

Imagion Biosystems Limited

ABN 42 616 305 027

Annual Report

For the year ended 31 December 2024

Imagion Biosystems Limited
Contents
31 December 2024

Corporate directory	1
Letter from the Chairman	2
Directors' report	3
Auditor's independence declaration	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	22
Notes to the financial statements	23
Consolidated Entity disclosure statement	49
Directors' declaration	50
Independent auditor's report to the members of Imagion Biosystems Limite	51
Shareholder Information	54

For personal use

Imagion Biosystems Limited
Corporate directory
31 December 2024

Directors

Mr Robert Proulx (Executive Chairman)
Mr Brett Mitchell (Non-Executive Director)
Ms Melanie Leydin (Non-Executive Director)

Company secretary

Ms Melanie Leydin

**Registered office and principal
place of business**

Level 4, 96-100 Albert Road
South Melbourne,
VIC 3205

Share registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW 2000

Auditor

RSM Australia Partners
Level 27, 120 Collins Street
Melbourne, VIC 3000

Australian legal advisor

Steinepreis Paganin
Level 14, QV1 Building
250 St Georges Terrace
Perth, WA 6000

United States legal advisor

Law Offices of Gayani R. Weerasinghe
325 W Washington St, Ste 2-3013
San Diego, CA 92103

Stock exchange listing

Imagion Biosystems Limited shares are listed on the Australian Securities Exchange
(ASX code: IBX)

Letter from the Chairman

Dear Shareholders,

There is no hiding that 2024 was a difficult year for the company and our investors. Although we had ended 2023 on a high note by having completed our first clinical Phase 1 study, the challenging capital markets of 2023 for our planned Nasdaq dual listing, forced us to make some difficult decisions early in 2024 to restructure the company. Throughout the first and second quarters of 2024 we reduced staff and reorganized to become a lean "virtual" company. Imagion now operates with a much lower fixed operating cost.

In the second half of the year, a new Board and management team was successful in shoring up our financial situation by restructuring the existing Mercer Street Capital convertible note facility and by raising \$3,000,000 in new equity through an oversubscribed placement led by CPS Capital. The continued support of Mercer Capital and the funds raised by CPS have provided the Company with the ability to return our focus to developing our MagSense® imaging technology. Already in the first quarter of 2025 we have put the funds to use to advance our lead product towards the next phase of clinical testing.

Although 2024 was a tumultuous year of forced change and transition, the difficulties were financially related and not related to our core expertise or to our MagSense® technology. We have retained our intellectual property and product pipeline, and we now intend to resume our work to develop this new class of molecular imaging products aimed to improve the way we diagnose and are able to treat cancer.

We made hard decisions in 2024, but always believed we had a path forward that would be best for our shareholders. I am hopeful that you will support us as we endeavor to realize our technology's potential to change the way we look at cancer.



Robert Proulx

Executive Chairman

Imagion Biosystems Limited

Imagion Biosystems Limited
Directors' report
31 December 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or the 'Group') consisting of Imagion Biosystems Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

Directors

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

Mr Robert Proulx (Executive Chairman)
Mr Brett Mitchell (Non-Executive Director) (Appointed on 14 June 2024)
Ms Melanie Leydin (Non-Executive Director) (Appointed on 31 July 2024)
Mr Michael Harsh (Non-Executive Director) (Resigned on 22 August 2024)
Mr David Ludvigson (Non-Executive Director) (Resigned on 22 August 2024)
Mr Mark Van Astan (Non-Executive Director) (Resigned on 22 August 2024)
Ms Jovanka Naumoska (Non-Executive Director) (Resigned on 3 May 2024)
Ms Dianne Angus (Non-Executive Director) (Resigned on 3 May 2024)
Dr Isaac Bright (Managing Director and Chief Executive Officer) (Resigned on 15 January 2024)

Principal activities

During the financial year the principal continuing activities of the Consolidated Entity consisted of: Nanotechnology; Biotechnology; Cancer Diagnostics; and Medical Imaging using Magnetic Resonance.

Dividends

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

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$2,066,957 (31 December 2023: \$12,473,916).

The loss was materially lower than prior year due to the retrenchment of the workforce and significant reduction in research and development programs. The Consolidated Entity expects to keep its general and administration costs to a reduced level for the foreseeable future.

The Consolidated Entity drew in total \$720,000 from the existing Mercer convertible note facility and successfully raised \$3 million (before cost) in December 2024, the funds are being used to advance the clinical development of the Company's MagSense® molecular MRI imaging technology, and for general working capital.

Licensing Agreement

In September 2024, the Consolidated Entity entered into an Asset Transfer and IP Licensing Agreement with Biosensis, Ltd. (Biosensis), an Australian based life science manufacturer to produce and sell the Company's PrecisionMRX® nanoparticles, specifically for the biomedical research markets. Under the Agreement, Biosensis licensed to utilize Consolidated Entity's proprietary methods and know-how to make iron oxide nanoparticles and their derivatives and market them under the Consolidated Entity's PrecisionMRX® trademarked brand. The Agreement provides for Biosensis to commercialize the nanoparticles and related services to academic and industry researchers and pay the Consolidated Entity milestone fees and royalties on net sales. The Consolidated Entity retains the rights to manufacture and sell in the future into all global commercial markets.

PrecisionMRX® superparamagnetic iron oxide nanoparticles were specifically developed by the Consolidated Entity to meet the stringent requirements needed for biomedical applications. The Consolidated Entity's proprietary methods of synthesis and biofunctionalization achieve uniform attributes, such as size, shape, and magnetic properties, and are robust enough to provide batch to batch consistency and quality, which are important for biomedical research. The Asset Transfer and IP License Agreement with Biosensis will ensure the PrecisionMRX® brand remains the preferred iron oxide nanoparticle in the biomedical research market.

Clinical development

MagSense® HER2 Breast Cancer Program

In December 2024 quarter, the Consolidated Entity resumed its clinical development of the MagSense® HER2 imaging agent which was successfully completed Phase 1 study in 2023. The Consolidated Entity established a core team of consultants and advisors, including the appointment of Dr. Susan Harvey for Medical Affairs, and aims to achieve filing an Investigational New Drug (IND) application with the FDA in 2025. The Consolidated Entity also resumed its collaboration with Siemens MRI experts to support the Phase 2 study. A key element of the Phase 2 study is to optimize the imaging protocol, and the collaboration with Siemens is aimed at ensuring the study achieves the best possible imaging results.

Outlook

The first half of 2025 will be focused on the tasks associated with getting the FDA filing in order, including:

- Manufacturing a new lot of the MagSense® HER2 imaging agent;
- Identifying Principal Investigators and study sites; and
- Finalizing the clinical study protocol.

The Consolidated Entity aims to begin the MagSense® HER2 Breast Cancer Phase 2 study in the second half of the year 2025. Advancing the research and development programs for prostate cancer and ovarian cancer will be dependent on the availability of funds.

Key risks and uncertainties

The Consolidated Entity is subject to risks specific to the Consolidated Entity and the Consolidated Entity's business activities, as well as general risks.

Technical risks

The inherent nature of research and development is uncertain. There are substantial risks in drug development including risks that studies fail to achieve an acceptable level of safety and/or efficacy. This would have a material impact on the Consolidated Entity.

The Consolidated Entity is mitigating this risk where reasonably possible through diversification of its product pipeline, undertaking rigorous scientific review during the development process, and working with reputable and capable partners and service providers.

Future funding risks

Whilst the Consolidated Entity has a cash balance of \$2,670,517 and is able to continue on a going concern basis, there is risk that the Consolidated Entity may require substantial additional financing in the future to sufficiently fund its operations, research and development. The Directors regularly review the spending pattern and ability to raise additional funds to ensure the Consolidated Entity's ability to generate sufficient cash inflows to settle its creditors and other liabilities.

In addition, the Consolidated Entity is eligible for certain government grants and R&D tax incentive which is subject to fulfilling eligibility criteria. The Consolidated Entity reviews the project to ensure they are eligible for R&D tax incentives.

Regulatory and licensing risks

If the Consolidated Entity does not obtain the necessary regulatory approvals, it may be unable to commercialise its pharmaceutical products. Even if it receives regulatory approval for any product candidates, profitability will depend on its ability to generate revenues from the sale of its products or the licensing of its technology.

The Consolidated Entity monitors legislative and regulatory developments and engages proactively with key stakeholders to manage this risk.

Reliance on key personnel

The Consolidated Entity's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Consolidated Entity.

The Consolidated Entity maintains a mixture of external contractors and consultants to allow the access of multiple sources of resources, and reviews remunerations to human resources regularly.

Inability to protect intellectual property

The Consolidated Entity's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual

property and any improvements to it. A failure or inability to protect the Consolidated Entity's intellectual property rights could have an adverse impact on operating and financial performance.

The Consolidated Entity proactively monitors applications and renewals of patents and licences; and requires relevant stakeholders to comply with the requirements set out in the confidentiality policy.

IT system failure and cyber security risks

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The potential financial impacts of cyber security breaches may include:

- Business disruption costs
- Intellectual property or other valuable data being stolen or compromised
- Breaches of confidentiality with external parties that may compromise material commercial agreements
- Costs of remedying breaches and recovering data
- Costs to bolster cyber protection
- Litigation and legal costs
- Reputational damage

The Consolidated Entity is committed to preventing and reducing cyber security risks through outsourcing the IT management to a reputable services provider.

Significant changes in the state of affairs

On 15 January 2024, Mr Isaac Bright resigned as the Managing Director and Chief Executive Officer of the Company.

On 12 March 2024, the Consolidated Entity executed a recapture agreement with its landlord, BRE-BMR Oberlin LP to terminate the Consolidated Entity's premises lease. Subsequently on 30 April 2024 the Consolidated Entity vacated its premises in accordance with the Recapture Agreement.

On 3 May 2024, Ms Jovanka Naumoska and Ms Dianne Angus resigned as Non-Executive Director of the Company.

On 13 May 2024, Mr Geoff Hollis resigned as the Company secretary and chief financial officer of the Company. On the same day, the Company appointed Ms Melanie Leydin as Company secretary.

On 29 May 2024, the Company issued 242,000 Convertible Notes ('2024 Note') with a face value of \$1.00 per Note at a discounted subscription price of \$0.90909 and raised \$220,000 before costs. The Company also issued 2,048,122 options with an exercise price of \$0.11284 per option to the Note holders, with expiry on 29 May 2027.

On 14 June 2024, the Company appointed Mr Brett Mitchell as the Non-Executive Director.

