number Under Option
22 November 2019	22 November 2023	\$0.60	2,200,000
20 October 2020	20 October 2023	\$1.30	400,000
18 November 2020	18 November 2023	\$1.30	800,000
8 April 2021	8 April 2024	\$1.10	400,000
22 November 2022	1 December 2026	\$0.87	3,600,000
1 December 2022	1 December 2026	\$0.87	1,792,000
<b>Total</b>			<b>9,192,000</b>

# Directors' Report continued

## INSURANCE OF OFFICERS AND INDEMNITIES

Invex paid a premium to insure the Directors and Secretary of the Group.

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

## PROCEEDINGS ON BEHALF OF THE GROUP

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

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

## NON-AUDIT SERVICES

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

During the year, other services were performed in addition to their statutory duties. The details of the amount paid are disclosed in Note 20 of the consolidated financial report.

## 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 on the page following this Directors' Report.

## REMUNERATION REPORT - AUDITED

The remuneration report outlines the remuneration arrangements which were in place during the year and remain in place as at the date of this report, for the Directors and Key Management Personnel of the Group.

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

## KEY MANAGEMENT PERSONNEL

Key Management Personnel are those persons who are responsible for directing and controlling the activities of the Group. The Board has determined that the key management personnel of the Group are the Non-executive Directors and Executives of Invex, whose details are set out below. The following Key Management Personnel during the period unless otherwise stated:

<b>Director</b>	<b>Date of appointment/resignation</b>	<b>Role</b>
Dr Jason Loveridge	Appointed 8 March 2019/ Resigned 10 July 2023	Non-executive Chair
Prof Alexandra Sinclair	Appointed 28 June 2019/ Resigned 10 July 2023	Executive Director
Dr Thomas Duthy	Appointed 1 October 2020	Executive Director
Dr Megan Baldwin	Appointed 16 February 2021	Non-executive Director
David McAuliffe	Appointed 8 March 2019	Non-executive Director
Narelle Warren	Appointed 8 March 2019	CFO & Company Secretary
Carol Parish	Appointed 1 July 2022	Chief Operating Officer

## REMUNERATION POLICIES

The Board has not elected to establish a remuneration committee. Given the size of the current Board remuneration matters will be considered and approved by the full Board.

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

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

### **Non-executive Director's remuneration**

The compensation of Non-executive Directors is based on market practice, Director's duties and the level of accountability. The compensation policy is designed to attract and retain competent and suitably qualified Non-executive Directors and aims to align Director's interests with interests of shareholders. Non-executive Directors are paid a set fee plus statutory superannuation where appropriate, and are reimbursed for out-of-pocket expenses

The Chair's fees are determined independently to the fees of Non-executive Directors based on comparative roles in the external market.

The base fees are reviewed annually and were last reviewed at a recent Board meeting. Non-executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The current limit stands at \$400,000 per annum and was approved by shareholders at its Annual General Meeting of shareholders in November 2021.

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

### **Executive remuneration**

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

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

The executive remuneration framework has three components:

- fixed annual compensation comprising salary or fees and benefits, including superannuation;
- short-term performance incentives; and
- long-term incentives through participation in the Invex Employee Share Option Plan.

### **Fixed annual compensation**

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

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

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

# Directors' Report continued

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

There are no short-term incentives outstanding.

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

## Short term incentives

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

## Long term incentives

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

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

Other than incentive securities disclosed in the remuneration report there have been no options issued to Directors at the date of this financial report.

## Voting and comments made at the Company's 2022 Annual General Meeting (AGM)

At the 2022 AGM, 93.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

## Remuneration consultants

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

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

## Service agreements

The details of the key terms of the revised agreements are set out below:

Name	Term of agreement	Remuneration	Termination benefit
<i>Executive Directors</i>			
Prof Alexandra Sinclair	Open	£145,000 plus statutory pension duties	Relevant notice periods apply, being 1 months' notice with reason or 3 months without reason.
Dr Thomas Duthy	Open	\$180,000	Relevant notice periods apply, being 1 months' notice with reason or 3 months without reason.

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

<b>Name</b>	<b>Fixed remuneration 2023</b>	<b>Performance based remuneration (%) 2023</b>
<i>Executive Directors</i>		
Prof Alexandra Sinclair	\$299,420	22.17
Dr Thomas Duthy	\$180,000	35.88

### **Non-executive Directors**

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

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

The Non-executive Director fees paid during the year:

<b>Name</b>	<b>Term of agreement</b>	<b>Remuneration</b>	<b>Termination benefit</b>
<i>Non-Executive Directors</i>			
Dr Jason Loveridge - Consultancy	Open	£110,000	Relevant notice periods apply, being 3 months' notice without reason.
Dr Jason Loveridge - Non-executive Chairman fee	Shareholder Approval by rotation	\$60,000	Nil
Dr Megan Baldwin - Non-executive fee	Shareholder Approval by rotation	\$50,000	Nil
David McAuliffe - Non-executive fee	Shareholder Approval by rotation	\$50,000	Nil



