



ANNUAL REPORT 2022

Corporate Directory

Directors

Dr Geoffrey Cumming	Non-Executive Chairman
Mr Robert (Max) Johnston	Non-Executive Director
Mr Philip Powell	Non-Executive Director
Prof. Allan Cripps AO	Non-Executive Director

Chief Executive Officer

Dr Leeearne Hinch

Chief Financial Officer and Company Secretary

Mr Tony Di Pietro

Chief Scientific Officer

Dr Gregory Rice

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INOVIQ Ltd (ASX:IIQ)
(INOVIQ®) is developing and commercialising next-generation exosome capture tools and precision diagnostics to improve the diagnosis and treatment of cancer and other diseases.

INOVIQ's vision is to be a leading exosome and precision diagnostics company delivering next-generation products to improve patient health outcomes and help save lives.

Chairman and CEO Letter

Dear Fellow Shareholders

It is a pleasure to provide INOVIQ's Annual Report for the period ending 30 June 2022, a period which delivered significant progress for your Company.

During the period, we advanced our innovative exosome capture tools, precision diagnostic products and pipeline towards a number of key research, development and commercialisation milestones. These achievements were made despite the continuing challenges of the COVID-19 pandemic and volatile financial markets globally, particularly for biotech companies.

Evolving the business strategy

Through FY22, INOVIQ raised \$18.4 million, completed a corporate rebrand and successfully repositioned the business to focus on next-generation exosome capture tools and precision diagnostics.

The rebrand from BARD1 to INOVIQ, which represents 'intelligent innovation', better reflects the strategic vision, broader intellectual property assets and expanded product portfolio of the Company.

Paving the way for commercialisation

One of the key achievements for the year was the launch of our first EXO-NET pan-exosome capture tool for research use. We also successfully completed evaluations of EXO-NET with key research organisations in Australia and overseas, and recently established sales and logistics capabilities for EXO-NET research tools in the US. The appointment of the contract sales team has laid foundations for an accelerated roll-out of EXO-NET products in the US, the largest geographic market segment for the US \$661 million global exosome research market.

R&D activities driving the pipeline

Research and development activities during the year focused on progressing the development and transfer of the proof-of-concept SubB2M™ immunoassays to US-based contract research organisation (CRO) ResearchDx. After successfully replicating the assay, ResearchDx are now advancing the SubB2M tests through optimisation and validation, before entering clinical testing for monitoring breast and ovarian cancers.

In another important milestone for our SubB2M program, we signed a manufacturing agreement with MP Biomedicals to manufacture our proprietary SubB2M protein under GMP conditions for use in our commercial tests.

For EXO-NET we have been focused on expanding the data package for EXO-NET research tools, evaluating new EXO-NET prototypes and progressing The University of Queensland (UQ) collaboration to develop an exosome-based ovarian cancer screening test using EXO-NET.

FY22 financial performance

INOVIQ reported a net loss from operating activities (after income tax) for the year of \$18.2 million. Removing non-cash impairment charges, the Group's operating loss was \$5.4 million.

Our cash reserves were boosted by \$18.4m of new capital that was raised via a private placement and share purchase plan completed in August 2021. We ended the financial year with a strong cash balance of \$15.4m that will be used to support our ongoing strategic and operational requirements.

Legal proceedings update

The Company continues to defend the legal proceeding filed in the Supreme Court of Victoria on 22 February 2021 by Tony Walker and former BARD1 director and Chief Scientific Officer Dr Irmgard Irminger-Finger against the Company. The proceeding has been listed for trial in February 2023.





Bolstering our team with key appointments

During the year we made several key appointments to the team in order to accelerate our product development and commercialisation strategies. We were extremely fortunate to secure world-leading medical researcher Dr Greg Rice to the position of Chief Scientific Officer and since joining in September 2021, he has been instrumental in driving our R&D programs into the clinical development and commercialisation phase.

We also appointed Dr Rocco Iannello to the newly created position of Business Development and Licensing Director, with his expertise already proving invaluable to our IP commercialisation, licensing agreements and EXO-NET roll-out efforts.

Looking ahead...

While market conditions have been difficult and the journey of a biotech company is never straightforward, we evolved our business and made significant progress this year.

With our proprietary technologies and strong development pipeline, current funding, and high-calibre people, INOVIQ is well positioned to advance our multi-product exosome capture tool and precision diagnostics pipeline towards key development and commercialisation milestones in financial year 2023. We expect our SubB2M-based tests for breast and ovarian cancer monitoring to commence clinical studies by December 2022 and be launch-ready as laboratory developed tests in the second half of calendar year 2023. We are also focused on developing new EXO-NET exosome isolation products for research applications and expanding EXO-NET collaborations for development of novel exosome-based diagnostic applications. Additionally, we look forward to progressing the development of the exosome-based ovarian cancer screening test with The University of Queensland.



In closing, we would like to thank the INOVIQ team for their unwavering dedication to the Company's ultimate ambition of improving patient health outcomes in areas of important unmet needs. We also sincerely thank shareholders for your continued support and faith in our company.

Dr Geoff Cumming
Chairman

Dr Leeanne Hinch
CEO

2022 Key Highlights



July 2021

\$15 million placement completed to accelerate cancer diagnostic test development



August 2021

Proof-of-concept achieved in feasibility studies demonstrating that a SubB2M-based test can detect a biomarker for ovarian cancer in patient samples



September 2021

Dr Greg Rice appointed Chief Scientific Officer (CSO) to accelerate the commercial development of the company's diagnostic tests



December 2021

Company changes its name from BARD1 to INOVIQ Ltd, representing 'intelligent innovation'



July 2021

University of Queensland researchers unveil promising results for a exosome-based blood test for ovarian cancer



August 2021

Share Purchase Plan successfully completed with oversubscribed applications of \$3.4m accepted



November 2021

US patent issued for BARD1 technology, covering autoantibody test for lung cancer



December 2021

Chinese patent issued for BARD1 technology, covering autoantibody test for lung cancer



January 2022

US patent issued for BARD1 technology, covering autoantibody tests for breast and ovarian cancer