On 17 July 2024, the Company executed a deed of variation (Deed) with Mercer Street Global Opportunity Fund, LLC ('Mercer') in respect of convertible securities agreement entered into with Mercer on 7 March 2023 ('Convertible Securities Agreement'), which was subsequently approved by shareholders in a general meeting on 22 August 2024. The below table set out the variations to the Convertible Securities Agreement:

Matter	Particulars
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Floor Price	\$0.04, subject to adjustment in accordance with the Convertible Securities Agreement.
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Qualifying Capital Raising	If a capital raising occurs which raises \$10,000,000 or more ('Qualifying Capital Raising'), the Company must give Mercer written notice of such event. In circumstances where: (a) the Qualifying Capital Raising is between \$10 million and \$15 million, Mercer may require repayment by the Company of some or all of up to 50% of the Notes; and (b) where the Qualifying Capital Raising is more than \$15 million, Mercer may require repayment by the Company of some or all of up to 100% of the Notes, by giving written notice to the Company no later than 20 Business Days after the date of the notice issued by the Company.
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Repayment of the nominated outstanding Notes must occur 5 Business Days after the date the on which notice is given to Mercer by the Company.

Maturity Date	(a) In respect of the First and Second tranches, the maturity date is 30 months from the date of issue. (b) In respect of the subsequent tranches, the Maturity Date is 18 months from the expiry date.
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The Company's shares were suspended from trading on the Australian Securities Exchange (ASX) from 2 April 2024 to 14 June 2024 ('Suspension'), which constituted an event of default under the Convertible Securities Agreement. Under the terms of Deed, Mercer agreed to waive all rights of redemption of the convertible notes issued under the Convertible Securities Agreement that would otherwise have been triggered by the Suspension. In consideration, the Company agreed to issue Mercer 3,000,000 Shares ('2024 Mercer Shares') as compensation. The first tranche of the 2024 Mercer Shares of 2,350,000 were issued on 16 July 2024. The second tranche of the 2024 Mercer Shares of 650,000 were issued on 22 August 2024 upon shareholder approval in a general meeting.

On 1 August 2024, Mr Michael Harsh, Mr David Ludvigson and Mr Mark Van Astan resigned as the Non-Executive Director of the Company, effective on 22 August 2024; and the Company appointed Ms Melanie Leydin as Non-Executive Director, effective on 31 July 2024.

On 19 September 2024, the Company issued 550,000 2024 Notes with a face value of \$1.00 per 2024 Note at a discounted subscription price of \$0.90909 to raise a maximum of approximately \$500,000 before costs. The Company also issued 12,254,902 options with an exercise price of \$0.04284 per option to the Note holders, expiring on 19 September 2027.

On 10 October 2024, the Company announced a Placement to issue 150,000,000 shares at an issue price of \$0.02 (2 cents) per share, along with 75,000,000 free attached unlisted options on a 1-for-2 basis, exercisable at \$0.04 and expiring on three years from the date of issue and raise \$3 million before costs. The first tranche of the placement was completed on 23 October 2024 with 5,346,558 shares were issued. The second tranche of the placement was completed on 9 December 2024 upon shareholders' approval in a general meeting with 144,653,442 shares and 75,000,000 free attached unlisted options were issued. As part of the Placement, 6,250,000 shares and 3,125,000 free attached unlisted options were issued to related parties of the Company and raised \$125,000.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Consolidated Entity has significantly reduced fixed costs of administration activities including its human resources. However, the Consolidated Entity has resumed research and development of the MagSense® HER2 Breast Cancer Program, with any further development dependent on the availability of funds. The expected results of operations for the Consolidated Entity will depend on the result of these developments and availability of funds.

Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Imagion Biosystems Limited
Directors' report
31 December 2024

Information on directors

Name: Mr Robert Proulx
Title: Executive Chairman
Experience and expertise: Mr. Proulx has served as Chairman of the Board at Imagion Biosystems since the Company's IPO in 2017. As President and CEO of Imagion Biosystems beginning in February 2015 until June 2023, he led the Company in the development of the nanoparticle-based medical imaging technology from early proof of concept through initial clinical development until June 2023. Mr. Proulx's career spans more than 30 years with experience in the computer, life science and medical diagnostics industries. Mr. Proulx holds an M.A. and B.A. from the State University of New York at Albany and an Executive MBA from the Penn State Smeal College of Business.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 1,404,082 fully paid ordinary shares
Interests in options: 775,000 unlisted options
Interests in rights: 2,000,000 performance rights

Name: Mr Brett Mitchell
Title: Non-Executive Director (appointed on 14 June 2024)
Experience and expertise: Mr. Mitchell is an experienced corporate finance executive with more than 15 years of experience in ASX listed companies leading transactions in the biopharmaceutical, mining, energy and tech industries. He has been involved in the founding, financing, and management of both private and publicly-listed companies, including recently as a director of ASX listed lithium developer Delta Lithium Ltd (DLI), the dual ASX-LSE listed medical cannabis Company Argent Biopharma Ltd (RGT), and is currently Executive Chairman of ASX listed Javelin Minerals Ltd (ASX:JAV) and Non-Executive Chairman of Uvre Limited (ASX :UVA). Additionally, Mr Mitchell has founded two financial advisory services businesses and brings a track record of capital raising and corporate strategy to Imagion.

Other current directorships: Javelin Minerals Ltd (ASX: JAV); and Uvre Limited (ASX: UVA)
Former directorships (last 3 years): Delta Lithium Limited (previously Red Dirt Metals) (ASX: DLI); MGC Pharmaceuticals Limited (ASX: RGT); and Mount Ridley Mines Ltd (ASX: MRD)
Interests in shares: 4,270,908 fully paid ordinary shares
Interests in options: 2,500,000 unlisted options
Interests in rights: 1,250,000 performance rights

Name: Ms Melanie Leydin
Title: Non- Executive Director (appointed on 31 July 2024) and Company Secretary (appointed on 13 May 2024)
Experience and expertise: Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. Ms Leydin is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms Leydin is Managing Director of Vistra Australia. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Ms Leydin has over 25 years' experience in the accounting profession and has extensive experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public Company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings and shareholder relations.

Other current directorships: Invion Limited (ASX: IVX); and Unico Silver Limited (ASX: USL)
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None
Interests in rights: None

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

Imagion Biosystems Limited
Directors' report
31 December 2024

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

Company secretary

Ms Melanie Leydin (appointed on 13 May 2024)

Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. Ms Leydin is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms Leydin is Managing Director of Vistra Australia. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Ms Leydin has over 25 years' experience in the accounting profession and has extensive experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public Company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings and shareholder relations.

Mr Geoff Hollis (resigned on 13 May 2024)

Prior to joining Imagion in December 2020, Mr Hollis spent over 10 years in ASX listed companies as CFO and Company Secretary. Mr Hollis commenced his career with almost 10 years at leading Melbourne based accounting and business advisory firm, Pitcher Partners. Mr Hollis is experienced in capital and debt raisings along with ongoing investor relations function in addition to other CFO and Company Secretarial experience required for an ASX listed entity on a growth journey. Mr Hollis is also a member of the Corporate Governance Institute and Chartered Accountants Australia and New Zealand.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2024, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Robert Proulx	6	6
Mr Brett Mitchell ⁽¹⁾	5	5
Ms Melanie Leydin ⁽²⁾	5	5
Mr Michael Harsh ⁽³⁾	2	2
Mr David Ludvigson ⁽⁴⁾	2	2
Mr Mark Van Asten ⁽⁵⁾	2	2
Ms Jovanka Naumoska ⁽⁶⁾	1	1
Ms Dianne Angus ⁽⁷⁾	1	1
Dr Isaac Bright ⁽⁸⁾	-	-

(1) Mr Brett Mitchell was appointed as Non-Executive Director on 14 June 2024.

(2) Ms Melanie Leydin was appointed as Company Secretary on 13 May 2024 and Non-Executive Director on 31 July 2024.

(3) Mr Michael Harsh resigned as Non-Executive Director on 22 August 2024.

(4) Mr David Ludvigson resigned as Non-Executive Director on 22 August 2024.

(5) Mr Mark Van Asten resigned as Non-Executive Director on 22 August 2024.

(6) Ms Jovanka Naumoska resigned as Non-Executive Director on 3 May 2024.

(7) Ms Dianne Angus resigned as Non-Executive Director on 3 May 2024.

(8) Dr Isaac Bright resigned as Managing Director and Chief Executive Officer on 15 January 2024.

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

Remuneration report (audited)

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

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

Imagion Biosystems Limited
Directors' report
31 December 2024

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

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

Principles used to determine the nature and amount of remuneration

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board of Directors. The Board of Directors may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Executive directors and senior executives' remuneration

The chairman's fees are determined independently to the fees of other non-executive directors which are competitively set to attract and retain appropriately qualified directors and senior executives and based on achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive and director rewards satisfies the following key criteria for good reward governance practices:

- Having strategic objectives as a core component of the reward framework design;
- Focusing on sustained growth in shareholder wealth, which may comprise growth in share price, increasing opportunities for the Consolidated Entity as well as focusing the executive on key non-financial drivers of value;
- Alignment of executive compensation to performance; and
- Acceptability to shareholders.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- Rewarding capability and application of relevant experience;
- Being competitive and providing a reasonable framework with regard to applicable industry standards;
- Reflecting competitive rewards for contribution to growth in shareholder wealth; and
- Providing a clear and transparent structure for earning rewards.

Remuneration packages include a mix of fixed remuneration and variable remuneration and short and long-term performance-based incentives under the Company's Employee Incentive Plan. Due to the relatively small size of the Company, the Board is acting in the capacity of a remuneration committee. The Company's Employee Incentive Plan allows the Board from time to time, in its absolute discretion, make a written offer to any Eligible Participant (as defined in the Plan).

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

The executive remuneration and reward framework has five components:

- Base pay and non-monetary benefits;
- Short-term performance incentives;
- Share-based payments;
- Health care benefits (applicable to US based personnel); and
- Other remuneration such as superannuation and long service leave.

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

The CEO consults with the Board in relation to executive remuneration. Executive fixed remuneration, consisting of base salary and non-monetary benefits, are reviewed annually based on individual and business performance, the overall performance of the Consolidated Entity and comparable market remunerations.