## Remuneration of Key Management Personnel

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

2023	Cash salary & fees	Short-term employee benefits	Consulting fee	Annual and LSL	Leave allowances	Post-employment benefits	Share-based payments	Total	Performance based
<i>Non-executive Directors</i>									
Dr Jason Loveridge	\$ 60,000	—	\$ 198,494 <sup>3</sup>	—	—	—	\$ 97,470	\$ 355,964	27.38
Dr Megan Baldwin	50,000	—	—	—	—	—	40,780	90,780	44.92
David McAuliffe	50,000	—	—	—	—	—	—	50,000	—
Total Non-executive Directors	160,000	—	198,494	—	—	—	138,250	496,744	27.83
<i>Executives</i>									
Narelle Warren	135,000 <sup>1</sup>	—	—	—	—	—	36,408	171,408	21.24
Prof Alexandra Sinclair	293,859	—	—	—	—	5,561	85,286	384,706	22.17
Dr Thomas Duthy	180,000 <sup>2</sup>	—	—	—	—	—	100,721	280,721	35.88
Carol Parish	262,209	—	—	—	—	49,477	101,673	413,359	24.60
Total Executives	871,068	—	—	—	—	55,038	324,088	1,250,194	25.90
<b>Total</b>	<b>1,031,068</b>	<b>—</b>	<b>198,494</b>	<b>—</b>	<b>—</b>	<b>55,038</b>	<b>462,338</b>	<b>1,746,938</b>	<b>26.46</b>

1. This amount is in relation to Ms Warren's Company Secretary, Finance and role with the Company and paid by the Company to Concept Biotech Pty Ltd an entity which Narelle Warren and David McAuliffe are shareholders and directors.

2. This amount is in relation to Dr Duthy's Executive Director role with the Company and paid by the Company to Nemean Group Pty Ltd.

3. This amount is in relation to Dr Loveridge's consulting services with the Company and paid by the Company to Warambi Ltd.

2022	Short-term employee benefits			Consulting fee	Leave employment allowances		Post-employment benefits	Share-based payments		Total	Performance based
	Cash salary & fees	Cash bonus	Annual and LSL		Super-annuation Pensions	Options					
<i>Non-executive Directors</i>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Dr Jason Loveridge	60,000	—	—	222,812 <sup>3</sup>	—	—	—	26,193	309,005	309,005	8.48
Dr Megan Baldwin	50,000	—	—	—	—	—	—	84,169	134,169	134,169	62.73
David McAuliffe	50,000	—	—	—	—	—	—	6,549	56,549	56,549	11.58
Total Non-executive Directors	160,000	—	—	222,812	—	—	—	116,911	499,723	499,723	23.40
<i>Executives</i>											
Narelle Warren	130,000 <sup>1</sup>	—	—	—	—	—	—	13,097	143,097	143,097	9.15
Prof Alexandra Sinclair	195,698	—	—	119,208	—	—	467	26,193	341,566	341,566	7.67
Dr Thomas Duthy	138,750 <sup>2</sup>	—	—	—	—	—	—	125,114	263,864	263,864	47.42
Total Executives	464,448	—	—	119,208	—	—	467	164,404	748,527	748,527	21.96
<b>Total</b>	<b>624,448</b>	<b>—</b>	<b>—</b>	<b>342,020</b>	<b>—</b>	<b>—</b>	<b>467</b>	<b>281,315</b>	<b>1,248,250</b>	<b>1,248,250</b>	<b>22.0</b>

1. This amount is in relation to Ms Warren's Company Secretary, Finance and role with the Company and paid by the Company to Concept Biotech Pty Ltd an entity which Narelle Warren and David McAuliffe are shareholders and directors.

2. This amount is in relation to Dr Duthy's Executive Director role with the Company and paid by the Company to Nemean Group Pty Ltd.

3. This amount is in relation to Dr Loveridge's consulting services with the Company and paid by the Company to Warambi Ltd.

## SHARE-BASED COMPENSATION

### Incentive Securities

The Company's current Employee Incentive Plan (ESIP) was approved by Shareholders on 25 November 2021 and the previous Employee Incentive Option Plan (ESOP) was approved by the Board of Directors on 20 May 2019. The Incentive Plans are designed to provide medium and long term incentives for all employees (including Non-executive and Executive Directors) and to attract and retain experienced employees, board members and executive officers and provide motivation to make the Company more successful.

Under the ESIP, participants have not yet been granted incentive securities. Incentive securities only vest if certain milestones are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefit.

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

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

During the year 30 June 2023 there were 5,448,000 unlisted options granted, no options were cancelled and 810,000 options were forfeited.

Details of the share-based component issued during the year included in the remuneration are set out below.

## EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

### Shareholdings

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

<b>2023 Name</b>	<b>Balance at the start of the year</b>	<b>Capital Raising shares subscribed for</b>	<b>Disposals</b>	<b>On Market Purchases/ On appointment</b>	<b>Balance at the end of the year</b>
<i>Directors</i>					
Dr Jason Loveridge	3,374,426	—	—	—	3,374,426
Prof. Alexandra Sinclair	2,500,000	—	—	—	2,500,000
Dr Thomas Duthy	106,923	—	—	—	106,923
David McAuliffe	3,350,001	—	—	—	3,350,001
Dr Megan Baldwin	—	—	—	—	—
Narelle Warren	200,000	—	—	—	200,000
Carol Parish	—	—	—	—	—
<b>Total</b>	<b>9,531,350</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9,531,350</b>

## Option holdings

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

2023 Name	Balance at the start of the year	Granted as compensation	Exercised/ Expired	Balance at end of the year	Vested and exercisable	Un-vested	Fair value at grant date
<i>Directors and KMP's</i>							
Dr Jason Loveridge	800,000	1,280,000	—	2,080,000	800,000	1,280,000	\$0.42/\$0.21
Prof Alexandra Sinclair	800,000	1,120,000	—	1,920,000	800,000	1,120,000	\$0.42/\$0.21
Dr Thomas Duthy	800,000	1,000,000	—	1,800,000	800,000	1,000,000	\$0.32/\$0.21
David McAuliffe	200,000	—	—	200,000	200,000	—	\$0.42
Dr Megan Baldwin	400,000	200,000	—	600,000	200,000	400,000	\$0.33/\$0.21
Narelle Warren	400,000	448,000	—	848,000	400,000	448,000	\$0.42/\$0.23
Carol Parish	400,000	1,120,000	—	1,520,000	400,000	1,120,000	\$0.35/\$0.23
<b>Total</b>	<b>3,800,000</b>	<b>5,168,000</b>	<b>—</b>	<b>8,968,000</b>	<b>3,600,000</b>	<b>5,368,000</b>	

## LOANS WITH KEY MANAGEMENT PERSONNEL


There were no loans to or from key management personnel during the year ended 30 June 2023.

## OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other services provided with key management personnel which are not disclosed.

This is the end of the Remuneration Report.

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



David McAuliffe  
Interim Non-executive Chairman  
Perth, Western Australia, 17 August 2023

# Auditors' Independence Declaration



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

As lead auditor of Invex Therapeutics Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'J Prue', is written in a cursive style.

**Jarrad Prue**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth  
17 August 2023

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Other income	4	1,256,168	262,132
Research and development expenditure	5	(7,400,491)	(2,962,596)
Finance, compliance and administration expenses	5	(1,124,992)	(900,286)
Share-based payment expenses	17	(480,541)	(352,390)
Loss before income tax from continuing operations		(7,749,856)	(3,953,140)
Income tax expense/benefit	6	—	—
<b>Loss for the year from continuing operations</b>		<b>(7,749,856)</b>	<b>(3,953,140)</b>
<b>Other comprehensive income for the year, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>		—	—
Exchange differences on translation of foreign operations, net of tax	10	18,143	2,957
<b>Total other comprehensive income for the year, net of tax attributable to members of the Group</b>		<b>(7,731,713)</b>	<b>(3,950,183)</b>
<b>Loss for the year is attributable to:</b>			
Owners of Invex Therapeutics Ltd		(7,731,713)	(3,950,183)
<b>Total comprehensive income for the year is attributable to:</b>			
<b>Owners of Invex Therapeutics Ltd</b>		<b>(7,731,713)</b>	<b>(3,950,183)</b>
<b>Loss per share (cents)</b>	11	(10.31)	(5.26)

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

# Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	22,470,243	29,339,382
Other receivables		333,565	145,715
<b>Total Current Assets</b>		<b>22,803,808</b>	<b>29,485,097</b>
<b>TOTAL ASSETS</b>		<b>22,803,808</b>	<b>29,485,097</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	1,572,370	1,004,214
<b>Total Current Liabilities</b>		<b>1,572,370</b>	<b>1,004,214</b>
<b>TOTAL LIABILITIES</b>		<b>1,572,370</b>	<b>1,004,214</b>
<b>NET ASSETS</b>		<b>21,231,438</b>	<b>28,480,883</b>
<b>EQUITY</b>			
Contributed equity	9	36,413,432	36,413,432
Reserves	10	2,397,314	1,896,903
Accumulated losses	12	(17,579,308)	(9,829,452)
<b>TOTAL EQUITY</b>		<b>21,231,438</b>	<b>28,480,883</b>

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



# Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance as at 1 July 2022</b>	36,413,432	(9,829,452)	1,896,903	28,480,883
(Loss) for the year	—	(7,749,856)	—	(7,749,856)
Other comprehensive income for the year	—	—	—	—
<b>Total comprehensive (loss) for the year</b>		(7,749,856)	—	(7,749,856)
Fx reserve movement	—	—	19,870	19,870
Share-based payment reserve movement	—	—	480,541	480,541
Transactions with owners in their capacity as owners:	—	—	—	—
Issue of share capital, net of transaction costs	—	—	—	—
<b>Balance as at 30 June 2023</b>	<b>36,413,432</b>	<b>(17,579,308)</b>	<b>2,397,314</b>	<b>21,231,438</b>

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance as at 1 July 2021</b>	36,413,432	(5,876,312)	1,541,556	32,078,676
(Loss) for the year	—	(3,953,140)	—	(3,953,140)
Other comprehensive income for the year	—	—	—	—
<b>Total comprehensive (loss) for the year</b>		(3,953,140)	—	(3,953,140)
Fx reserve movement	—	—	2,957	2,957
Share-based payment reserve movement	—	—	352,390	352,390
Transactions with owners in their capacity as owners:	—	—	—	—
Issue of share capital, net of transaction costs	—	—	—	—
<b>Balance as at 30 June 2022</b>	<b>36,413,432</b>	<b>(9,829,452)</b>	<b>1,896,903</b>	<b>28,480,883</b>