April 2022

INOVIQ and The University of Queensland (UQ) expand collaboration to develop a world-first exosome-based ovarian cancer screening test providing INOVIQ with exclusive option to licence intellectual property for commercialisation of diagnostic test



May 2022

Australian patent is granted for SubB2M technology



July 2022

Grant of SubB2M U.S. patent



July 2022

US-based contract sales team engaged to accelerate EXO-NET commercial roll-out



April 2022

US-based contract diagnostics organisation ResearchDx engaged to further the development and validation of INOVIQ's SubB2M-based tests in the USA



April 2022

A Scientific Statement co-authored by INOVIQ's Chief Scientific Officer, Dr Greg Rice, is published in scientific journal *Endocrine Reviews*



July 2022

Grant of U.S. patent for hTERT



July 2022

Positive SubB2M IHC results for Melanoma achieved



Review of Operations

We are pleased to present the Group's Annual Report for the financial year ended 30 June 2022 and provide an update on further strategic and operational progress since year end.



BUSINESS OVERVIEW

INOVIQ Ltd (ASX:IIQ) (INOVIQ®) is developing and commercialising next-generation exosome capture tools and precision diagnostics to improve the diagnosis and treatment of cancer and other diseases. The Company has commercialised the EXO NET® panexosome capture tool for research purposes and the hTERT test as an adjunct to urine cytology testing for bladder cancer. INOVIQ's cancer diagnostic pipeline includes blood tests in development for the earlier detection and monitoring of ovarian, breast and other cancers.

HIGHLIGHTS

INOVIQ advanced its innovative exosome-based and diagnostic products and pipeline towards key development and commercialisation milestones during the financial year, including:

Commercial

- Multiple positive evaluations of EXO-NET pan-exosome capture tool were successfully completed by key Australian and US-based research organisations, with data provided to the company for use in its marketing materials
- Percorso Life Sciences engaged to provide contract sales and logistics services in the USA. This agreement is a key step toward driving EXO-NET research tool sales in the largest geographic market segment for exosome research products
- Plans progressed to transfer, scale-up and manufacture EXO-NET under cGMP conditions at the Company's Melbourne facility to meet expected demand for EXO-NET research tools and enable future builds of custom-designed products
- Master Manufacturing Agreement executed with MP Biomedicals, a global supplier of life science and diagnostic products, for the contract manufacture of INOVIQ's proprietary SubB2M protein to cGMP standard
- Multiple patents granted protecting the Company's NETs, SubB2M, BARD1 and hTERT technologies and products

Research & Development

SubB2M

- ResearchDx, a US-based specialty contract diagnostics organisation, engaged under a Master Services Agreement to undertake further development and validation of SubB2M-based immunoassay tests for breast and ovarian cancer monitoring
- Proof-of-concept achieved for SubB2M-CA125 immunoassay for ovarian cancer at Griffith University. SubB2M technology transferred to ResearchDx and performance of the SubB2M-CA15.3 immunoassay for breast cancer successfully replicated. SubB2M immunoassays progressing to optimisation and validation before advancing to clinical testing for monitoring of breast cancer and ovarian cancer
- Positive results from SubB2M immunohistochemistry study demonstrating 91% sensitivity for detection of melanoma and ability to distinguish malignant melanoma from benign lesions. INOVIQ to seek partners to sublicense the further development and commercialisation of SubB2M IHC tissue-based tests
- Expanded the feasibility program for INOVIQ's highly sensitive SubB2M-based SPR test to detect Neu5Gc with a Canadian-based medtech company on its next-generation high-throughput benchtop Surface Plasmon Resonance (SPR) instrument
- Paper by researchers at the Institute for Glycomics, Griffith University and University of Adelaide evaluating the use of INOVIQ's SubB2M technology in breast cancer published in BMC Cancer journal

EXO-NET

- EXO-NET research program focused on development of new exosome research tools to isolate specific exosome subsets for use in targeted disease applications
- Promising exosome-based ovarian cancer test data released by collaborator University of Queensland (UQ) showing over 90% accuracy for detection of stage I and II ovarian cancer in a 450-sample retrospective case-control study
- Umbrella Research and Option Agreement signed with UQ to develop a world-first exosome-based ovarian cancer screening test using INOVIQ's EXO-NET capture technology and UQ's novel exosomal biomarkers
- Expanded the EXO-NET data package to support the utility of the EXO-NET Research Use Only (RUO) pan-exosome capture tool to isolate exosomes and its speed, yield and purity advantages over competitor products
- Initiated research program to expand EXO-NET research tool portfolio including development of an EXO-NET exosome capture and release tool for research and future therapeutic applications
- Scientific Statement, co-authored by INOVIQ's Chief Scientific Officer, Professor Greg Rice, entitled "Extracellular vesicles and their emerging roles as cellular messengers in endocrinology: An Endocrine Society Scientific Statement" was published in the Endocrine Society's high impact scientific journal Endocrine Reviews
- New data establishing the utility of EXO-NET for On-Bead Analysis of extracellular vesicles, using Fourier Transformed Infrared (FTIR) Spectroscopy was presented at the 2022 International Society for Extracellular Vesicles (ISEV) Annual Meeting held in Lyon, France by INOVIQ and University of Sydney

BARD1

- The BARD1 autoantibody research program was placed under review during the year and no further investment planned until completion of the review

Corporate

- Capital raising of \$18.4m from a Placement and Share Purchase Plan to fund SubB2M and NETs programs
- Additional grant funding of \$89,331 awarded under MTPConnect's Biomedical Translation Bridge (BTB) program to support development of INOVIQ's SubB2M immunoassays for cancer detection. This funding was additional to an earlier \$372,654 grant awarded in September 2020 under the BTB program
- Professor Greg Rice appointed as CSO and Dr Rocco Iannello appointed Director, Business Development and Licensing to accelerate development and commercialisation of INOVIQ's research tools and diagnostic tests
- Company rebranded INOVIQ to reflect our focus on 'intelligent innovation' of next-generation precision diagnostics to enable earlier diagnosis, precise treatment selection and improved patient outcomes
- MST Access initiates coverage of INOVIQ with first analyst report, released 25 August 2022, valuing INOVIQ at \$2.11 per share (undiluted)