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

Imagion Biosystems Limited
Directors' report
31 December 2024

The long-term incentives ('LTI') include long service leave, performance rights or option payments. Options or performance rights are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the Consolidated Entity's direct competitors. Remuneration levels will be, if necessary reviewed annually by the Board through a process that considers the overall performance of the Group. During the year, external consultants were not used to provide any analysis nor advice to the Directors' and senior executives' with respect to remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 28 May 2021 where the shareholders approved an aggregate remuneration of \$450,000.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM') held on 31 May 2024

At the Company's 2023 AGM held on 31 May 2024, 52.99% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

The key management personnel of the Consolidated Entity consisted of the following directors of Imagion Biosystems Limited:

- Mr Robert Proulx (Executive Chairman)
- Mr Brett Mitchell (Non-Executive Director) (Appointed on 14 June 2024)
- Ms Melanie Leydin (Non-Executive Director and Company Secretary) (Appointed on 31 July 2024 and 13 May 2024, respectively)
- Mr Michael Harsh (Non-Executive Director) (Resigned on 22 August 2024)
- Mr David Ludvigson (Non-Executive Director) (Resigned on 22 August 2024)
- Mr Mark Van Asten (Non-Executive Director) (Resigned on 22 August 2024)
- Ms Jovanka Naumoska (Non-Executive Director) (Resigned on 3 May 2024)
- Ms Dianne Angus (Non-Executive Director) (Resigned on 3 May 2024)
- Dr Isaac Bright (Managing Director and Chief Executive Officer) (Resigned on 15 January 2024)
- Mr Geoff Hollis (Company secretary and Chief Financial Officer) (Resigned on 13 May 2024)

	Short-term benefits		Post-employment benefits	Share-based payments	
	Salary and fees	Annual leave	Super-annuation	Equity-settled options	Total
2024	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Mr Brett Mitchell ⁽¹⁾	26,000	-	-	4,506	30,506
Ms Melanie Leydin ⁽²⁾	25,000	-	-	-	25,000
Mr Michael Harsh ⁽³⁾	-	-	-	-	-
Mr David Ludvigson ⁽³⁾	-	-	-	-	-
Mr Mark Van Asten ⁽³⁾	-	-	-	-	-
Ms Jovanka Naumoska ⁽³⁾	-	-	-	-	-
Ms Dianne Angus ⁽³⁾	-	-	-	-	-
<i>Executive Directors:</i>					
Mr Robert Proulx ⁽⁴⁾	55,653	-	-	7,209	62,862
Dr Isaac Bright	26,818	-	-	-	26,818
<i>Other Key Management Personnel:</i>					
Mr Geoff Hollis	91,241	25,271	9,920	-	126,432
	224,712	25,271	9,920	11,715	271,618

Imagion Biosystems Limited
Directors' report
31 December 2024

- (1) Mr Brett Mitchell received his remuneration through Sibella Capital Pty Ltd (an entity associated with him). In addition to the amounts disclosed in the above table, the Company incurred an expenditure of \$39,000 for consulting services to an entity controlled by Mr. Mitchell during his tenure as a director. All transactions were made on normal commercial terms and conditions and at market rates.
- (2) Ms Melanie Leydin received her remuneration through Vistra (Australia) Pty Limited (an entity associated with her). In addition to the amounts disclosed in the above table, the Company incurred an expenditure of \$95,223 for accounting and corporate secretarial services to an entity controlled by Ms. Leydin during her tenure as a director. All transactions were made on normal commercial terms and conditions and at market rates.
- (3) Mr Harsh, Mr Ludvigson, Mr Van Asten, Ms Naumoska and Ms Angus all elected to not take any remuneration for the period from 1 January 2024 to the date of resignation.
- (4) Mr Proulx resumed operating responsibilities as interim Executive Director on 15 January 2024 after Dr Bright resigned.

	Short-term benefits		Post-employment benefits	Share-based payments		
	Salary and fees	Annual leave	Super-annuation	Equity-settled	Equity-settled options	Total
2023	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Michael Harsh ⁽¹⁾	46,564	-	-	-	-	46,564
David Ludvigson ⁽¹⁾	46,564	-	-	-	-	46,564
Jovanka Naumoska ⁽¹⁾	41,352	-	-	-	-	41,352
Mark Van Asten ⁽¹⁾	41,352	-	-	-	-	41,352
Dianne Angus ⁽¹⁾	41,352	-	-	-	-	41,352
<i>Executive Directors:</i>						
Robert Proulx ⁽²⁾	391,108	-	-	14,589	3,604	409,301
Isaac Bright ⁽³⁾	387,448	-	-	-	57,111	444,559
<i>Other Key Management Personnel:</i>						
Yalia Jayalakshmi ⁽⁴⁾	414,209	-	-	68,908	61,572	544,689
Geoff Hollis	308,250	-	-	96,110	23,729	428,089
	<u>1,718,199</u>	<u>-</u>	<u>-</u>	<u>179,607</u>	<u>146,016</u>	<u>2,043,822</u>

- (1) Non-Executive Directors fees were suspended on 1 December 2023.
- (2) Mr Proulx transitioned from Executive Director to Non-Executive Director effective 31 July 2023. Remuneration reflected above included salary and wages plus directors fees up until they were suspended on 1 December 2023.
- (3) Dr Bright was appointed CEO on 20 June 2023 and to Managing Director on 14 November 2023.
- (4) Dr Jayalakshmi resigned effective 30 September 2023. Per the terms of her employment agreement, she was owed six months' severance of \$225,766 which has been paid by 31 December 2024.

Imagion Biosystems Limited
Directors' report
31 December 2024

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
Mr Brett Mitchell	85%	-	-	-	15%	-
Ms Melanie Leydin	100%	-	-	-	-	-
Mr Michael Harsh	-	100%	-	-	-	-
Mr David Ludvigson	-	100%	-	-	-	-
Mr Mark Van Asten	-	100%	-	-	-	-
Ms Jovanka Naumoska	-	100%	-	-	-	-
Ms Dianne Angus	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Mr Robert Proulx	89%	96%	-	-	11%	4%
Dr Isaac Bright	100%	87%	-	-	-	13%
<i>Other Key Management Personnel:</i>						
<i>Personnel:</i>						
Dr Yalia Jayalakshmi	-	76%	-	-	-	24%
Mr Geoff Hollis	100%	72%	-	-	-	28%

Service agreements

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

Name:	Mr Robert Proulx
Title:	Executive Chairman
Term of agreement:	Ongoing
Details:	- Director's fees of US\$63,000 per annum. - No retirement or termination benefits. - Contract may be terminated at any time in accordance with the provisions of the Constitution or the provisions of any applicable law.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2024.

Options

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Robert Proulx	50,000	6 August 2020	1 May 2021	1 May 2026	\$1.1200	\$0.3900
Robert Proulx	50,000	6 August 2020	1 May 2022	1 May 2027	\$1.1200	\$0.5500
Robert Proulx	50,000	6 August 2020	1 May 2023	1 May 2028	\$1.1200	\$0.6500
Robert Proulx	625,000	13 December 2024	13 December 2024	13 December 2027	\$0.0400	\$0.0000
Brett Mitchell	2,500,000	13 December 2024	13 December 2024	13 December 2027	\$0.0400	\$0.0000

Options granted carry no dividend or voting rights.

Imagion Biosystems Limited
Directors' report
31 December 2024

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2024.

Performance rights

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

Name	Number of rights granted	Grant date	Expiry date	Exercise price	Fair value per right at grant date
Robert Proulx ⁽¹⁾	600,000	22 August 2024	22 August 2028	\$0.0000	\$0.0370
Robert Proulx ⁽²⁾	600,000	22 August 2024	22 August 2028	\$0.0000	\$0.0338
Robert Proulx ⁽³⁾	800,000	22 August 2024	22 August 2028	\$0.0000	\$0.0309
Brett Mitchell ⁽¹⁾	375,000	22 August 2024	22 August 2028	\$0.0000	\$0.0370
Brett Mitchell ⁽²⁾	375,000	22 August 2024	22 August 2028	\$0.0000	\$0.0338
Brett Mitchell ⁽³⁾	500,000	22 August 2024	22 August 2028	\$0.0000	\$0.0309

(1) The vesting condition is the Company needs to achieve a share price of at least \$0.10 over 20 consecutive trading days.

(2) The vesting condition is the Company needs to achieve and sustain a market capitalisation of at least \$7.5 million over 20 consecutive trading days.

(3) The vesting condition is the Company needs to achieve and sustain a market capitalisation of at least \$12.5 million over 20 consecutive trading days.

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2024 are set out below:

Name	Number of rights granted during the year 2024	Number of rights granted during the year 2023	Number of rights vested during the year 2024	Number of rights vested during the year 2023
Robert Proulx	2,000,000	-	-	-
Brett Mitchell	1,250,000	-	-	-

Additional information

The earnings of the Consolidated Entity for the five years to 31 December 2024 are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Sales revenue	2,665,135	4,970,756	3,070,925	2,855,566	2,696,964
Loss after income tax	(2,066,957)	(12,473,916)	(9,807,208)	(6,024,706)	(5,364,007)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (\$)	0.023	0.355	0.960	3.040	5.800
Basic earnings per share (cents per share)	(4.599)	(40.920)	(0.350)	(0.230)	(0.287)
Diluted earnings per share (cents per share)	(4.599)	(40.920)	(0.350)	(0.230)	(0.287)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	On-market Additions / (disposals) ⁽¹⁾	Other ⁽⁸⁾	Balance at the end of the year
<i>Ordinary shares</i>					
Robert Proulx	154,082	-	1,250,000	-	1,404,082
Brett Mitchell ⁽²⁾	-	-	4,270,908	-	4,270,908
Michael Harsh ⁽³⁾	6,500	-	-	(6,500)	-
David Ludvigson ⁽⁴⁾	13,625	-	-	(13,625)	-
Mark Van Asten ⁽⁵⁾	7,313	-	-	(7,313)	-
Jovanka Naumoska ⁽⁶⁾	15,329	-	-	(15,329)	-
Dianne Angus ⁽⁷⁾	8,085	-	-	(8,085)	-
	204,934	-	5,520,908	(50,852)	5,674,990

(1) Represented shares issued to Robert Proulx and Brett Mitchell as part of the Placement.

(2) Mr Brett Mitchell was appointed as Non-Executive Director on 14 June 2024.

(3) Mr Michael Harsh resigned as Non-Executive Director on 22 August 2024.

(4) Mr David Ludvigson resigned as Non-Executive Director on 22 August 2024.

(5) Mr Mark Van Asten resigned as Non-Executive Director on 22 August 2024.

(6) Ms Jovanka Naumoska resigned as Non-Executive Director on 3 May 2024.

(7) Ms Dianne Angus resigned as Non-Executive Director on 3 May 2024.

(8) Represented the shares held at the date of cessation as key management personnel.

Option holding

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

	Balance at the start of the year	Granted ⁽⁶⁾	Exercised	Expired/ forfeited/ other ⁽²⁾	Balance at the end of the year
<i>Options over ordinary shares</i>					
Robert Proulx ⁽¹⁾	150,000	625,000	-	-	775,000
Brett Mitchell ⁽¹⁾	-	2,500,000	-	-	2,500,000
Michael Harsh	12,500	-	-	(12,500)	-
David Ludvigson	12,500	-	-	(12,500)	-
Jovanka Naumoska	12,500	-	-	(12,500)	-
Mark Van Asten	12,500	-	-	(12,500)	-
Dianne Angus	12,500	-	-	(12,500)	-
Isaac Bright ⁽³⁾	187,500	-	-	(187,500)	-
Yalia Jayalakshmi ⁽⁴⁾	100,000	-	-	(100,000)	-
Geoff Hollis ⁽⁵⁾	75,000	-	-	(75,000)	-
	575,000	3,125,000	-	(425,000)	3,275,000

(1) Represented options issued to Robert Proulx and Brett Mitchell as part of the Placement.

(2) Represented the options held at the date of cessation as key management personnel.

(3) Dr Isaac Bright resigned as Managing Director and Chief Executive Officer on 15 January 2024.

(4) Yalia Jayalakshmi resigned as Chief Development Officer on 30 September 2023.