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

# Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(8,125,307)	(3,638,841)
R&D Tax rebate		459,085	182,251
Interest received		797,083	79,881
<b>Net cash outflow from operating activities</b>		<b>(6,869,139)</b>	<b>(3,376,709)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Subscription proceeds received for ordinary shares		—	—
Placement capital raising costs		—	—
<b>Net cash inflow from financing activities</b>		<b>—</b>	<b>—</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(6,869,139)</b>	<b>(3,376,709)</b>
Cash and cash equivalents at the beginning of the year		29,339,382	32,716,091
<b>Cash and cash equivalents at end of financial year</b>	<b>7</b>	<b>22,470,243</b>	<b>29,339,382</b>

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

# Notes to the Consolidated Financial Statements

## 1. BASIS OF PREPARATION

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

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

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

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

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

## 2. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

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.

## 3. SUMMARY OF ACCOUNTING POLICIES

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

### **(a) Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

### **(b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Invex Therapeutics Ltd (Company or Invex) as at 30 June 2023 and the results of all subsidiaries for the year then ended. Invex Therapeutics Ltd and its subsidiary together are referred to in these financial statements as the 'consolidated entity'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

# Notes to the Consolidated Financial Statements continued

## **(c) Foreign currency translation**

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

### Foreign currency transactions

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

### Foreign operations

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

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

## **(d) Operating segments**

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

## **(e) Revenue recognition**

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

### Interest income

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

## **(f) Loans and Receivables**

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

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

## **(g) Cash and Cash Equivalents**

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

## **(h) Right-of-use asset**

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

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

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

#### **(i) Lease liability**

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

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

#### **(j) Goods and Services Tax (GST)**

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

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

#### **(k) Trade and Other Receivables**

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

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

#### **(l) Trade and other Payables**

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

#### **(m) Share-based payments**

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

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

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

# Notes to the Consolidated Financial Statements continued

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.

## **(n) Equity, reserves and dividend payments**

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

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

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

## **(o) Research and Development**

Research expenditure is recognised as an expense is incurred.

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

## **(p) Income Tax**

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

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

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

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

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

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

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

### **(q) Impairment of assets**

#### **Non-financial assets**

At the end of each reporting period, non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

#### **Financial assets**

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

### **(r) Critical Accounting Estimates and Judgments Required**

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

#### **Research and development expenditure**

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

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



# Notes to the Consolidated Financial Statements continued

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

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

## Share-based payment transactions

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

#### 4. OTHER INCOME

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
R&D Tax rebate	459,085	182,251
Interest income	797,083	79,881
	<b>1,256,168</b>	<b>262,132</b>

#### 5. LOSS FOR THE YEAR

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
(a) Research and development expenses		
Manufacturing expenses	743,560	326,498
Phase III Clinical Trial	3,847,049	762,449
Employee costs	292,842	509,892
Regulatory advice	—	189,548
Consultants	1,789,049	714,836
Scientific Advisory Board/Committees	—	1,094
COO costs	311,687	—
CSO - Executive director fees	299,421	315,373
Patent expenses	116,883	142,907
<b>Total</b>	<b>7,400,491</b>	<b>2,962,596</b>
(b) Administration expenses		
Accounting and company secretarial fees	148,227	131,759
ASX, ASIC and bank fees	52,623	69,597
Executive Directors fees	180,000	138,750
Non-executive Directors fees	160,000	160,000
Legal fees	30,769	109,120
Rent and office expenses	28,238	20,980
Audit, corporate advice and tax fees	60,914	68,100
Travel and entertainment	102,913	30,891
Insurance	176,597	92,004
Investor relations and PR expenses	112,368	51,116
Share registry and shareholder meetings	23,536	20,122
Other general expenses	10,247	13,703
Fx (gain)/losses	26,738	(26,408)
Website and IT expenses	11,822	20,432
<b>Total</b>	<b>1,124,992</b>	<b>900,286</b>

# Notes to the Consolidated Financial Statements continued

## 6. INCOME TAX

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
(a) The components of tax expense comprise:		
Current tax		
Deferred tax expense	—	—
Total income tax expense from continuing operations	—	—
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	—	—
Decrease/(increase) in deferred tax liabilities	—	—
	—	—
(b) The prima facie tax on profit from ordinary activities before income tax is reconciliation of income tax expense to prima facie tax payable:		
Loss before income tax	(7,749,856)	(3,953,140)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2022: 30%)	(2,324,957)	(1,185,942)
Tax effect of:		
- share-based payments	144,162	105,717
- intellectual property costs	134,661	42,872
- entertainment	3,651	587
- R&D consultants	99,597	—
- tax differential rate	703,698	232,932
Tax losses and temporary differences not recognised	1,239,188	804,374
Income tax expense/(benefit)	—	—
The applicable weighted average effective tax rate are as follows:		
	0%	0%
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net loss or other comprehensive income but directly debited or credited to equity.		
Current tax		
Net deferred tax	—	—

