ACTIVITY REPORT AND CASH FLOW REPORT

FOR THE QUARTER ENDED 31 MARCH 2020

MELBOURNE (AUSTRALIA) 20 April 2020: Invion Limited (ASX: IVX) ("Invion" or "Company") is pleased to provide its Appendix 4C for the quarter ending 31 March 2020.

Summary of cash position and expenditure during the quarter

The Company held cash reserves at the end of the quarter of $0.413 million in line with forecasts. Cash outflows relating to operating activities was $0.586 million. Payments noted under section 6.1 of the accompanying Appendix 4C are to directors and relate to non-executive director fees.

The Company remains funded through its R&D services agreement with RMW Cho Group and fluctuations in cash position are due to the timing of payments and receipts.

R&D activities during the quarter

Activities during the quarter were directed to furthering the development of the Photosoft™ technology for the treatment of a range of cancers.

Activity was primarily focused on the ongoing development and testing of the IVX-PDT active pharmaceutical ingredient (API) which included optimisation, efficacy and toxicity studies conducted with the Invion's manufacturing partner, AMT and with Hudson Institute of Medical Research.

Preclinical studies of the IVX-PDT gel formulation are ongoing in preparation for ethics committee submissions in 2H 2020 and the subsequent commencement of clinical trials in patients with basal cell carcinoma.

During the quarter, laboratory studies commenced at the Peter MacCallum Cancer Centre, investigating the use of IVX-PDT to treat a range of ano-genital cancers.

Additionally, during the quarter, Invion's wholly owned subsidiary, EpiTech Dermal Science Pty Ltd, signed an R&D services agreement to oversee the development of active dermatological ingredients for Pavay Biotech, the largest hospital supplier of Epidermal Growth Factor in China. EpiTech's services under the agreement include research and development in relation to ingredient/s for supply, establishing specifications for each material and product, and management and oversight of regulatory processes.

Impact of COVD-19

The Company has taken swift action to address the known and potential impacts of the current COVID-19 crisis. As a first step, the Board implemented safety and well-being measures for employees and contractors. The Board is focussed on maintaining activity and output levels necessary to drive the Company's strategy forward while concurrently instigating appropriate cost-saving and cash preservation measures.

Engagement with the Company's manufacturing and research partners continues to be a priority, and the Company is working diligently to understand and address any timeline delays that may be caused by the temporary closure or reduced activity of partner organisations.

As a result of limitations on access to research and testing facilities, the outputs of which form a necessary part of the data packages required for clinical trial approval, at this date it is not anticipated the Company's Phase 1b study in Basal Cell Cancer (BCC) will commence in the first half of 2020 as planned.

Whilst it is not possible to confirm an absolute commencement date at this time, the Company continues to work with closely partners with the aim of commencing the study as soon as possible.

A program update on activities in the quarter and potential impacts to milestones accompanies this Appendix 4C.

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About Invion

Invion is a life-science company that is leading the global research and development of Photosoft™ technology for the treatment of a range of cancers. Invion holds the Australia and New Zealand license rights to the Photosoft™ technology. Research and clinical trials are funded by the technology licensor, RMW Cho Group Limited, via an R&D services agreement with the Company. Invion is listed on ASX (ASX:IVX). This announcement was approved for release by Craig Newton, MD & CEO. For further information please contact investor@inviongroup.com.

About Photodynamic Therapy (PDT)

Invion is developing Photosoft™ technology as an improved next generation Photodynamic Therapy. PDT uses non-toxic photosensitisers and visible light in combination with oxygen to produce cytotoxic-reactive oxygen that kills malignant cells, shuts down tumours and stimulates the immune system. A potential alternative to surgery, and in contrast to radiotherapy and chemotherapy which are mostly immunosuppressive, PDT causes acute inflammation, expression of heat-shock proteins, and invasion and infiltration of a tumour by leukocytes.

Appendix 4C

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

Name of entity	
INVION LTD	
ABN	**Quarter ended ("current quarter")**
76 094 730 417	31 March 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	880	2,525
1.2	Payments for		
	(a) research and development	(229)	(1,560)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(142)	(587)
	(f) administration and corporate costs	(215)	(794)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	58
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**294**	**(358)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
	(f) other non-current assets		
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

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

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	119	771
4.2	Net cash from / (used in) operating activities (item 1.9 above)	294	(358)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	7	7
4.6	**Cash and cash equivalents at end of period**	**420**	**420**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	420	119
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**420**	**119**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	13
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: Payments noted in 6.1 are to directors and relate to non-executive director fees.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	294
8.2	Cash and cash equivalents at quarter end (Item 4.6)	420
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	420
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	1.43

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: At this time the sole focus of Invion activities is the development and commercialisation of the Photosoft™ technology. The development of Photosoft™ is funded via an R&D agreement with the technology licensor, The Cho Group. Under this agreement, which was approved by Invion shareholders at the 2017 AGM, The Cho Group funds the fully burdened costs of development - including research, development and associated overhead costs - to meet pre-agreed development milestones. Funding and milestones are agreed on a quarterly basis by a Steering Committee between the parties.

The Company held cash reserves of 420k at the end of March 2020, with net cash inflow from operating activities during the quarter of 294k. The operating cashflow for the March quarter was related to timing of invoicing for activities. This timing was pre-agreed by the parties. Subsequent to the end of the Quarter, the Company invoiced in advanced for June 2020 quarter activities

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2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Subsequent to the end of the quarter, in accordance with the R&D services agreement, Invion invoiced The Cho Group $472k in advance for activities anticipated to be undertaken in the June 2020 quarter.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. This is based on the expected continued funding under the R&D agreement as referred above.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 20 April 2020

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.