(5) Dr Geoff Hollis resigned as Company Secretary and Chief Financial Officer on 13 May 2024.

(6) 3,125,000 free attaching unlisted options, exercisable at \$0.04 and expiring on three years from the date of issue, were issued on 13 December 2024 to the directors of the Company, Mr Brett Mitchell and Mr Robert Proulx, as part of the Placement.

Performance rights holding

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

Imagion Biosystems Limited
Directors' report
31 December 2024

Name	Balance at start of year	Granted	Vested	Expired / forfeited / other ⁽¹⁾	Balance at the end of year
Robert Proulx	-	2,000,000	-	-	2,000,000
Yalia Jayalakshmi ⁽¹⁾	25,000	-	-	(25,000)	-
Brett Mitchell	-	1,250,000	-	-	1,250,000
	<u>25,000</u>	<u>3,250,000</u>	<u>-</u>	<u>(25,000)</u>	<u>3,250,000</u>

(1) Represented the performance shares held at the date of cessation as key management personnel.

Loans to key management personnel and their related parties

There were no loans to key management personnel at any time during the financial year (2023: Nil).

Other transactions with key management personnel and their related party

The following balance was outstanding at the reporting date in relation to transactions with related parties.

	Consolidated 2024 \$	2023 \$
Trade and other payables to related parties		
Vistra (Australia) Pty Limited ⁽¹⁾	68,784	-
Sibella Capital Pty Ltd ⁽²⁾	11,000	-
	<u>79,784</u>	<u>-</u>

(1) Vistra (Australia) Pty Limited provides Company secretarial and accounting services and is an entity related to Ms Melanie Leydin.

(2) Sibella Capital Pty Ltd provides consulting services and is an entity related to Mr Brett Mitchell.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
01/06/2020	01/05/2026	\$1.1200	68,750
01/06/2020	01/05/2027	\$1.1200	68,750
01/06/2020	01/05/2028	\$1.1200	50,000
14/12/2021	30/11/2030	\$3.4880	25,000
14/12/2021	30/11/2027	\$3.4880	25,000
14/12/2021	30/11/2028	\$3.4880	25,000
14/12/2021	30/11/2029	\$3.4880	25,000
25/07/2022	31/07/2027-28/02/2028	\$1.6800	21,775
21/03/2023	21/03/2026	\$1.4960	353,474
31/05/2023	26/05/2026	\$1.4960	699,897
01/06/2023	01/06/2026	\$1.4960	702,248
25/08/2023	25/08/2026	\$0.9000	1,164,597
23/09/2023	30/09/2028-28/02/2029	\$0.6400	75,000
05/06/2024	29/05/2027	\$0.1128	2,048,122
19/09/2024	10/09/2027	\$0.0428	12,254,902
09/12/2024	09/12/2027	\$0.0400	3,125,000
09/12/2024	09/12/2027	\$0.0400	22,500,000
09/12/2024	09/12/2027	\$0.0400	75,000,000
			<u>118,232,515</u>

Imagion Biosystems Limited
Directors' report
31 December 2024

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

Shares under performance rights

Unissued ordinary shares of Imagion Biosystems Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
22 August 2024	22 August 2028	975,000
22 August 2024	22 August 2028	975,000
22 August 2024	22 August 2028	1,300,000
		<u>3,250,000</u>

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Imagion Biosystems Limited issued on the exercise of options during the year ended 31 December 2024 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of Imagion Biosystems Limited issued on the exercise of performance rights during the year ended 31 December 2024 and up to the date of this report.

Indemnity and insurance of officers

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

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

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

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

Imagion Biosystems Limited
Directors' report
31 December 2024

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's independence declaration

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

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

On behalf of the directors



Robert Proulx

Executive Chairman

28 February 2025

RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000

PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Imagion Biosystems Limited and its Controlled Entity for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A blue ink signature that appears to read "RSM" in a stylized, cursive font.**RSM AUSTRALIA PARTNERS**A blue ink signature that appears to read "BY Chan" in a stylized, cursive font.**B Y CHAN**

Partner

Dated: 28 February 2025

Melbourne, Victoria

Imagion Biosystems Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024

	Note	Consolidated 2024 \$	2023 \$
Revenue			
Revenue and other income	5	2,227,856	1,436,681
Research & development tax incentives		437,279	3,534,075
		<u>2,665,135</u>	<u>4,970,756</u>
Expenses			
Research & development expenses		(401,036)	(5,250,591)
Professional fees		(864,330)	(1,888,224)
General expenses		(871,192)	(1,693,223)
Employee benefits expense		(872,379)	(6,239,698)
Foreign exchange gain/(loss)		3,591	(11,995)
Depreciation and amortisation expense	6	(392,053)	(1,183,247)
Fair value movement of derivatives		(181,041)	412,989
Share-based payments expense		(11,715)	(462,715)
Finance costs	6	<u>(1,141,937)</u>	<u>(1,127,968)</u>
Loss before income tax expense		(2,066,957)	(12,473,916)
Income tax expense	7	<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Imagion Biosystems Limited		(2,066,957)	(12,473,916)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(138,891)</u>	<u>48,132</u>
Other comprehensive income for the year, net of tax		<u>(138,891)</u>	<u>48,132</u>
Total comprehensive income for the year attributable to the owners of Imagion Biosystems Limited		<u>(2,205,848)</u>	<u>(12,425,784)</u>
		Cents	Cents
Basic loss per share	29	(4.599)	(40.920)
Diluted loss per share	29	(4.599)	(40.920)

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

Imagion Biosystems Limited
Consolidated Statement of Financial Position
As at 31 December 2024

	Note	Consolidated 2024 \$	Consolidated 2023 \$
Assets			
Current assets			
Cash and cash equivalents	8	2,670,517	227,084
Trade and other receivables		886	73,686
Other current assets	9	114,042	300,610
Total current assets		<u>2,785,445</u>	<u>601,380</u>
Non-current assets			
Plant and equipment	10	18,274	736,401
Right-of-use assets	11	-	3,248,491
Total non-current assets		<u>18,274</u>	<u>3,984,892</u>
Total assets		<u>2,803,719</u>	<u>4,586,272</u>
Liabilities			
Current liabilities			
Trade and other payables	12	2,239,398	2,208,883
Lease liabilities	13	53,787	1,095,646
Convertible notes and derivative financial instruments	14	2,793,514	1,700,000
Employee benefits		-	37,852
Other liabilities	15	-	85,544
Total current liabilities		<u>5,086,699</u>	<u>5,127,925</u>
Non-current liabilities			
Convertible notes and derivative financial instruments	14	-	750,000
Lease liabilities	13	-	2,492,700
Employee benefits		-	3,694
Total non-current liabilities		<u>-</u>	<u>3,246,394</u>
Total liabilities		<u>5,086,699</u>	<u>8,374,319</u>
Net liabilities		<u>(2,282,980)</u>	<u>(3,788,047)</u>
Equity			
Issued capital	16	62,544,190	59,605,923
Reserves	17	2,185,373	4,921,408
Accumulated losses		<u>(67,012,543)</u>	<u>(68,315,378)</u>
Total deficiency in equity		<u>(2,282,980)</u>	<u>(3,788,047)</u>

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

Imagion Biosystems Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total Equity \$
Balance at 1 January 2023	56,830,408	3,688,550	(55,841,462)	4,677,496
Loss after income tax expense for the year	-	-	(12,473,916)	(12,473,916)
Other comprehensive income for the year, net of tax	-	48,132	-	48,132
Total comprehensive income for the year	-	48,132	(12,473,916)	(12,425,784)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity	3,057,815	-	-	3,057,815
Costs of contributions of equity	(282,300)	-	-	(282,300)
Share-based payments	-	1,184,726	-	1,184,726
Balance at 31 December 2023	<u>59,605,923</u>	<u>4,921,408</u>	<u>(68,315,378)</u>	<u>(3,788,047)</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 January 2024	59,605,923	4,921,408	(68,315,378)	(3,788,047)
Loss after income tax expense for the year	-	-	(2,066,957)	(2,066,957)
Other comprehensive income for the year, net of tax	-	(138,891)	-	(138,891)
Total comprehensive income for the year	-	(138,891)	(2,066,957)	(2,205,848)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued as part of Placement (note 16)	3,125,225	-	-	3,125,225
Costs of issue (note 16)	(660,411)	-	-	(660,411)
Shares issued as part of debt modifications (note 16)	354,528	-	-	354,528
Shares issued for settlements of payables (note 16)	118,925	-	-	118,925
Share-based payments (note 30)	-	11,715	-	11,715
Value of options issued to Mercer	-	292,710	-	292,710
Value of options issued to Lead Manager	-	468,223	-	468,223
Reallocation of value of expired and cancelled options	-	(3,369,792)	3,369,792	-
Balance at 31 December 2024	<u>62,544,190</u>	<u>2,185,373</u>	<u>(67,012,543)</u>	<u>(2,282,980)</u>

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

Imagion Biosystems Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Note	Consolidated 2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,088,797	1,496,126
Payments to suppliers and employees (inclusive of GST)		(2,710,794)	(13,262,470)
Interest received		4,626	62,776
Interest and other finance costs paid		(16,275)	(146,471)
Government grants and tax incentives		363,035	3,534,075
Net cash used in operating activities	28	(1,270,611)	(8,315,964)
Cash flows from investing activities			
Proceeds/ (Payments) for property, plant and equipment	10	83,744	(190,379)
Net cash from/(used in) investing activities		83,744	(190,379)
Cash flows from financing activities			
Proceeds from issue of shares	16	3,125,226	2,382,815
Proceeds from the issue of convertible notes		720,000	3,500,000
Transaction costs in relation to issue of shares		(192,188)	(619,330)
Repayment of borrowings		(43,231)	(971,924)
Net cash from financing activities		3,609,807	4,291,561
Net increase/(decrease) in cash and cash equivalents		2,422,940	(4,214,782)
Cash and cash equivalents at the beginning of the financial year		227,084	4,446,102
Effects of exchange rate changes on cash and cash equivalents		20,493	(4,236)
Cash and cash equivalents at the end of the financial year	8	<u>2,670,517</u>	<u>227,084</u>

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

Note 1. General information

The financial statements cover Imagion Biosystems Limited as a Consolidated Entity consisting of Imagion Biosystems Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Imagion Biosystems Limited's functional and presentation currency.

Imagion Biosystems Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office & Principal place of business

Level 4, 96-100 Albert Road
South Melbourne VIC 3205

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2025. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Consolidated Entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Imagion Biosystems Limited ('Company' or 'parent entity') as at 31 December 2024 and the results of all subsidiaries for the year then ended. Imagion Biosystems Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Note 2. Material accounting policy information (continued)

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Imagion Biosystems Limited'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.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Consolidated Entity incurred a loss of \$2,066,957 (2023: \$12,473,916), and had net cash outflows from operating activities of \$1,270,611 (2023: \$8,315,964) for the year ended 31 December 2024 and, as of that date, the Consolidated Entity had net current liabilities of \$2,301,254 and net liabilities of \$2,282,980.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors have prepared the financial statements for the Consolidated Entity on a going concern basis after consideration the following factors:

Note 2. Material accounting policy information (continued)

- As disclosed in Note 14, the Consolidated Entity has an approved facility with Mercer Street Global Opportunity Fund, LLC (Mercer) for \$10.78 million. The ability to draw down on the facility is subject to mutual agreement with Mercer and the Consolidated Entity having sufficient placement capacity.
- The Consolidated Entity has a proven record of being able to raise funds to support its ongoing activities.