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
(d) Deferred tax assets		
Patents	29,197	34,576
Accruals	10,200	7,500
Business related costs	12,679	28,112
Australian tax losses	1,935,421	1,748,686
Unrealised fx losses	12,401	(7,922)
Foreign tax losses	2,126,555	207,379
Capital raising costs in equity	120,643	264,422
	<b>4,247,096</b>	<b>2,282,753</b>

## 7. CASH AND CASH EQUIVALENTS

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	22,470,243	29,339,382
	<b>22,470,243</b>	<b>29,339,382</b>

## 8. TRADE AND OTHER PAYABLES

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,142,947	138,778
Accruals and other payables	429,423	865,436
	<b>1,572,370</b>	<b>1,004,214</b>

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

## 9. CONTRIBUTED EQUITY

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>Number</b>	<b>\$</b>	<b>Number</b>
		<b>of shares</b>		<b>of shares</b>
Ordinary shares on issue - fully paid	36,413,432	75,153,848	36,413,432	75,153,848
	<b>36,413,432</b>	<b>75,153,848</b>	<b>36,413,432</b>	<b>75,153,848</b>

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

<b>Movement in fully paid ordinary shares on issue</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>Number</b>	<b>\$</b>	<b>Number</b>
		<b>of shares</b>		<b>of shares</b>
Balance at beginning of financial period	36,413,432	75,153,848	36,413,432	75,153,848
Balance at end of financial year	<b>36,413,432</b>	<b>75,153,848</b>	<b>36,413,432</b>	<b>75,153,848</b>

# Notes to the Consolidated Financial Statements continued

## 10. RESERVES

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Share-based payment reserve	2,379,171	1,898,630
Foreign currency translation reserve	18,143	(1,727)
	<b>2,397,314</b>	<b>1,896,903</b>

### Nature and Purpose of Reserve

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

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

### Options outstanding at 30 June 2023

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

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at year end	Vested and exercisable at year end
22 Nov 2019	22 Nov 2023	\$0.60	2,200,000	—	—	—	2,200,000	2,200,000
21 Jan 2020	21 Jan 2023	\$1.00	750,000	—	—	750,000	—	—
9 April 2020	9 April 2023	\$0.60	60,000	—	—	60,000	—	—
20 Oct 2020	20 Oct 2023	\$1.30	400,000	—	—	—	400,000	400,000
18 Nov 2020	18 Nov 2023	\$1.30	800,000	—	—	—	800,000	800,000
8 April 2021	8 April 2024	\$1.10	400,000	—	—	—	400,000	400,000
22 Nov 2022	1 Dec 2026	\$0.87	—	3,600,000	—	—	3,600,000	—
1 Dec 2022	1 Dec 2026	\$0.87	—	1,792,000	—	—	1,792,000	—
			<b>4,610,000</b>	<b>5,392,000</b>	<b>—</b>	<b>810,000</b>	<b>9,192,000</b>	<b>3,800,000</b>

Reconciliation of movement in Share-based payment reserve:	Number of Options	Value \$
Opening Balance - 1 July 2022		1,898,630
Share-based payment expense in respect to employee options on issue at 30 June 2023	400,000	10,654
Share-based payment expense in respect to director options on issue at 30 June 2023	400,000	25,550
Share-based payment expense in respect to Director options on issue at 30 June 2023	800,000	24,573
Share-based payment expense in respect to employee options on issue at 30 June 2023	1,792,000	145,631
Share-based payment expense in respect to Director options on issue at 30 June 2023	3,600,000	274,134
<b>Closing Balance - 30 June 2023</b>	<b>6,992,000</b>	<b>2,379,172</b>

## 11. LOSS PER SHARE

	<b>2023</b>	<b>2022</b>
<b>Basic and Diluted (Loss) per Share - cents</b>	<b>\$</b>	<b>\$</b>
Total basic and diluted loss per share - cents	(10.31)	(5.26)

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Net loss attributable to members of the Group	(7,749,856)	(3,953,140)
Earnings used in calculating basic and diluted earnings per share from continuing operations	(7,749,856)	(3,953,140)

	<b>2023</b>	<b>2022</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	75,153,848	75,153,848

### **Dilutive Potential Ordinary Shares**

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

### **Conversions, Calls, Subscriptions or Issues after 30 June 2023**

Subsequent to year end there have not been any conversions, calls, subscriptions or issues of securities.

## 12. ACCUMULATED LOSSES

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial period	(9,829,452)	(5,876,312)
Net loss attributable to members of the Group	(7,749,856)	(3,953,140)
Accumulated losses at the end of the financial year	<b>(17,579,308)</b>	<b>(9,829,452)</b>

# Notes to the Consolidated Financial Statements continued

## 13. RECONCILIATION OF NET CASH FLOWS OPERATING ACTIVITIES TO OPERATING (LOSS) AFTER TAX

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss (after income tax) for the year	(7,749,856)	(3,953,140)
Non-cash items included in profit or loss:		
Share-based payment expenses	480,541	352,390
Unrealised fx reserve movements	19,870	2,957
Net changes in working capital:		
Increase in trade and other receivables	(187,852)	(124,517)
Increase in trade and other payables	568,158	345,601
Net cash used in operating activities	<b>(6,869,139)</b>	<b>(3,376,709)</b>

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

Share-based payment expense (refer Note 17).