Financial

- Cash balance of \$15.4 million at 30 June 2022
- Audited net loss after tax of \$18.2 million for the financial year ended 30 June 2022. Removing non-cash impairment charges, the Group's operating loss was \$5.4 million
- Research & Development (R&D) Tax Refund of \$1.3m recognised for the 2021 and 2022 financial years

Review of Operations

STRATEGIC OBJECTIVES

INOVIQ is driving intelligent innovation in the diagnostic and exosome markets to improve health outcomes for patients with cancer and other diseases. INOVIQ is using its proprietary biomarker isolation and detection technologies, and a multiomics approach to develop next-generation precision diagnostics for the screening, diagnosis, treatment selection and monitoring of cancer and other diseases. The Company has unique technologies, in-market products and a strong development pipeline of exosome capture tools and precision diagnostics intended to improve patient health outcomes in important unmet needs for the earlier detection and monitoring of breast cancer, ovarian cancer and other diseases.

INOVIQ remains focused on its vision to be a leading exosome and precision diagnostics company delivering next-generation products to improve patient health outcomes and help save lives. The Group's key objectives identified in its 3-year strategic plan (set in 2020) are to:

Accelerate development of lead SubB2M tests	Accelerate development of fast-to-market SubB2M tests for detection and monitoring of breast and ovarian cancers as Laboratory Developed Tests (LDTs) in the USA.
Build an exosome liquid biopsy pipeline	Build a next-generation exosome diagnostics pipeline using the Group's EXO-NET technology for early detection of cancer, other serious conditions and companion diagnostic applications.
Expand product indications	Implement a risk-based, stepped approach to gaining regulatory clearance/approvals for in vitro diagnostic (IVD) products based on obtaining clearance for monitoring uses first, before conducting further clinical studies to expand indications to screening uses in high-risk and then average-risk patient populations.
Expand technology applications	Expand applications for the Group's proprietary technologies to areas of significant unmet need in the screening, diagnosis, prognosis and monitoring of various cancers and other diseases to improve patient outcomes and save lives.
Commercialise products through partnering	Commercialise pipeline products through partnering of LDTs with clinical laboratories and IVDs with specialised distributors to expand international reach and support sales, marketing and distribution of the Group's diagnostic tests.
Generate multiple revenue streams	Generate future revenue streams through increased market penetration of the Group's existing hTERT product, sales of the EXO-NET capture tool for research applications, potential future licensing deals for use of the Group's IP for diagnostic and therapeutic applications and potential future commercialisation of the Group's cancer diagnostics pipeline in key markets.

These initiatives are aimed at growing long-term shareholder value through accelerating the commercialisation of the Group's lead diagnostics, building a multi-product pipeline, diversifying risk across multiple applications and creating a sustainable revenue generating business.

CANCER DIAGNOSTICS MARKET

The global cancer burden is significant with an estimated 50.6 million people living with cancer, 19.3 million new cases and 10.0 million deaths in 2020.¹ The incidence of cancer is expected to rise to 28.4 million new cases by 2040 due to population aging and growth. The most common diagnosed cancers worldwide were breast (11.7% of all new cases), lung (11.4%), colorectal (10.0%), prostate (7.3%) and stomach (5.6%) cancers. Cancer is a leading cause of premature death with the highest burdens in China, Europe and North America. The cancer burden can be reduced by improved prevention, early detection, availability of cancer screening programs and effective treatment to improve patient outcomes and reduce mortality.

Diagnostics for earlier detection and monitoring could improve treatment options, patient outcomes and survival for this expanding public health crisis. INOVIQ is targeting cancer diagnostic market segments currently valued at over US\$15 billion globally for some of the world's most common and deadliest cancers including breast, ovarian and other cancers.

1 Sung H et al. Global Cancer Statistics 2020: GLOBOCAN Estimates of Incidence and Mortality Worldwide for 36 Cancers in 185 Countries. CA Cancer J Clin. 2021. <https://doi.org/10.3322/caac.21660>

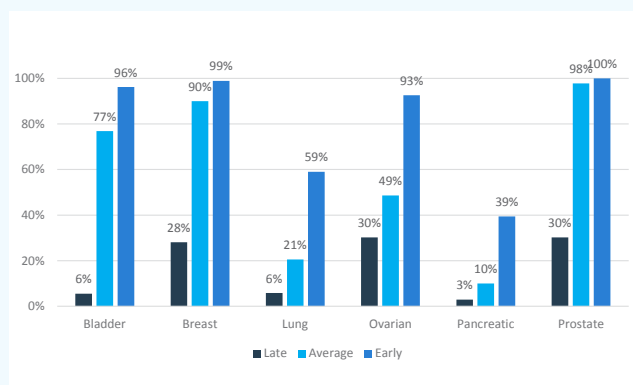


UNMET NEED FOR EARLIER CANCER DETECTION

Cancer is often detected at late-stage (Stages III and IV) after symptoms have appeared, resulting in a poor prognosis for patients. Earlier detection of cancer increases treatment options, improves patient outcomes and increases 5-year survival rates.

Existing diagnostic tests can suffer from high false-positives and/or insufficient sensitivity for early-stage cancer (stages I and II). Additionally, there is often poor screening participation due to existing tests being invasive, inconvenient, inaccessible, or expensive. There is a clear unmet need for non-invasive, accurate and reliable tests for earlier detection of cancer.

5-year survival rates by stage at diagnosis



The Group is well positioned to develop and commercialise cancer diagnostic products for the screening, diagnosis, prognosis and monitoring of multiple cancers based on our proprietary technologies.

EXOSOMES HAVE HUGE POTENTIAL AS NOVEL BIOMARKERS FOR MULTIPLE DISEASES AND APPLICATIONS

Exosomes are small extracellular vesicles (EVs) released by all cells. They are nanometre-sized lipid membrane packages that encapsulate (and protect from degradation) DNA, RNAs and proteins. EVs and the messages they carry form part of the cell-to-cell communication system and play an important role in health and disease. Intercepting and reading EV messages has important applications in the research, diagnosis and treatment of many diseases, including: cancer, cardiometabolic, inflammatory, neurodegenerative and other diseases.