With these mitigating factors considered, the directors believe that the Consolidated Entity will be able to meet its debts as and when they fall due for a period of 12 months from the date of signing this financial report. On this basis, the directors believe that it is appropriate to adopt the going concern basis in the preparation of this financial report.

In the event the Consolidated Entity loses the support of Mercer, and is consequently unable to settle its liabilities when they fall due, the Consolidated Entity would not be a going concern and therefore will not be able to realise its assets and extinguish its liabilities in the normal course of business, at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Consolidated Entity not continue as a going concern.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

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

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Research and development tax incentive

Research and Development tax incentives are recognised in accordance with AASB 120: Accounting for Government Grants and Government Assistance. The Research and development tax credit is recognised when there is reasonable assurance that the grant will be received and all conditions have been complied with. The grant has been recognised as other income within the period.

Note 2. Material accounting policy information (continued)

Accounting policy for government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Consolidated Entity will comply with all attached conditions. Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Income tax

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

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the consolidated statement of financial position.

Plant and equipment

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

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

Leasehold improvements	10 years
Plant and equipment	3-10 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

Note 2. Material accounting policy information (continued)

Right-of-use assets

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.

Research and development

Research costs for the development of intellectual property are expenses in the period in which they are incurred.

Trade and other payables

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

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 2. Material accounting policy information (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

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

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

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

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

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

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

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

Note 2. Material accounting policy information (continued)

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

Fair value measurement

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

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

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Convertible notes

Convertible notes can be converted to ordinary shares at the option of the holder.

No embedded derivate component has been reflected as it is unlikely that the holder will convert and notes prior to them becoming due and payable as the floor conversion price is significantly greater than the Consolidated Entity's share price.

The host financial liability is measured at amortised cost using the effective interest method until it is extinguished on conversion or redemption. Interest related to the financial liability is recognised in profit or loss.

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Note 2. Material accounting policy information (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2024. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Fair value measurement hierarchy

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Assessment of the conversion features of the convertible notes

During the year ended 31 December 2024, the Consolidated Entity issued convertible notes with conversion clauses that were both fixed and variable. For the convertible notes with variable conversion terms, at initial recognition an embedded derivative is recognised on the statement of financial position at fair value and that embedded derivative is subsequently recorded at its fair value thereafter, with changes in fair value going through to the statement of profit or loss and other comprehensive income. The difference between the consideration received (net of costs) and the embedded derivative is reflected in the principal value of the convertible note liability.

Note 4. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into one operating segment being Research & Development. This operating segment is based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources).

Geographical information

The Consolidated Entity has non-current assets and derives revenue in two geographical areas as outlined below:

Note 4. Operating segments (continued)

	United States of America \$	Australia \$	Total \$
Consolidated - 2024			
Revenue			
Revenue and other income	1,208,497	1,019,359	2,227,856
Research & development tax incentives	-	437,279	437,279
Total revenue	<u>1,208,497</u>	<u>1,456,638</u>	<u>2,665,135</u>
Non-current assets			
Property, plant and equipment	<u>18,274</u>	<u>-</u>	<u>18,274</u>
	United States of America \$	Australia \$	Total \$
Consolidated - 2023			
Revenue			
Revenue and other income	1,371,633	65,048	1,436,681
Research & development tax incentives	-	3,534,075	3,534,075
Total revenue	<u>1,371,633</u>	<u>3,599,123</u>	<u>4,970,756</u>
Non-current assets			
Right-of-use assets	<u>3,248,491</u>	<u>-</u>	<u>3,248,491</u>
Property, plant and equipment	<u>734,712</u>	<u>1,689</u>	<u>736,401</u>

Note 5. Revenue and other income

	Consolidated	
	2024	2023
	\$	\$
<i>Sales revenue:</i>		
Sale of goods	1,160,211	1,082,937
<i>Other revenue:</i>		
Interest income	10,091	69,204
Sub-lease revenue	48,286	160,806
Employee retention credit (USA)	-	123,734
Gain on modification of debt	<u>1,009,268</u>	<u>-</u>
	<u><u>2,227,856</u></u>	<u><u>1,436,681</u></u>

Geographical regions are disclosed in Note 4.

Note 6. Expenses

	Consolidated	
	2024	2023
	\$	\$
<i>Depreciation:</i>		
Plant and equipment (note 10)	47,485	159,318
Right-of-use assets (note 11)	344,568	1,023,929
Total depreciation	392,053	1,183,247
<i>Fair value:</i>		
Fair value loss/(gain) of derivatives (note 14)	181,041	(412,989)
<i>Finance costs:</i>		
Interest payable on hire purchase liabilities (note 13)	1,386	8,616
Unwinding of the lease liability interest (note 13)	41,572	142,270
Finance arranger fees ⁽¹⁾	-	210,000
Interest charges on convertible notes	1,098,979	760,000
Other interest	-	7,082
Finance costs expensed	1,141,937	1,127,968

(1) Finance arranger fees were incurred in relation to the convertible note facility.

Note 7. Income tax expense

	Consolidated	
	2024	2023
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised (Australia)	13,401,961	11,335,004
Potential tax benefit at 25% for 2024 (2023: 25%)	3,350,490	2,833,751
Unused tax losses for which no deferred tax asset has been recognised (USA)	28,327,088	27,209,031

The above potential tax benefit for tax losses has not been recognised in the consolidated statement of financial position. These tax losses can only be utilised in the future if the Company satisfies the relevant tax loss rules in the relevant jurisdictions and the Company earns sufficient taxable profit to absorb the losses.

Note 8. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
Cash on hand	2	2
Cash at bank	2,670,515	227,082
	<u>2,670,517</u>	<u>227,084</u>

Note 9. Other current assets

	Consolidated	
	2024	2023
	\$	\$
GST refundable	32,714	30,407
Prepayments	81,328	142,649
Security deposits	-	111,935
Other assets	-	15,619
	<u>114,042</u>	<u>300,610</u>

Note 10. Plant and equipment

	Consolidated	
	2024	2023
	\$	\$
Leasehold improvements, at cost	-	552,995
Less: Accumulated depreciation	-	(143,080)
	<u>-</u>	<u>409,915</u>
Plant and equipment, at cost	109,677	1,283,652
Less: Accumulated depreciation	(91,403)	(957,166)
	<u>18,274</u>	<u>326,486</u>
	<u>18,274</u>	<u>736,401</u>

Reconciliations

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

	Plant and equipment	Leasehold improvements	Total
	\$	\$	\$
Consolidated			
Balance at 1 January 2023	221,997	481,279	703,276
Additions	184,145	10,416	194,561
Exchange differences	-	(2,118)	(2,118)
Depreciation expense	(79,657)	(79,661)	(159,318)
Balance at 31 December 2023	326,485	409,916	736,401
Disposals	(296,403)	(374,239)	(670,642)
Depreciation expense	(11,808)	(35,677)	(47,485)
Balance at 31 December 2024	<u>18,274</u>	<u>-</u>	<u>18,274</u>

Note 11. Right-of-use assets

	Consolidated	
	2024	2023
	\$	\$
Land and buildings - right-of-use	-	5,221,644
Less: Accumulated depreciation	-	(1,973,153)
	<u>-</u>	<u>3,248,491</u>

Note 11. Right-of-use assets (continued)

Reconciliations

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

Consolidated	Land and building \$	Total \$
Balance at 1 January 2023	4,283,796	4,283,796
Exchange differences	(11,376)	(11,376)
Depreciation expense	(1,023,929)	(1,023,929)
Balance at 31 December 2023	3,248,491	3,248,491
Termination of lease	(2,903,923)	(2,903,923)
Depreciation expense	(344,568)	(344,568)
Balance at 31 December 2024	-	-

The Consolidated Entity entered a lease for its current premises in January 2022. The lease had an initial term of 62 months with a five-year option to extend. The Consolidated Entity executed a Recapture Agreement on 12 March 2024 and the lease was terminated on 30 April 2024.

Note 12. Trade and other payables

	Consolidated 2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	2,074,245	1,590,171
Severance remuneration payable	-	219,298
Other payables and accruals	165,153	399,414
	<u>2,239,398</u>	<u>2,208,883</u>

Severance remuneration payable relates to redundancy that occurred in September 2023. This was fully paid by December 2024.

Note 13. Lease liabilities

	Consolidated 2024 \$	2023 \$
<i>Current liabilities</i>		
Lease liability - premises at 3.7% p.a.	-	1,020,341
Hire purchase liabilities at 7.9% p.a.	53,787	75,305
	<u>53,787</u>	<u>1,095,646</u>
<i>Non-current liabilities</i>		
Lease liability at 3.7% p.a.	-	2,486,381
Hire purchase at 5.0% p.a.	-	6,319
	<u>-</u>	<u>2,492,700</u>
	<u>53,787</u>	<u>3,588,346</u>

Note 13. Lease liabilities (continued)

Information in relation to the lease liability - premises is below:

	Consolidated	
	2024	2023
	\$	\$
<i>Maturity analysis - contractual undiscounted cash flows</i>		
Less than one year	57,839	1,217,060
One to five years	-	2,591,851
	<u>57,839</u>	<u>3,808,911</u>
<i>Amounts recognised in profit and loss</i>		
Interest on lease liabilities	41,572	142,270
Interest on hire purchase liabilities	1,386	8,616
	<u>42,958</u>	<u>150,886</u>
<i>Amounts recognised in cash flows</i>		
Cash outflow for leases	<u>43,231</u>	<u>971,924</u>

Note 14. Convertible notes and derivative financial instruments

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Convertible notes payable	2,594,771	1,700,000
Embedded derivatives	198,743	-
	<u>2,793,514</u>	<u>1,700,000</u>
<i>Non-current liabilities</i>		
Convertible notes payable	-	750,000
	<u>2,793,514</u>	<u>2,450,000</u>

On 7 March 2023 the Consolidated Entity announced a funding package of up to \$15 million with Mercer Street Global Opportunity Fund, LLC, a New York based investment fund (Mercer). In 2023 financial year, the Company raised \$3,500,000 through the issue of 3,850,000 convertible notes ("2023 Notes").

During the year ended 31 December 2024, following convertible notes ('2024 Note') were issued:

- (i) On 29 May 2024, the Company issued 242,000 Convertible Notes ('2024 Note') with a face value of \$1.00 per Note at a discounted subscription price of \$0.90909 and raised \$220,000 before costs. The Company also issued 2,048,122 options with an exercise price of \$0.11284 per option to the Note holders, with expiry on 29 May 2027.
- (ii) On 19 September 2024, the Company issued 550,000 2024 Notes with a face value of \$1.00 per 2024 Note and at a discounted subscription price of \$0.90909 to raise a maximum of approximately \$500,000 before costs. The Company also, and grant of issued 12,254,902 options with an exercise price of \$0.04284 per option to the Note holders, and expiring on 19 September 2027.