FX reserve movements (refer Note 10).

## 14. FINANCIAL RISK MANAGEMENT

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

The Group does not have any derivative instruments at 30 June 2023 and does not speculate in any financial instruments.

### Financial Risks

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

### Interest Rate Risk

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

The following table summarises interest rate risk for the Group.

2023	Floating Interest Rate	Fixed Interest Rate Maturing		Non-Interest Bearing	Total
		1 Year or Less	1 to 5 Years		
	\$	\$	\$	\$	\$
<b>Interest-bearing financial instruments</b>					
Cash and cash equivalents	22,470,243	—	—	—	22,470,243
	<b>22,470,243</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,470,243</b>

2022	Floating Interest Rate \$	Fixed Interest Rate Maturing		Non- Interest Bearing \$	Total \$
		1 Year or Less \$	1 to 5 Years \$		
<b>Interest-bearing financial instruments</b>					
Cash and cash equivalents	29,339,382	—	—	—	29,339,382
	<b>29,339,382</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>29,339,382</b>

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

### Liquidity Risk

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

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

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

2023	Total \$	1 year or less \$	1 - 5 years \$	5+ years \$
<b>Financial liabilities due</b>				
Trade and other payables	1,142,947	1,142,947	—	—
	<b>1,142,947</b>	<b>1,142,947</b>	<b>—</b>	<b>—</b>

2022	Total \$	1 year or less \$	1 - 5 years \$	5+ years \$
<b>Financial liabilities due</b>				
Trade and other payables	138,778	138,778	—	—
	<b>138,778</b>	<b>138,778</b>	<b>—</b>	<b>—</b>

### Credit Risk Exposure

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

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

	2023 \$	2022 \$
Cash and cash equivalents:		
AA rated	22,470,243	29,339,382



# Notes to the Consolidated Financial Statements continued

## Foreign currency risk

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

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

## 15. RELATED PARTY TRANSACTIONS

### Key Management Personnel

There were no key management personnel, other than the directors and the CFO/Company Secretary, during the year ended 30 June 2023.

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

- Dr Jason Loveridge (resigned 10 July 2023)
- Prof. Alexandra Sinclair (resigned 10 July 2023)
- Dr Thomas Duthy
- Dr Megan Baldwin
- Mr David McAuliffe
- Ms Narelle Warren
- Ms Carol Parish

### Transactions with key management personnel

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Short Term Benefits	1,229,562	966,468
Other non-cash Benefits	—	—
Post-Employment Benefits	55,038	467
Share-based payments	462,338	281,315
	<b>1,746,938</b>	<b>1,248,250</b>

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

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

## 16. INTERESTS IN SUBSIDIARY

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

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2023</b>	<b>2022</b>
		<b>%</b>	<b>%</b>
Invex Therapeutics Ltd	United Kingdom	100	100

## 17. SHARE-BASED PAYMENTS

Share-based payments made during the year ended 30 June 2023 are summarised below.

### Recognised Share-based payment expense

	2023 \$	2022 \$
Options granted to Directors as incentive	324,256	281,315
Options granted to Employees as incentive	156,285	71,075
	<b>480,541</b>	<b>352,390</b>

### Options granted to Directors and Employees for services

The Group's current Employee Share Option Plan (ESOP) was approved by Shareholders on 25 November 2021. The previous Employee Share Option Plan (ESOP) was approved by the Board of Directors on 20 May 2019 ("Incentive Plans"). The Incentive Plans are designed to provide medium and long term incentives for all employees (including Non-executive and Executive Directors) and to attract and retain experienced Employees, Board Members and Executive Officers and provide motivation to make the Group more successful.

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

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

As options granted to employees and directors are considered to represent the value of the services received over the vesting period of the options, the assessed value of the options are recognised and expensed over the vesting period. Options vesting during the year of issue are fully expensed under the accounting standards. There were no new incentive securities granted during the financial year. The total Directors and Employee Options expense for the period is outlined below.

Tranche	Valuation Date	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Vested at year end	Total Share-based payment expense for the year
1	22 Nov 2019	22 Nov 2023	\$0.60	2,200,000	—	2,200,000	—
2	20 Oct 2020	20 Oct 2023	\$1.30	400,000	—	400,000	10,654
3	18 Nov 2020	18 Nov 2023	\$1.30	800,000	—	800,000	24,573
4	8 April 2021	8 April 2024	\$1.10	400,000	—	400,000	25,550
5	22 Nov 2022	1 Dec 2026	\$0.87	—	3,600,000	—	274,133
6	1 Dec 2022	1 Dec 2026	\$0.87	—	1,792,000	—	145,631
<b>Total</b>				<b>3,800,000</b>	<b>5,392,000</b>	<b>3,800,000</b>	<b>480,541</b>