Clinical interest in exosomes has grown exponentially due to their commercial potential in drug delivery, disease diagnosis and treatment of cancer. Advancements in exosome research have been limited by slow, impure and inefficient traditional methods to isolate exosomes. There is an unmet need for fast, precise and scalable isolation of exosomes for research and commercial applications.

INOVIQ has developed a rapid and efficient way (EXO-NET) to isolate EVs from biofluids to intercept and decode the messages that they contain. This information can be used for assessing patient well-being or disease risk, diagnosis of disease, selecting the best treatment option, or monitoring a patient's response to treatment.

Review of Operations

The global exosome research market was valued at US\$144 million in 2021 and is expected to reach US\$661 million by 2026, growing at a CAGR of 35.6%.² North America is the largest geographic segment representing 41.5% of the market followed by Europe at 20%. The Kits and Reagents product segment in which INOVIQ's EXO-NET research tools fit, was valued at US\$71 million in 2021 and is forecast to reach US\$311 million by 2026.

The global exosomes market for diagnostics and therapeutics was valued at US\$168 million in 2021 and is expected to reach US\$2.3 billion by 2030, growing at a CAGR of 34% per annum.³ North America is the largest geographic segment. Market growth is driven by increased investment in exosome-based therapeutic R&D, rising incidence of cancer and higher prevalence of chronic inflammatory diseases.

PRODUCT PORTFOLIO

INOVIQ's product portfolio includes a research tool for exosome capture, an adjunctive diagnostic test for use in bladder cancer detection, and a broad pipeline of diagnostic tests in development for detection and monitoring of breast, ovarian and other cancers based on our proprietary technologies. Our diagnostics pipeline includes SubB2M tests in development for monitoring breast and ovarian cancers and an exosome-based ovarian cancer screening test.

The commercialisation strategy for INOVIQ's diagnostic pipeline is to first launch its tests as laboratory developed tests (LDTs), followed by an FDA⁴ In Vitro Diagnostic (IVD) submission and clinical studies to support 510k clearance⁵ or PMA⁶ depending on the indication for use. Discussions with clinical and regulatory experts are ongoing as the Company advances its diagnostic development programs towards clinical development and commercialisation.

PRODUCT	INDICATION	PLATFORM	USE	RESEARCH	ASSAY DEVELOPMENT	CLINICAL DEVELOPMENT	REGISTRATION
hTERT	Bladder Cancer	ICC	Adjunct to cytology				★ In-market
EXO-NET-RUO	Exosome Capture	Device	Research tool				★ In-market
Exosome-OC (UC)	Ovarian Cancer	Multimic	Screening				(TBA)
SubB2M-BCM	Breast Cancer	Immunoassay	Monitoring				2023
SubB2M-OCM	Ovarian Cancer	Immunoassay	Monitoring				2023
SubB2M-PCS	Prostate Cancer	Immunoassay	Detection				
SubB2M-PaC	Pancreatic Cancer	Immunoassay	Detection				
BARD1-Ovarian ¹	Ovarian Cancer	Immunoassay	Detection				
BARD1-Breast ¹	Breast Cancer	Immunoassay	Detection				
BARD1-Lung ¹	Lung Cancer	Immunoassay	Detection				

1 BARD1 Autoantibody program currently on-hold pending review

COMMERCIAL PROGRESS

Commercial activities during the year focused on completing evaluations of the EXO-NET pan-exosome capture tool, establishing sales and logistics capability for US market launch of EXO-NET, and supporting our hTERT distributors.

EXO-NET® exosome capture tools

EXO-NET pan-exosome capture is a research use only product for the isolation of exosomes from blood and other body fluids with speed, purity and yield advantages over traditional exosome isolation methods. EXO-NET meets an unmet need for fast, precise and scalable isolation of exosomes for research and commercial applications.

EXO-NET pan-exosome capture is a research tool in-market for the isolation of exosomes from body fluids including plasma, urine, and saliva. The product is offered for research use only (RUO) and is not registered for use in clinical diagnosis. EXO-NET RUO is supplied in 1mL vials containing EXO-NET coated magnetic beads for processing up to 50 samples.

2 2022. Exosome Research Market - Global Forecast to 2026. Markets&Markets.

3 2022. Exosomes Market Size, Share, Analysis Report by Workflow, Biomolecule Type, Application and Region, Forecast 2022 - 2030. Acumen Research and Consulting.

4 Food and Drug Administration (FDA)

5 PreMarket Notification (510k)

6 PreMarket Approval (PMA)



EXO-NET is initially being commercialised as an exosome isolation tool for use in the rapidly growing exosome research market with the goal of embedding the technology into research applications that may underpin future licensing of EXO-NET for use in the development and commercialisation of exosome-based diagnostic and therapeutic applications.

EXO-NET pan-exosome capture tool was initially test marketed to exosome researchers in May 2021. During FY22, INOVIQ completed multiple positive evaluations of its EXO-NET product with leading Australian and international research groups with the goal of gaining product endorsement, generating future sales or securing future collaborations for development of exosome-based diagnostics for cancer, neurodegenerative disease and other indications. Researchers compared EXO-NET to existing exosome isolation technologies with positive results for their biomarkers of interest.

On 10 November 2021, INOVIQ sponsored and attended the virtual Australia & New Zealand Society of Extracellular Vesicles (ANZSEV) Symposium to promote and educate researchers about the benefits of EXO-NET. A copy of the conference presentation is available via INOVIQ's investor centre at www.inoviq.com/site/investors/presentations.

On 1 April 2022, INOVIQ announced its first EXO-NET collaboration with the University of Queensland (UQ) to develop a world-first exosome-based ovarian cancer screening test using INOVIQ's EXO-NET technology and UQ's biomarkers. This blood test could fill an important unmet need for an accurate and reliable screening test for ovarian cancer to improve women's health outcomes and save lives.

EXO-NET® pan-exosome capture



On 26 April 2022, a Scientific Statement, co-authored by INOVIQ's Chief Scientific Officer Professor Greg Rice, entitled "Extracellular vesicles and their emerging roles as cellular messengers in endocrinology: An Endocrine Society Scientific Statement" was published in the Endocrine Society's high impact scientific journal *Endocrine Reviews*. The paper is available at <https://doi.org/10.1210/endrev/bnac009>.