As at 31 December 2024 the available balance of the Mercer facility was \$10.78 million. This can be drawn by the Consolidated Entity, subject to mutual agreement with Mercer and the Consolidated Entity having sufficient placement capacity under the ASX Listing Rules or obtaining shareholder approval to issue the relevant securities.

Note 14. Convertible notes and derivative financial instruments (continued)

All of the convertible notes have the following features:

- Face value of \$1.00 at a subscription price of \$0.90909;
- No coupon is payable on drawn funds and no interest is payable on unconverted drawn funds;
- The conversion price is the higher of the 90% of the lowest VWAP during the 15 trading days immediately prior to issuing the relevant conversion notice or the floor price;
- Each convertible note provides Mercer with the option to convert the notes into ordinary shares. If Mercer does not convert the convertible notes by the relevant maturity dates (18 months from issue date), the Consolidated Entity is required to repay Mercer the face value of the notes; and
- The Consolidated Entity has the option to repay the convertible notes prior to the relevant maturity dates at 105% of the outstanding face value. At that time Mercer has the right to convert up to 30% of any outstanding face value prior to settlement.

On 17 July 2024, the Company executed a deed of variation ('Deed') with Mercer Street Global Opportunity Fund, LLC ('Mercer') in respect of convertible securities agreement entered into between the Company and Mercer on 7 March 2023 ('Convertible Securities Agreement'). The below table set out the variations to the Convertible Securities Agreement:

Matter	Particulars
Floor Price	\$0.04, subject to adjustment in accordance with the Convertible Securities Agreement.
Qualifying Capital Raising	If a capital raising occurs which raises \$10,000,000 or more ('Qualifying Capital Raising'), the Company must give Mercer written notice of such event. In circumstances where: (a) the Qualifying Capital Raising is between \$10 million and \$15 million, Mercer may require repayment by the Company of some or all of up to 50% of the Notes; and (b) where the Qualifying Capital Raising is more than \$15 million, Mercer may require repayment by the Company of some or all of up to 100% of the Notes, by giving written notice to the Company no later than 20 Business Days after the date of the notice issued by the Company. Repayment of the nominated outstanding Notes must occur 5 Business Days after the date the on which notice is given to Mercer by the Company.
Maturity Date	(a) In respect of the First and Second tranches, the maturity date is 30 months from the date of issue. (b) In respect of the subsequent tranches, the Maturity Date is 18 months from the expiry date.

Valuation methodology applied in valuing Convertible Notes

Upon issue of the Notes, the Group valued the Convertible Notes using the Black Scholes option pricing model to determine the value of the embedded derivative. The Black Scholes option pricing model assumes the option holder will exercise at expiry (i.e. the note will be converted on maturity) to predict the Group's possible future share prices to determine the Variable Conversion Price.

Significant unobservable inputs in applying this technique include the Company's future share price, exercise price, expiry date and volatility.

A Trinomial option valuation methodology has been used to determine the value of the Options issued to the noteholders.

Security

The Consolidated Entity, via entering into a general security deed, has granted Mercer Street Global Opportunity Fund, LLC a first ranking security against any present and after-acquired secured property and revolving assets.

Note 15. Other liabilities

	Consolidated 2024 \$	2023 \$
<i>Current liabilities</i>		
Make good provision	-	70,006
Security deposit (sub-lease)	-	15,538
	<u>-</u>	<u>85,544</u>

Note 16. Issued capital

	2024 Shares	2023 Shares	Consolidated 2024 \$	2023 \$
Ordinary shares - fully paid	<u>201,341,415</u>	<u>32,646,551</u>	<u>62,544,190</u>	<u>59,605,923</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2023	1,121,318,534		56,830,408
Issue of shares (Mercer shares)	21 March 2023	22,058,824	\$0.0100	375,000
Issue of shares (entitlement offer)	21 April 2023	24,288,420	\$0.0100	412,903
Issue of shares (entitlement offer)	14 July 2023	115,878,572	\$0.0100	1,969,912
Issue of shares (Mercer conversion)	21 July 2023	22,222,222	\$0.0100	300,000
Impact of 40:1 share consolidation	14 November 2023	(1,273,120,021)	\$0.0000	-
Costs of issue (entitlement offer)		-	\$0.0000	(282,300)
Balance	31 December 2023	32,646,551		59,605,923
Shares issued to facilitate debt modification ⁽¹⁾	16 July 2024	3,000,000	\$0.0700	210,001
Placement ⁽²⁾	23 October 2024	5,346,558	\$0.0200	106,931
Conversion of 81,822 Convertible notes	1 November 2024	2,045,556	\$0.0344	70,449
Conversion of 85,905 Convertible notes	4 December 2024	2,147,625	\$0.0345	74,078
Shares issued for settlements of payables	4 December 2024	5,196,200	\$0.0200	103,925
Placement ⁽²⁾	9 December 2024	144,653,442	\$0.0200	2,893,294
Shares issued for settlements of payables	9 December 2024	55,483	\$0.2704	15,000
Placement	13 December 2024	6,250,000	\$0.0200	125,000
Costs of issue		-	-	(660,411)
Balance	31 December 2024	<u>201,341,415</u>		<u>62,544,190</u>

(1) The Company's shares were suspended from quotation from 2 April 2024 to 14 June 2024 ('Suspension'), which constituted an event of default under the Convertible Securities Agreement. Under the terms of Deed, Mercer agreed to waive all rights of redemption of the Notes issued under the Convertible Securities Agreement that would otherwise have been triggered by the Suspension. In consideration, the Company agreed to issue Mercer 3,000,000 Shares ('2024 Mercer Shares') as compensation, fair valued at \$210,001. The first tranche of the 2024 Mercer Shares of 2,350,000 were issued on 16 July 2024. The second tranche of the 2024 Mercer Shares of 650,000 were issued on 22 August 2024 upon shareholder approval in a general meeting.

(2) On 10 October 2024, the Company announced a Placement to issue 150,000,000 shares at an issue price of \$0.02 (2 cents) per share, along with 75,000,000 free attached unlisted options on a 1-for-2 basis, exercisable at \$0.04 and expiring on three years from the date of issue, and raise \$3 million before costs. The first tranche of the placement was completed on 23 October 2024 with 5,346,558 shares were issued. The second tranche of the placement was completed on 9 December 2024 upon shareholders' approval in a general meeting with 144,653,442 shares and 75,000,000 free attached unlisted options were issued. As part of the Placement, 6,250,000 shares and 3,125,000 free attached unlisted options were issued to related parties of the Company and raised \$125,000.

Note 16. Issued capital (continued)

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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

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

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

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

Note 17. Reserves

	Consolidated	
	2024	2023
	\$	\$
Foreign currency reserve	786,336	925,227
Share-based payments reserve	1,399,037	3,996,181
	<u>2,185,373</u>	<u>4,921,408</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 17. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payment reserve \$	Foreign currency reserve \$	Total \$
Balance at 1 January 2023	2,811,455	877,095	3,688,550
Foreign currency translation	-	48,132	48,132
Other share-based payments	722,011	-	722,011
Share-based payments for key management, non-executive directors and employees	462,715	-	462,715
Balance at 31 December 2023	3,996,181	925,227	4,921,408
Foreign currency translation	-	(138,891)	(138,891)
Share-based payments for key management, non-executive directors and employees	11,715	-	11,715
Convertible note option (note 14)	292,710	-	292,710
Lapsed of options	(3,369,792)	-	(3,369,792)
Broker options (note 30)	468,223	-	468,223
Balance at 31 December 2024	<u>1,399,037</u>	<u>786,336</u>	<u>2,185,373</u>

Note 18. Financial instruments

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, ageing analysis for credit risk and cash flow forecasts and budgets to manage the liquidity risk.

Derivatives are not currently used by the Consolidated Entity for hedging purposes. The Consolidated Entity does not speculate in the trading of derivative instruments.

Market risk

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, in particular United States dollars.

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.

The Consolidated Entity had net liabilities denominated in foreign currencies of \$862,760 (assets of \$241,467 less liabilities of \$1,104,227) as at 31 December 2024 (2023: US\$468,911 (assets of US\$3,018,180 less liabilities of US\$3,487,091)). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% (2023: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Consolidated Entity's profit before tax for the year would have been \$65,329 lower/\$65,329 higher (2023: \$35,288 lower/\$35,288 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 31 December 2024 was \$3,591 (2023: loss of \$11,995).

Note 18. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Consolidated Entity uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy.

During the year, the Consolidated Entity had no variable rate interest bearing liability. It is the Consolidated Entity's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation. The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility. The Consolidated Entity's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls.

Remaining contractual maturities

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Consolidated - 2024						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,074,245	-	-	-	2,074,245
Other payables	-	165,153	-	-	-	165,153
<i>Interest-bearing - fixed rate</i>						
Convertible notes facility	-	2,594,771	-	-	-	2,594,771
Hire purchase	7.70%	53,787	-	-	-	53,787
Total non-derivatives		4,887,956	-	-	-	4,887,956

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Consolidated - 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,590,171	-	-	-	1,590,171
Other payables	-	618,712	-	-	-	618,712
<i>Interest-bearing - fixed rate</i>						
Convertible notes facility	-	1,700,000	750,000	-	-	2,450,000
Hire purchase	7.70%	75,305	6,319	-	-	81,624
Lease liability	3.70%	1,020,341	1,091,896	1,394,485	-	3,506,722
Total non-derivatives		5,004,529	1,848,215	1,394,485	-	8,247,229

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 19. Fair value measurement

There are no assets or liabilities held at fair value on a recurring or non-recurring basis.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities are estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Embedded derivatives are measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy:

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Embedded derivatives	-	-	198,743	198,743
Total liabilities	-	-	198,743	198,743

There were no transfers between levels during the financial year.

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Level 3	
	31 December 2024	31 December 2023
	\$	\$
Opening fair value	-	-
Addition of embedded derivatives of convertible note	17,702	421,989
Fair value (gains)/losses	181,041	(421,989)
	<u>198,743</u>	<u>-</u>

Note 19. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 3

Unobservable inputs used in calculating the embedded derivative classified as level 3 were expected future volatility and the risk-free rate. The expected future volatility was calculated at 110% and the risk-free rate used was 3.42%.

Embedded derivatives of convertible note

Derivative liability relates to convertible note facility (refer note 14 for further details). The conversion feature on this arrangement has a capped conversion price, the variable price also contains a floor. The existence of these caps and floors, means that this conversion feature is not considered to be an equity instrument in accordance with AASB 132, as it will not result in a fixed number of shares for fixed consideration. This conversion feature is a derivative and as a result changes in fair value are recognised through the profit and loss (FVTPL) in accordance with AASB 9. At initial recognition and subsequent reporting close, the derivative is required to be fair valued. The Black Scholes option pricing model assumes the option holder will exercise at expiry (i.e. the note will be converted on maturity) to predict the Consolidated Entity's possible future share prices to determine the Variable Conversion Price.