# Notes to the Consolidated Financial Statements continued

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

<b>Tranche</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Exercise price	\$0.60	\$1.30	\$1.30	\$1.10	\$1.10	\$0.87	\$0.87
Expected volatility	75%	80%	80%	80%	80%	60%	60%
Expiry date (years)	4.00	3.00	3.00	3.00	3.00	4.18	4.00
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk free rate	0.77%	0.77%	0.87%	0.77%	0.77%	3.86%	3.86%
Value per option	\$0.42	\$0.35	\$0.32	\$0.33	\$0.33	\$0.21	\$0.23

The vesting conditions attached to the Tranche 1, 2, 3, 4 and 5 Director and Employee Options are as follows:

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

The vesting conditions attached to the Tranche 6 and 7 Director and Employee Options are as follows:

- 25% of the Options will vest and become exercisable upon completion of 12 months continuous service from date of issue; and
- 25% of the Options vest and become exercisable upon completion of 24 months continuous service from date of issue.
- 25% of the Options vest and become exercisable completion of recruitment for Phase III clinical trial.
- 25% of the Options vest upon completion at the phase 3 clinical trial read out.

The weighted average remaining contractual life of options outstanding at the end of the year was 1.51 years.

## 18. MATTERS SUBSEQUENT TO END OF FINANCIAL YEAR

On the 10 July 2023 Dr Jason Loveridge and Professor Alexandra Sinclair resigned as Directors of the Company.

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

## 19. PARENT ENTITY INFORMATION

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

### Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	(7,160,991)	(4,692,091)
Total comprehensive income	(7,160,991)	(4,692,091)

### Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	22,367,406	29,225,668
Total non-current assets	—	—
Total current liabilities	446,203	642,157
Total liabilities	446,203	642,157
Equity		
Issued capital	36,413,432	36,413,432
Reserves	2,397,313	1,898,630
Accumulated losses	(16,889,542)	(9,728,551)
<b>Total equity</b>	<b>21,921,203</b>	<b>28,583,511</b>

## 20. AUDITOR'S REMUNERATION

	2023	2022
	\$	\$
Amounts paid or payable to BDO for:		
Audit services		
- an audit or review of the financial report of the entity	42,414	37,376
<b>Total audit services</b>	<b>42,414</b>	<b>37,376</b>
Corporate advisory services	2,500	2,000
Taxation services	4,000	5,658
<b>Total other services</b>	<b>6,500</b>	<b>7,658</b>

# Notes to the Consolidated Financial Statements continued

## 21. DIVIDENDS

There are no dividends paid or payable at 30 June 2023.

## 22. COMMITMENTS

There are no other commitments which require disclosure as at 30 June 2023 (30 June 2022: nil).

## 23. SEGMENT REPORTING

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

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

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

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

## 24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent liabilities or contingent assets which require disclosure as at 30 June 2023 (30 June 2022 : nil).

# Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*, and:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.
- (iii) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and

(b) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(c) The Directors have been given the declarations by the Executive Director as required by section 295A, of the *Corporations Act 2001*.

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



David McAuliffe  
Interim Non-executive Chairman

Perth, Western Australia, 17 August 2023

# Independent Auditor's Report



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Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Invex Therapeutics Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Invex Therapeutics Ltd (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of 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.

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### Valuation of Share-Based Payments

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year ended 30 June 2023, the Company issued options to key management personnel (“KMP”) and employees.</p> <p>These instruments constitute share-based payments in accordance with AASB 2 and accordingly are required to be recognised at their fair value and expensed over the respective vesting (performance) period. In addition, arrangements from prior financial periods continue to vest and impact the current year financial statements.</p> <p>Refer to notes 1(m), 1(r) and 17 of the financial report for a description of the accounting policy and key assumptions and inputs applied to determine the valuation of these options.</p> <p>Given the complexities and significant judgements involved under the applicable accounting standard we consider the accounting for the share-based payment expense to be a key audit matter.</p>	<p>As a result of the risk identified, for all share-based payment arrangements during the year we performed the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;</li> <li>• Reviewed management’s determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs;</li> <li>• Engaged our valuation specialists to assess the reasonableness of management’s valuation inputs, specifically the volatility rate adopted;</li> <li>• Verified the share-based payment expense has been recognised appropriately over the relevant vesting period;</li> <li>• Reviewed the reasonableness of management’s probability assessments applied to the non-market based performance conditions compared to relevant internal and external factors; and</li> <li>• Reviewed the adequacy of the financial report disclosures, including the Remuneration Report and related party disclosures.</li> </ul>





## **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

## **Responsibilities of the directors for the Financial Report**

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

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

## **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.



## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Invex Therapeutics Ltd, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

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

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**

**Director**

Perth

17 August 2023

# Corporate Governance Statement

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

## ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS

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

Further details in respect to the Group's corporate governance practises and copies of Group's corporate governance policies and the 2023 Corporate Governance Statement, approved by the Board and applicable as at 30 June 2023 are available of the Group's website:

<https://invextherapeutics.com/corporate-governance/>

# ASX Additional Information

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

## 1. SHAREHOLDINGS

The issued capital of the Company as at 1 August 2023 is 75,153,848 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

### Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	208	124,047	0.17
1,001-5,000	478	1,324,037	1.76
5,001-10,000	237	1,888,313	2.51
10,001-100,000	461	17,128,540	22.79
100,001 and above	101	54,688,911	72.77
<b>Total</b>	<b>1,485</b>	<b>75,153,848</b>	<b>100.00</b>

### Unmarketable parcels

There were 479 holders of less than a marketable parcel of ordinary shares representing a total of 626,704 shares.