Review of Operations

On 27 May 2022, Professor Rice presented a poster titled 'Differential detection of cancer-derived extracellular vesicles using combined antibody functionalized magnetic beads and infrared spectroscopy', at the 11th International Society of Extracellular Vesicles (ISEV) Annual Meeting in Lyon, France on behalf of INOVIQ and University of Sydney.⁷ This data showed that direct Fourier Transformed Infrared (FTIR) analysis of EVs captured by EXO-NET was able to classify different cancer cell types. Clinical applications for this method may include accurate disease classification and triage-to-treatment. The poster is available at <https://www.inoviq.com/site/technology/publications>. The ISEV conference provided a valuable opportunity to showcase the EXO-NET exosome capture technology and data to potential research collaborators, commercial partners and customers.

Post year-end, on 21 July 2022, INOVIQ engaged US-based Percorso Life Sciences to provide sales and logistics services to accelerate the commercial roll-out of EXO-NET research products in the USA. This agreement is a key step toward driving EXO-NET research tool sales in what is the largest geographic market segment for exosome research products globally. The sales force will cover the key east-coast, west-coast and mid-west US regions, and target academia and biopharma customers in its sales and marketing of EXO-NET research tools. Percorso will also provide inventory, logistics and warehousing services.

EXO-NET can be ordered from its sales team in the USA or online at www.exo-net.com in the rest of world. The Company continues to engage with other potential commercial partners to distribute EXO-NET RUO in other regions to expand its international reach and support sales, marketing, and distribution of the product for research applications.

hTERT ICC test

The hTERT test is an immunocytochemistry (ICC) assay registered for the detection of human telomerase reverse transcriptase (hTERT) in cytopathology samples. It is used as an adjunct to urine cytology to help resolve indeterminate cytology results and identify patients with increased risk of bladder cancer.

Telomerase is an enzyme used by 85% of epithelial cancers to enable immortal cell replication. This occurs through the role that telomerase plays in the repair of chromosome ends called telomeres. Telomeres normally shorten with each successive cell division until the cell dies in a process

hTERT ICC test



called senescence. Telomerase counteracts this telomere shortening process by adding new telomeric repeat sequences, effectively repairing the telomere ends. hTERT is a component of telomerase that is present in 90% of urothelial carcinomas.

The hTERT test is registered as an IVD medical device in the United States (Class I IVD), Europe (CE-IVD marking), Australia (Class I IVD) and South Korea (Class II IVD) for use as a clinical diagnostic by pathology laboratories for the detection of hTERT in cytopathology samples. It is used by pathologists as an adjunct to urine cytology to help resolve indeterminate cytology results and identify patients with increased risk of bladder cancer.⁸ The hTERT test is currently earning revenues from the US and is in the early commercialisation phase in other markets. Distributors have been appointed in China, Greece, Israel, Sweden, and South Korea.

Revenues from hTERT sales remained lower than pre-COVID-19 pandemic levels during FY22, with the Group's hTERT test achieving revenues of \$276,745 (2021: \$468,096). While hTERT sales are not expected to substantially increase over the next 12 months, INOVIQ continues to work with its distributors to improve sales and progress hTERT validations by new laboratories. Registration of the hTERT test by the Chinese distributor was delayed at the National Medical Products Administration (NMPA) due to COVID-19 restrictions.

⁷ Stewart, T et al. Differential detection of cancer-derived extracellular vesicles using combined antibody functionalized magnetic beads and infrared spectroscopy. ISEV 2022.

⁸ Allison et al. Evaluation of Sienna Cancer Diagnostics hTERT Antibody on 500 Consecutive Urinary Tract Specimens. Acta Cytologica 2018. DOI: 10.1159/000489181



RESEARCH & DEVELOPMENT PROGRESS

Our technologies have the potential to deliver significant commercial and clinical benefits to patients, the healthcare system and our shareholders. R&D activities during FY22 focused on progressing and transferring the SubB2M immunoassays to a contract diagnostics organisation for optimisation and validation, securing GMP manufacture of SubB2M, expanding the EXO-NET data package, evaluating new EXO-NET prototypes and progressing the UQ collaboration for development of an exosome-based ovarian cancer test.

SubB2M program

SubB2M is an engineered protein that specifically binds the pan-cancer biomarker Neu5Gc that is found at elevated levels in multiple human cancers. INOVIQ is developing SubB2M-based tests for multiple uses including monitoring of breast and ovarian cancers, and for a general health panel.

INOVIQ's SubB2M/CA15.3 and SubB2M/CA125 immunoassays are being developed to improve the sensitivity and specificity of existing standard of care cancer biomarker tests for monitoring of breast and ovarian cancer, respectively. During the year, the SubB2M program focused on completing feasibility studies to design, build and test prototype SubB2M immunoassays for breast and

ovarian cancer at Griffith University, followed by technology transfer to a US-based contract diagnostics organisation for further optimisation and validation. Contract manufacture of the SubB2M protein under GMP conditions was also established for use in the commercial SubB2M tests.

On 17 August 2021, INOVIQ announced that proof-of-concept (POC) had been achieved for its SubB2M/CA125 immunoassay for ovarian cancer. INOVIQ's collaborator, the Institute for Glycomics at Griffith University (Griffith), demonstrated that an initial SubB2M/CA125 assay could detect CA125-Neu5Gc in serum from stages I-IV ovarian cancer (OC) patients compared to healthy controls at biologically relevant levels.

On 6 April 2022, INOVIQ announced that a paper, entitled, "N glycolylneuraminic acid serum biomarker levels are elevated in breast cancer patients at all stages of disease", was published in the international peer reviewed journal, BMC Cancer, by researchers from Griffith University's Institute for Glycomics and the University of Adelaide. The paper discussed the full data, methods and results underlying the previously announced (15 February 2021) poster presentation showing that a SubB2M-SPR test can be used to distinguish all stages of breast cancer (n=96) from cancer-free control (n=22) blood samples with over 95% sensitivity and 100% specificity, in the samples tested.