Sensitivity analysis

The sensitivity analysis undertaken on the unobservable inputs identified no material impact to the valuation at 31 December 2024.

Unobservable inputs used in calculating the embedded derivative classified as level 3 were expected future volatility and the risk-free rate. The expected future volatility was calculated at 110% and the risk-free rate used was 3.75%. There were no transfers between levels during the financial year.

Note 20. Key management personnel disclosures

Compensation

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

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	249,983	1,718,199
Post-employment benefits	9,920	-
Share-based payments	11,715	325,623
	<u>271,618</u>	<u>2,043,822</u>

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	<u>74,267</u>	<u>69,000</u>
<i>Other services - RSM Australia Partners</i>		
Other services in relation to general consultancy services	<u>-</u>	<u>4,350</u>
	<u>74,267</u>	<u>73,350</u>

Note 22. Contingent liabilities

As of 31 December 2024, the Company was not party to any material litigation, claims or suit whose outcome could have a material effect on the financial statements (2023: Nil).

Note 23. Commitments

The Consolidated Entity had no commitments as at 31 December 2024 and 31 December 2023.

Note 24. Related party transactions

Parent entity

Imagion Biosystems Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the directors' report.

Transactions with related parties

	Consolidated	
	2024	2023
	\$	\$
Payment for goods and services:		
Payment to Vistra (Australia) Pty Limited	68,673	-
Payment to Sibella Capital Pty Ltd	60,500	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2024	2023
	\$	\$
Current payables:		
Trade payables to Vistra (Australia) Pty Limited ⁽¹⁾	68,784	-
Trade payables to Sibella Capital Pty Ltd ⁽²⁾	11,000	-

(1) Vistra (Australia) Pty Limited provides Company secretarial and accounting services and is an entity related to Ms Melanie Leydin.

(2) Sibella Capital Pty Ltd provides consulting services and is an entity related to Mr Brett Mitchell.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

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

Note 25. Parent entity information

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	2024	2023
	\$	\$
Financial performance		
Loss for the year	(948,899)	(628,647)

Consolidated Statement of Financial Position

	Parent	
	2024	2023
	\$	\$
Financial position		
Total current assets	2,415,320	172,039
Total assets	2,415,320	173,742
Total current liabilities	(3,310,556)	(2,319,948)
Total liabilities	(3,310,556)	(3,073,643)
Net assets	(895,236)	(2,899,901)
Issued capital	62,544,190	59,605,923
Reserves	1,686,164	4,283,308
Accumulated losses	(65,125,590)	(66,789,132)
Total equity	(895,236)	(2,899,901)

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2024 and 31 December 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2024 and 31 December 2023.

Commitments

The parent entity had no commitments as at 31 December 2024 and 31 December 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024	2023
		%	%
Imagion Biosystems Inc	United States of America	100.00%	100.00%

Note 27. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax expense for the year	(2,066,957)	(12,473,916)
Adjustments for:		
Depreciation and amortisation	392,053	1,183,247
Share-based payments	11,715	462,715
Fair value loss/(gain)	181,041	(412,989)
Interest charges on convertible notes	1,098,979	760,000
Foreign exchange (gain)/loss	(3,591)	11,995
Gains on modification of convertible notes	(1,009,268)	-
Others	22,102	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	72,800	370,744
Increase in trade and other payables	30,515	1,782,240
Net cash used in operating activities	<u>(1,270,611)</u>	<u>(8,315,964)</u>

Note 29. Loss per share

	Consolidated	
	2024	2023
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Imagion Biosystems Limited	<u>(2,066,957)</u>	<u>(12,473,916)</u>
	Consolidated	
	2024	2023
	\$	\$
Loss after income tax attributable to the owners of Imagion Biosystems Limited	<u>(2,066,957)</u>	<u>(12,473,916)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	44,947,991	30,483,484
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>44,947,991</u>	<u>30,483,484</u>
	Cents	Cents
Basic loss per share	(4.599)	(40.920)
Diluted loss per share	(4.599)	(40.920)

As at 31 December 2024, the Consolidated Entity has 118,232,515 options on issue (31 December 2023: 4,077,340). These options are considered to be non-dilutive whilst the Consolidated Entity is in a loss position.

Note 30. Share-based payments

Performance rights

Since listing on the Australian Stock Exchange, the Consolidated Entity has established various incentive arrangements to assist in the attraction, retention and motivation of its employee and management group.

Key management personnel and directors

On 22 August 2024, a total of 3,250,000 performance rights over shares (with expiry date of 22 August 2028) were issued to Mr Robert Proulx, Executive Chairman and Brett Mitchell, Non-executive Director (2023: nil) as following:

- (i) Tranche 1: 975,000 performance rights were granted with a vesting condition that the Company needs to achieve a share price of at least \$0.10 over 20 consecutive trading days;
- (ii) Tranche 2: 975,000 performance rights were granted with a vesting condition that the Company needs to achieve and sustain a market capitalisation of at least \$7.5 million over 20 consecutive trading days; and
- (iii) Tranche 3: 1,300,000 performance rights were granted with a vesting condition that the Company needs to achieve and sustain a market capitalisation of at least \$12.5 million over 20 consecutive trading days.

The fair value of the performance rights was determined using the Monte Carlo Simulation using the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Number of performance rights granted	975,000	975,000	1,300,000
Grant date	22 August 2024	22 August 2024	22 August 2024
Expiry date	22 August 2028	22 August 2028	22 August 2028
Weighted average exercise price (\$)	-	-	-
Weighted average volatility %	97%	97%	97%
Weighted average risk-free rate %	3.534%	3.534%	3.534%
Fair value per performance right \$	0.0370	0.0338	0.0309
Fair value of performance right \$	\$36,075	\$32,955	\$40,170

During the year ended 31 December 2024, share-based payment of \$11,715 has been recognised in the statement of profit and loss of the Consolidated Entity.

Options

A share option plan has been established by the Consolidated Entity and approved by shareholders at a general meeting, whereby the Consolidated Entity may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel of the Consolidated Entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Employees

No options were issued to employees in 2024.

Key Management Personnel

No other options were issued to key management personnel or directors in 2024.

Note 30. Share-based payments (continued)

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

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/06/2019	24/06/2024	\$1.1200	51,250	-	-	(51,250)	-
01/06/2020	01/05/2026	\$1.1200	81,250	-	-	(12,500)	68,750
01/06/2020	01/05/2027	\$1.1200	81,250	-	-	(12,500)	68,750
01/06/2020	01/05/2028	\$1.1200	50,000	-	-	-	50,000
29/09/2020	30/09/2028	\$3.6400	161,249	-	-	(161,249)	-
09/12/2020	30/11/2026	\$5.6000	25,000	-	-	(25,000)	-
09/12/2020	30/11/2027	\$5.6000	25,000	-	-	(25,000)	-
09/12/2020	30/11/2028	\$5.6000	25,000	-	-	(25,000)	-
07/06/2021	31/05/2029	\$4.6000	5,000	-	-	(5,000)	-
14/12/2021	30/11/2030	\$3.4900	123,959	-	-	(23,959)	100,000
17/02/2022	31/01/2030	\$2.7200	7,292	-	-	(7,292)	-
08/04/2022	31/03/2030	\$2.3200	50,000	-	-	(50,000)	-
26/08/2022	31/07/2030	\$1.6800	17,500	-	-	(17,500)	-
25/10/2022	30/09/2030	\$1.3600	50,000	-	-	(50,000)	-
21/12/2022	30/11/2030	\$1.1600	31,598	-	-	(31,598)	-
04/04/2023	31/03/2031	\$0.7600	62,500	-	-	(62,500)	-
19/04/2023	31/03/2031	\$0.7600	10,000	-	-	(10,000)	-
20/12/2023	20/12/2033	\$0.4000	187,500	-	-	(187,500)	-
			1,045,348	-	-	(757,848)	287,500
<i>Weighted average exercise price</i>			\$2.0640	\$0.0000	\$0.0000	\$2.1100	\$1.9440
<i>Number of options exercisable</i>			850,901				287,500

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Impact of share consolidatio	Grant	Expired/ forfeited/ other	Balance at the end of the year
24/06/2019	24/06/2024	\$1.1200	2,050,000	(1,998,750)	-	-	51,250
01/06/2020	01/05/2026	\$1.1200	3,250,000	(3,168,750)	-	-	81,250
01/06/2020	01/05/2027	\$1.1200	3,250,000	(3,168,750)	-	-	81,250
01/06/2020	01/05/2028	\$1.1200	2,000,000	(1,950,000)	-	-	50,000
29/09/2020	30/09/2028	\$3.6400	6,650,000	(6,483,750)	-	(5,001)	161,249
09/12/2020	30/11/2026	\$5.6000	1,000,000	(975,000)	-	-	25,000
09/12/2020	30/11/2027	\$5.6000	1,000,000	(975,000)	-	-	25,000
09/12/2020	30/11/2028	\$5.6000	1,000,000	(975,000)	-	-	25,000
07/06/2021	31/05/2029	\$4.6000	200,000	(195,000)	-	-	5,000
14/12/2021	30/11/2030	\$3.4900	7,500,000	(7,312,500)	-	(63,541)	123,959
17/02/2022	31/01/2030	\$2.7200	1,000,000	(975,000)	-	(17,708)	7,292
08/04/2022	31/03/2030	\$2.3200	2,000,000	(1,950,000)	-	-	50,000
26/08/2022	31/07/2030	\$1.6800	700,000	(682,500)	-	-	17,500
25/10/2022	30/09/2030	\$1.3600	2,000,000	(1,950,000)	-	-	50,000
21/12/2022	30/11/2030	\$1.1600	3,000,000	(2,925,000)	-	(43,402)	31,598
04/04/2023	31/03/2031	\$0.7600	-	-	62,500	-	62,500
19/04/2023	31/03/2031	\$0.7600	-	-	10,000	-	10,000
20/12/2023	20/12/2033	\$0.4000	-	-	187,500	-	187,500
			36,600,000	(35,685,000)	260,000	(129,652)	1,045,348

Note 30. Share-based payments (continued)

<i>Weighted average exercise price</i>	<i>\$0.0650</i>	<i>\$0.0000</i>	<i>\$0.5030</i>	<i>\$2.6090</i>	<i>\$2.0640</i>
<i>Number of options exercisable</i>	<i>433,439</i>				<i>850,901</i>

In 2023 financial year, in addition to the above, the Company issued 2,920,216 three-year options to Mercer pursuant to Convertible Securities Agreement executed on 7 March 2023 as follows:

Grant date	Expiry date	Exercise Price	Number under option
21/03/2023	21/03/2026	\$1.4960	353,474
31/05/2023	26/05/2026	\$1.4960	699,897
01/06/2023	01/06/2026	\$1.4960	702,248
25/08/2023	25/08/2026	\$0.9000	1,164,597
			<u>2,920,216</u>

During the year ended 31 December 2024, in addition to the above, the following options were issued which were not presented in the summaries of options above:

(i) Options issued to Mercer pursuant to Convertible Securities Agreement executed on 7 March 2023:

(a) On 29 May 2024, the Company issued 2,048,122 three-year options for ordinary shares at an exercise price of \$0.11284 to Mercer. These options were fair valued at \$62,889 and recognised in the share-based payments reserve.