## 2. TOP 20 SHAREHOLDERS AS AT 1 AUGUST 2023

Name	Number of shares	%
1 TATTARANG	8,846,154	11.77
2 TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	3,725,000	4.96
3 MR JASON LOVERIDGE	3,374,462	4.49
4 MR DAVID JERIMIAH MCAULIFFE	3,350,001	4.46
5 JK NOMINEES PTY LTD <THE JK FUND A/C>	3,000,000	3.99
6 PROF ALEXANDRA JEAN SINCLAIR	2,500,000	3.33
7 MRS KATHRYN SALKIILD	2,293,000	3.05
8 THE UNIVERSITY OF BIRMINGHAM	2,000,000	2.66
9 BANNABY INVESTMENTS PTY LIMITED<BANNABY SUPER FUND A/C>	1,625,000	2.16
10 SUNSET CAPITAL MANAGEMENT PTY LTD<SUNSET SUPERFUND A/C>	1,448,175	1.93
11 ANTHONY GRIST	1,338,518	1.78
12 CITYSCAPE ASSET PTY LTD<CITYSCAPE FAMILY A/C>	1,150,000	1.53
13 CABLETIME PTY LTD <INGODWE A/C>	1,120,000	1.49
14 SANDHURST TRUSTEES LTD<COLLINS ST VALUE FUND A/C>	1,081,924	1.44
15 PALLA NOMINEES PTY LTD <P C BLACKMAN S/F NO 2 A/C>	580,000	0.77
16 ARDROY SECURITIES PTY LTD<CAMERON INVESTMENT UNIT A/C>	550,407	0.73
17 ENDLESS SUMMER (WA) PTY LTD<PETER NELSON SUPER FUND A/C>	550,000	0.73
18 MS SOPHIE ALICE LOVERIDGE	493,000	0.66
19 PETER KYROS PTY LTD <KYROS SF A/C>	470,075	0.63
20 WEBINVEST PTY LTD<OLSB UNIT A/C>	375,000	0.50
<b>TOP 20 TOTAL</b>	<b>39,870,716</b>	<b>53.05</b>
<b>TOTAL REMAINING HOLDERS BALANCE</b>	<b>35,283,132</b>	<b>46.95</b>
<b>TOTAL</b>	<b>75,153,848</b>	<b>100.00</b>

### 3. UNQUOTED SECURITIES

The unlisted options over shares in the Company as at 1 August 2023 are as follows:

<b>Holder</b>	<b>Number of options held</b>	<b>% of issued capital held</b>
DR JASON LOVERIDGE	2,080,000	22.63
ALEXANDRA JEAN SINCLAIR	1,920,000	20.89
CIPA INVESTMENTS PTY LTD <CIPA INVESTMENTS A/C>	1,800,000	19.58
DR MEGAN BALDWIN	600,000	6.53
CAROL PARISH	1,520,000	16.53
PHILUCHNA PTY LTD <PM & NA WARREN FAMILY A/C>	848,000	9.23
DAVID JERIMIAH MCAULIFFE <THE LAZY D9M INVESTMENT A/C>	200,000	2.17
EMMA HILTON	224,000	2.44
<b>Total</b>	<b>9,192,000</b>	<b>100.00</b>

### 4. VOTING RIGHTS

See note 12 of the financial statements.

### 5. SUBSTANTIAL SHAREHOLDERS AS AT 1 AUGUST 2023

<b>Holder</b>	<b>Number of shares held</b>	<b>% of issued capital held</b>
TATTARANG	8,846,154	11.77

### 6. RESTRICTED SECURITIES SUBJECT TO ESCROW PERIOD

There are no restricted securities.

### 7. ON-MARKET BUYBACK

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

### 8. COMPANY CASH AND ASSETS

In accordance with Listing Rule 4.10.19, the Company confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2023 in a way that is consistent with its business objective and strategy.

# Corporate Directory

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

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

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

## **Directors:**

Dr Thomas Duthy  
Dr Megan Baldwin  
Mr David McAuliffe  
Dr Jason Loveridge (resigned 10 July 2023)  
Professor Alexandra Sinclair (resigned 10 July 2023)

## **Company Secretary:**

Ms Narelle Warren

## **Registered Office & Principal Place of Business:**

Level 2, 38 Rowland St  
Perth WA 6008  
Tel: + 61 8 6382 0137

Website: [www.invextherapeutics.com](http://www.invextherapeutics.com)

## **Auditors:**

BDO Audit (WA) Pty Ltd  
Level 9  
Mia Yellagonga Tower 2  
5 Spring Street  
Perth WA 6000

## **Bankers:**

Westpac Banking Corporation  
Level 4 Tower 2 Brookfield Place  
123 St Georges Terrace  
Perth WA 6000

## **Solicitors:**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan St  
Perth WA 6000

## **Share Registry:**

Automatic Registry Services  
Telephone: 1300 288 664  
International: +61 2 9698 5414  
Website: [www.automicgroup.com.au](http://www.automicgroup.com.au)  
ASX code: IXC