Review of Operations

Researchers concluded that “Neu5Gc serum biomarkers are a promising new tool for disease monitoring for breast cancer that may complement current imaging and biopsy-based approaches.” The paper is available at <https://www.inoviq.com/site/technology/publications>.

On 5 April 2022, INOVIQ announced it had partnered with US-based specialty contract diagnostics organisation, ResearchDx, under a Master Services Agreement to further the development and validation of its SubB2M immunoassay tests. ResearchDx offers a ‘start-to-finish’ partnership for the development of LDTs, in vitro diagnostics (IVDs) and companion diagnostics (CDx) including the design, development, validation and registration of diagnostics. Additionally, ResearchDx operates a high-complexity CAP⁹/CLIA¹⁰ certified laboratory, PacificDx. This makes ResearchDx an ideal partner for INOVIQ’s SubB2M-based LDTs in the USA where the tests can be developed and validated for their intended use in the PacificDx clinical laboratory and offered to hospitals, clinicians and doctors’ offices to aid in the detection and monitoring of cancer.

On 2 May 2022, INOVIQ announced it had partnered with MP Biomedicals Asia Pacific Pte Ltd under a Master Manufacturing Agreement for contract manufacture of the SubB2M protein to cGMP standard at its ISO 13485 certified Singapore facility. The agreement with MP Biomedicals enables a streamlined, scalable and cost-effective production process for continuity of supply of the SubB2M protein for our commercial SubB2M tests.

Post year-end, on 1 July 2022, INOVIQ was pleased to report that the performance of the SubB2M-CA15.3 assay for detection of breast cancer, initially developed by Griffith University, had been successfully replicated by ResearchDx. INOVIQ is now working with ResearchDx to advance the optimisation and validation of the SubB2M-CA15.3 assay, before advancing to clinical testing for breast cancer monitoring. The SubB2M-CA125 assay for ovarian cancer is also planned to undergo further development, optimisation and clinical testing for ovarian cancer monitoring.

SubB2M immunohistochemistry (IHC) studies were also conducted to assess the utility of the cancer-associated biomarker Neu5Gc (using INOVIQ’s SubB2M cancer probe) to discriminate between benign skin lesions, malignant and metastatic melanoma. Post year-end on 26 July 2022, INOVIQ reported results from the melanoma

9 College of American Pathologists (CAP) accredited. CAP accreditation ensures laboratories meet industry standards from CLIA, FDA and OSHA for test accuracy and patient diagnosis

10 Clinical Laboratory Improvement Amendments (CLIA) certified. CLIA regulates laboratory testing and requires clinical laboratories to be certified by the Center for Medicare and Medicaid Services (CMS) before they can accept human samples for diagnostic testing.



IHC study of 144 tissue samples that demonstrated SubB2M staining score was significantly greater in malignant and metastatic samples when compared to benign ($p < 0.003$ and $p < 0.03$, respectively). Cells staining positive for SubB2M approached 100% in malignant and metastatic tissues. The ability of SubB2M IHC to correctly classify melanoma tissue samples was further assessed by Receiver Operating Characteristic Curve (ROC) analysis using a logistic regression model with 10-fold cross validation. The area under the ROC was 0.79, with the SubB2M IHC test correctly classifying 91% of malignant and metastatic melanoma tissue samples.

Previous proof-of-concept studies by Griffith University showed compelling preliminary results for detection of breast and ovarian cancers with over 95% sensitivity and 100% specificity across all stages on a surface plasmon resonance (SPR) platform. Post year-end, on 29 July 2022, INOVIQ advised it had expanded its feasibility program for a highly sensitive SubB2M-based SPR¹¹ test with a Canadian-based medtech company. The new SPR instrument allows for high throughput sample processing that could be performed in a central laboratory to detect Neu5Gc concentrations in a general health panel. Increased Neu5Gc concentrations in the blood may provide an early warning that an individual requires follow-up investigation for the presence of certain types of cancer such as breast, ovarian, prostate, pancreatic, kidney and melanoma.¹²

EXO-NET program

EXO-NET is an immunoaffinity magnetic-bead capture technology that uses a proprietary multi-antibody matrix coated on nanobeads to isolate exosomes based on their surface markers. The DNA, RNA, protein and lipid biomolecules found in exosomes have important applications in the research, diagnosis and treatment of cancer, inflammatory, metabolic, and neurodegenerative diseases. EXO-NET can be customized to capture specific types of EVs and can be fully-automated for high-throughput sample analysis for large scale clinical trials or routine pathology or CLIA laboratory applications.

INOVIQ's goal is to develop a portfolio of EXO-NET capture tools and EXO-NET powered exosome-based diagnostics for detection of cancer and other diseases. INOVIQ is engaging with key opinion leaders focused on exosome research to establish research collaborations for the development of more accurate and reliable exosome-based diagnostics. The Company expects to advance new EXO-NET collaborations with key opinion leaders for exosome-based capture tools and diagnostics for other cancers and diseases over the next 12-months.

During the year, INOVIQ completed extensive in-house studies to develop a robust data package evidencing the utility of its EXO-NET Research Use Only (RUO) pan-exosome capture tool and its advantages over competitor products. A manuscript is being prepared for publication

11 SPR = Surface Plasmon Resonance

12 Internal Griffith University SPR and INOVIQ IHC data

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based on these in-house data comparing the performance of EXO-NET RUO to competitor exosome capture tools. Publication of these data is expected to generate additional research interest in EXO-NET and lead to further research collaborations, potential partnering opportunities and sales of EXO-NET.

Multiple independent evaluations of EXO-NET were successfully completed by Australian and US research organisations that reported strong positive feedback. The data generated by these groups will be included in technical and marketing documentation to support future sales of the product.

On 28 July 2021, INOVIQ announced that its collaborator, University of Queensland (UQ) had released promising data for its potential exosome-based ovarian cancer test. INOVIQ's EXO-NET RUO product was used by the UQ researchers to isolate exosomes from the blood of ovarian cancer patients within 15 minutes, with high purity and yield.