(b) On 17 September 2024, the Company issued 12,254,902 options with an exercise of \$0.04284 per option (expiring on 17 September 2027) to Mercer. These options were fair valued at \$229,821 and recognised in the share-based payments reserve.

(ii) On 13 December 2024, upon shareholders' approval in a general meeting on 9 December 2024, the Company issued the following options:

(a) 75,000,000 free attaching unlisted options, exercisable at \$0.04 and expiring on three years from the date of issue, as part of the Placement to the shareholders.

(b) 3,125,000 free attaching unlisted options, exercisable at \$0.04 and expiring on three years from the date of issue were issued to the directors of the Company, Mr Brett Mitchell and Mr Robert Proulx, as part of the Placement.

(c) 22,500,000 Broker options exercisable at \$0.04 and expiring on three years from the date of issue to the Lead Manager in consideration of the services provided. These options were fair valued at \$468,223.

For the Mercer options and Broker options issued during the current financial year, Black-Scholes option pricing model was used to determine the fair value at the grant date with the following valuation input:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/05/2024	29/05/2027	\$0.0750	\$0.1128	100.00%	-	3.38%	\$0.0307
17/09/2024	17/09/2024	\$0.0270	\$0.0428	110.00%	-	3.42%	\$0.0110
09/12/2024	09/12/2027	\$0.0400	\$0.0400	100.00%	-	3.78%	\$0.0208

Imagion Biosystems Limited
Consolidated Entity disclosure statement
As at 31 December 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Imagion Biosystems Limited	Body Corporate	Australia	-	Australia
Imagion Biosystems Inc	Body Corporate	United States of America	100.00%	United States of America

Imagion Biosystems Limited
Directors' declaration
31 December 2024

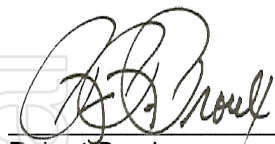
In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached Consolidated Entity disclosure statement is true and correct.

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

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

On behalf of the directors



Robert Proulx
Executive Chairman

28 February 2025

RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT To the Members of Imagion Biosystems Limited

Opinion

We have audited the financial report of Imagion Biosystems Limited (the Company) and its Controlled Entities (the Consolidated Entity), which comprises the consolidated statement of financial position as at 31 December 2024, 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 statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its financial performance for the year then ended; 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 Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$2,205,848 and reported net operating cash outflows of \$1,270,611 during the year ended 31 December 2024 and, as of that date, the Consolidated Entity had net current liabilities of \$2,301,254 and net liabilities of \$2,282,980. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Accounting for convertible notes Refer to Note 14 in the financial statements	
The Consolidated Entity entered into a convertible note funding facility with Mercer on 7 March 2023 for \$15 million and \$4,220,000 of funds has been drawn down in total from this facility till date. Management has assessed the convertible notes as compound financial instruments under AASB 132 <i>Financial Instruments: Presentation</i>. We considered this area as a area of focus due to the materiality of the amount and due to the complexity of the accounting treatment required under the Australian Accounting Standards.	Our audit procedures included: • Reviewing the convertible securities agreement relating to the convertible notes to understand and evaluate the terms and conditions of issue, maturity and conversion; • Evaluating the accounting treatment proposed to determine whether it complies with AASB 132, and verifying that the measurement of the host liability and derivative conversion option are materially accurate; • Recalculating the fair value of the instrument at each draw-down date, and its subsequent measurement at the balance date; • Reviewing the accounting for conversion of the convertible notes to issued capital; and • Assessing the appropriateness of the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2024 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 accordingly 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 (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of 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 Consolidated Entity or to cease operations, or have 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 at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_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 the directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Imagination Biosystems Limited for the year ended 31 December 2024, 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.

A blue ink signature, likely of a representative of RSM Australia Partners.

RSM AUSTRALIA PARTNERS

A blue ink signature, likely of B Y Chan.

B Y CHAN
Partner

Date: 28 February 2025
Melbourne, Victoria

Corporate Governance Statement

The Company's Directors and management are committed to conducting the business of the Group in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted, and complies with, the ASX *Corporate Governance Principles and Recommendations* (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.imagionbiosystems.com), and will be lodged together with an Appendix 4G with the Australian Securities Exchange (ASX) at the same time that this Annual Report is lodged with the ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on the Company's website (www.imagionbiosystems.com).

Additional Securities Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information which was extracted from the Company's records as at 19 February 2025. Imagion Biosystems Ltd's ordinary shares are quoted on the ASX under the ticker code IBX. Ordinary shares are the only class of securities that is quoted on the ASX. At the closing of trading on 19 February 2025, the Company's share price was \$0.20. The Company's securities are not quoted on any other stock exchange. There is currently no on-market buy-back of IBX list ordinary shares.

Number of Securities on Issue

The following securities were on issue at 19 February 2025:

- 201,341,415 fully paid ordinary shares on issue.
- 78,125,000 unlisted investor options.
- 34,754,902 unlisted options issued to capital raising agents.
- 5,352,613 unlisted options issued under the Company's Employee Incentive Plan (EIP).
- 3,275,000 unlisted performance rights.

At a general meeting of the Company, every holder of ordinary shares is entitled to vote in person or by proxy or attorney; and on a show of hands (every person present who is a member has one vote); and on a poll (every person present in person or by proxy or attorney has one vote for each ordinary share they hold).

Ordinary Shares

Range of units at 19 February 2025:

Holding Range	Number of Holders	Units	%
1-1,000	4,459	1,640,408	0.810
1,001-5,001	1,962	4,638,400	2.300
5,001-10,000	408	2,991,410	1.490
10,001-100,000	655	20,083,569	9.970
100,001 and over	217	171,987,628	85.420
Total	7,701	201,341,415	100.000

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel of shares (\$500) at 19 February 2025, based on a closing price of \$0.20 per share, was 5,578.

Imagion Biosystems Limited
Shareholder Information
For the year ended 31 December 2024

Top 20 Shareholders

The names of the 20 largest holders of ordinary shares as at 19 February 2025 are listed below:

Rank	Name	Units	%
1	CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C>	12,054,482	5.987%
2	MR ANDREW JONES	6,000,000	2.980%
3	MR WILLIAM MURRAY MITCHELL & MRS DIANE JOAN MITCHELL <MITCHELL SUPER FUND A/C>	4,542,446	2.256%
4	MR BRETT MITCHELL & MRS MICHELLE MITCHELL <LEFTHANDERS SUPER FUND A/C>	4,270,908	2.121%
5	BLACKBURNE CAPITAL PTY LTD <BLACKBURNE CAPITAL A/C>	4,098,512	2.036%
6	BRIANT NOMINEES PTY LTD <BRIANT SUPER FUND A/C>	4,000,000	1.987%
7	PLUTUS VENTURES PTY LTD	3,556,936	1.767%
8	MR MOHAMMED AKBAR ASEM	3,357,132	1.667%
9	MR NICHOLAS DERMOTT MCDONALD	3,300,000	1.639%
10	RIQUEZA VENTURES PTY LTD	3,000,000	1.490%
11	ROJUL NOMINEES PTY LTD <RR MARTIN SUPER FUND A/C>	2,893,067	1.437%
12	MINE PLANNER PTY LTD <INTREPID NOMINEES A/C>	2,230,861	1.108%
13	BYTHORNE CONTRACTING PTY LTD	2,194,964	1.090%
14	PPASS PTY LTD <GREEN APPLE S/F A/C>	2,194,964	1.090%
15	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	2,194,964	1.090%
16	NYSHA INVESTMENTS PTY LTD <SANGHAVI FAMILY A/C>	2,134,174	1.060%
17	DANTEEN PTY LTD	2,118,750	1.052%
18	BRIGHTON CAPITAL LTD	2,100,000	1.043%
19	MERCER STREET GLOBAL OPPORTUNITY FUND LLC	2,050,000	1.018%
20	LONG TALL KATHY PTY LTD <LONG TALL KATHY FAMILY A/C>	2,000,000	0.993%
21	PORJED PTY LTD <DEPORJ A/C>	2,000,000	0.993%
Total Securities of Top 20 Holdings		72,292,160	35.905%
Balance of Register		129,049,255	64.095%
Total Register		201,341,415	100.000%

Substantial Shareholders

There were no substantial holders of shares in the Company as at 19 February 2025.

Escrowed Securities

There are no escrowed securities in the Company as at 19 February 2025.

Imagion Biosystems Limited
Shareholder Information
For the year ended 31 December 2024

Unlisted Investor Options

The options upon exercise will convert into ordinary shares (on a 1-for-1 basis). Options are exercisable at \$0.04 and expire 13 December 2027.

Options do not carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the options will carry equal voting rights with the other share on issue in the Company.

Range of units at 19 February 2025:

Holding Range	Number of Holders	Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	11	840,224	1.080
100,001 and over	125	77,284,776	98.920
Total	136	78,125,000	100.000

Unlisted Investor Options Issued to Capital Raising Agents

The options upon exercise will convert into ordinary shares (on a 1-for-1 basis), 12,254,902 options are exercisable at \$0.04284 per option and expire 10 September 2027 and 22,500,000 options are exercisable at \$0.04 per option and expire 13 December 2027.

Options do not carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the options will carry equal voting rights with the other share on issue in the Company.

Range of units at 19 February 2025:

Holdings Range	Number of Holders	Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	3	168,000	0.480
100,001 and over	13	34,586,902	99.520
Total	16	34,754,902	100.000

Unlisted Options Issued under the Company's Employee Incentive Plan (EIP).

The Options upon exercise will convert into ordinary shares (on a 1-for-1 basis), subject to various exercise prices and expiry dates.

Options do not carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the options will carry equal voting rights with the other share on issue in the Company.

Range of units at 19 February 2025:

Holdings Range	Number of Holders	Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	6	37,500	0.700
10,001-100,000	9	346,775	6.480
100,001 and over	5	4,968,338	92.820
Total	20	5,352,613	100.000

Imagion Biosystems Limited
Shareholder Information
For the year ended 31 December 2024

Performance Rights

The Performance Rights will vest into ordinary shares (on a 1-for-1 basis), subject to satisfaction of prescribed vesting conditions.

None of the Performance Rights carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the Performance Rights will carry equal voting rights with the other share on issue in the Company.

Range of units at 19 February 2025:

Holdings Range	Number of Holders	Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	1	25,000	0.760
100,001 and over	9	3,250,000	99.240
Total	10	3,275,000	100.000