On 1 April 2022, INOVIQ announced it had expanded its collaboration with The University of Queensland (UQ) to develop a world-first exosome-based ovarian cancer screening test. The objective of these studies is to validate a multivariate index assay for the earlier detection of ovarian cancer. EXO-NET represents a scalable method for translating exosome-based assays into routine pathology and CLIA laboratory workflows. The studies will use EXO-NET to confirm the performance of the 7 exosome-associated biomarkers currently used in the algorithm-based assay and aims to identify other informative exosome-associated miRNA and protein biomarkers that may improve the performance of the current algorithm. UQ will then use EXO-NET in the further development of the exosome-based ovarian cancer test, under a \$2.7 million grant from the Australian governments Medical Research Future Fund (MRFF), that includes the clinical validation of the multiomic algorithm in a large independent cohort of samples. INOVIQ has an exclusive worldwide option to license UQ's intellectual property for the development and commercialisation of the exosome-based ovarian cancer screening test.

On 29 April 2022, INOVIQ advised that it is progressing plans to scale-up EXO-NET manufacture to meet expected demand for both its EXO-NET pan-exosome product and for custom-designed products to capture specific exosome subsets. INOVIQ is investing in manufacturing infrastructure to provide a 10-fold increase in production capacity to allow it to service both the research market and strategic diagnostic and therapeutic collaborations/partnerships. INOVIQ is currently in the process of transferring the production of EXO-NET from its US research laboratory to its Australian facility for commercial manufacture under Good Manufacturing Process (GMP)

conditions. GMP production of EXO-NET will provide strict quality control, agility to build customer-specific exosome isolation tools and provide entree into therapeutic markets.

The EXO-NET research program is also focused on designing, building and testing new EXO-NET prototypes for capture and/or release of specific exosome subsets that may be relevant in targeted disease applications. On 27 July 2022, INOVIQ advised that it had progressed development of an EXO-NET exosome capture and release tool and provided it to a biotechnology company for evaluation. Initial evaluation of the product has provided positive data. This CR-NET prototype provides the basis for the development of high-capacity systems for the isolation of exosomes for therapeutic applications and, when optimized, will be produced at the new GMP facility in Melbourne. Research is ongoing with several collaborations being progressed with academic and industry groups with the aim of supplying pan or customised EXO-NET's to partners for use in research and development of exosome-based diagnostics and therapeutics.

BARD1 program

The BARD1 technology is a biomarker platform that includes BARD1 DNA, RNA, protein, and autoantibodies that have potential application for earlier detection of breast, ovarian and lung cancers. Splice variants of BARD1 have been associated with cancer formation, progression, and poor prognosis.

Splice variants of the BARD1 protein play a potential role in cancer formation, progression and prognosis. Previously, autoantibodies (AABs) to these BARD1 splice variants have been identified across all stages of some cancers, including the early-stage diseases (Stages I and II) before symptoms are present. BARD1 AABs potentially reflect the early immune response to tumour formation, which may enable BARD1 AAB tests to detect cancer earlier, before symptoms appear.

Previously, the Company and its collaborator University of Geneva (UNIGE) performed exploratory, case-control studies showing initial high accuracy of BARD1 AAB tests for the detection of ovarian, breast and lung cancers compared to healthy controls on the Meso Scale Diagnostic platform. These research-stage BARD1 AAB tests were designed to measure autoantibodies to BARD1 variant proteins and their ability to determine the presence or absence of cancer using an algorithm.

Subsequently, the Company contracted the development of a prototype RUO 20-plex BARD1 AAB kit on the Luminex platform that was evaluated by both UNIGE and Griffith University. The results showed that using two BARD1 peptides in combination with CA125 levels less than 70



Units/ml provided a sensitivity of 91% and specificity of 50% for detection of ovarian cancer, compared to 27% sensitivity using CA125 alone in this sample group. The high sensitivity obtained by combining the BARD1 peptides with CA125 is encouraging for the potential use of the BARD1 AAb assay for detection of ovarian cancer in high-risk women with Hereditary Breast and Ovarian Cancer syndrome (HBOC), where high sensitivity is important.

During FY22, INOVIQ initiated a comprehensive review of the BARD1 autoantibody program and data generated at both UNIGE and Griffith University to inform further research direction, assay design and future studies. Whilst the BARD1 autoantibody assay for detection of ovarian cancer (and other cancers) has shown promising data in several case-control studies, the Company is undertaking further assessment to determine the future development path and commercial potential of this test as it believes the assay still requires considerable further optimisation and analytical validation before advancement towards clinical development of a potential commercial test. Additionally, the Company evaluated BARD1 isoform mRNA approaches in combination with its NETs technology as an alternative to BARD1 autoantibodies for early cancer detection.

On 29 November 2021, INOVIQ announced a new exosome liquid biopsy project to evaluate exosome-based BARD1 RNA tests for the earlier detection of breast and ovarian cancers. The Company signed a Research Agreement

with the Mucosal Immunology Research Group (MIRG) at Griffith University. These proof-of-concept studies aimed to compare NanoString Technologies and RT-qPCR analyses of exosomal BARD1 RNA biomarkers. This work program is yet to be completed.

On 28 March 2022, INOVIQ advised that it is continuing its review of the BARD1 autoantibody program, and while that review is being undertaken no further investment in the technology is planned. A decision will be made about further investment at the completion of the review process. The review of the BARD1 autoantibody program remains ongoing as at the date of this Annual Report.

Other research projects

In April 2022, INOVIQ advised that it had provided notice to end its collaboration with the University of Liverpool to evaluate protein biomarkers for Type 3c diabetes mellitus. The research program was not progressed in a timely manner due to COVID-19 related delays and INOVIQ made the decision to focus its investment on its core SubB2M and EXO-NET programs for cancer and other diseases.

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INTELLECTUAL PROPERTY PORTFOLIO

The Group owns or exclusively licenses a broad intellectual property (IP) portfolio of granted patents, patent applications, trade secrets and trademarks protecting its core technologies, products, processes and brands. The Group had 42 granted patents, 14 patents pending and 2 international (PCT) applications as at 22 July 2022, covering its SubB2M, Molecular NET, BARD1, and hTERT technologies and products across key jurisdictions including the United States, Europe, Asia, and Australia.

The Group also owns registered trademarks for INOVIQ®, EXO-NET® and Acuris®.

During FY22, the following patents were issued:

- On 12 November 2021, INOVIQ announced that US Patent No 11137402 titled 'Lung Cancer Diagnosis' was issued by the United States Patent and Trademark Office.
- On 24 December 2021, INOVIQ announced that Chinese Patent ZL 201480071075.7 titled 'Lung Cancer Diagnosis' was issued by the Chinese Patent Office.
- On 17 January 2021, INOVIQ announced that US Patent 11,193,944 titled 'Kits for detecting breast or ovarian cancer in a body fluid sample and use thereof' was issued by the United States Patent and Trademark Office.
- On 23 February 2022, INOVIQ announced that Brazilian Patent 112013003506 titled 'BARD1 isoforms in lung and colorectal cancer and use thereof' was issued by the National Institute of Industrial Property (INPI).
- On 3 May 2022, INOVIQ announced that Australian Patent No 2017358401 titled 'Subtilase cytotoxin B subunit mutant' was issued by IP Australia to Griffith University and the University of Adelaide. INOVIQ Ltd holds the exclusive worldwide rights to the SubB2M intellectual property for diagnostic applications.
- Post year-end, on 1 July 2022, INOVIQ announced that US Patent No 11,371,033 titled 'Subtilase cytotoxin B subunit mutant' was issued by the United States Patent and Trademark Office.
- On 22 July 2022, INOVIQ announced that US Patent No 11,391,738 titled 'Method of detecting cancer' was issued by the United States Patent and Trademark Office to Sienna Cancer Diagnostic Ltd, a subsidiary of INOVIQ.

INOVIQ Patent Status Summary

- Broad patent portfolio protecting IIQ's core biomarker isolation and detection technologies and products
- IP owned or exclusively licensed
- 42 granted patents, 14 pending and 2 international (PCT) applications (at 22/7/22)
- Protection across key jurisdictions (including US, Europe, Asia & Australia)
- Registered trademarks for INOVIQ® and EXO-NET®

Patent Family	Title	Granted	Pending	Expiry
SubB2M				
PCT/AU2017/051230 (WO 2018/085888)	Subtilase cytotoxin B subunit mutant	AU, US	BR, CA, CN, EP, IN, JP, KR, US (cont)	2037
PCT/AU2022/050470	Methods of analysing a sample			2042
BARD1				
PCT/FR01/02731 (WO/2002/018536)	Truncated BARD1 protein, and its diagnostic and therapeutic uses	US		2024
PCT/IB2011/053635 (WO/2012/023112)	BARD1 isoforms in lung and colorectal cancer and use thereof	AU, BR, CA, CN, CN(div), EP, HK, IL, JP, JP(div), SG, US, US (cont)		2031
PCT/IB2011/054194 (WO/2012/038932)	Kits for detecting breast or ovarian cancer in a body fluid sample and use thereof	EP, US, US (cont)		2031
PCT/EP2014/073834 (WO/2015/067666)	Lung Cancer Diagnosis	AU, CN, IL, JP, SG, KR, US	CA, EP, HK	2034
EP14002398.7	Non-coding RNA as diagnostic marker and treatment target	US		2035
hTERT				
PCT/AU2015/050060 (WO2015/120523)	Method of resolving inconclusive cytology to detect cancer	AU, CN, EP, IL, JP, US, US(cont)		2035
PCT/AU2016/050764 (WO2017/027928)	Method of detecting cancer in morphologically normal cells	JP	US	2036
Molecular NETs				
PCT/US2010/058086 (WO2011/066449)	Devices for detection of analytes	CN, US(cont1), US(cont2), US(cont3)	US(cont5)	2030
PCT/US2013/049779 (WO2014/011673)	Molecular Nets	EP		2033
PCT/US2014/029823 (WO2014/153262)	Molecular nets on solid phases	AU, CN	CA	2034
PCT/AU2022/050428	Methods relating to tumour-derived extracellular vesicles			2042

QUALITY MANAGEMENT SYSTEM

INOVIQ has successfully completed two re-certification audits of its ISO 13485:2016 Quality Management System, in July 2021 and July 2022. INOVIQ's QMS continues to be compliant and implement best practices to support the corporate goals.

As part of its continuous improvement program, INOVIQ has moved to a sophisticated electronic quality management system (eQMS), designed to better manage the full product development lifecycle and facilitate global regulatory submissions.

Technical excellence in the INOVIQ laboratories is also being pursued through the initiation of an ISO 17025 compliance program.

CORPORATE INITIATIVES

INOVIQ completed an \$18.4 million capital raising to strengthen its balance sheet, completed a corporate rebrand to INOVIQ Ltd, strengthened its leadership team and implemented a new investor relations program during the year. INOVIQ continued to drive awareness of the new INOVIQ corporate brand and investment proposition with investors and media. Numerous media outlets reported on INOVIQ news through the period, see Media tab: <https://www.inoviq.com/site/media/inoviq-in-the-news>.

Capital Raising

During the financial year the Company raised a total of \$18.4 million in new capital including a \$15 million placement to institutional and sophisticated investors, and a \$3.4 million share purchase plan (SPP) to eligible existing shareholders. Both capital raising initiatives were offered on the same terms with a total of 11,878,205 new shares issued at \$1.55 per share including 9,677,420 shares under the Placement and 2,200,785 shares under the SPP. Additionally, one free quoted option was offered for every two shares issued, resulting in 5,909,965 options issued that are exercisable at \$2.32 up until the expiry date of 24 August 2023.

Company name change to support new vision

On 8 December 2021, following shareholder approval at its AGM, the Company's name changed from BARD1 to INOVIQ Ltd (INOVIQ) and the ASX listing code changed from ASX:BD1 to ASX:IIQ. The change of company name to INOVIQ, which stands for intelligent innovation, better reflects the strategic vision, broader intellectual property assets and expanded product portfolio of the Company since its acquisition of Sienna Cancer Diagnostics Ltd in July 2020. The new INOVIQ name is aligned with the Company's focus on commercialising innovative diagnostic and exosome-based products for the *intelligent diagnosis* and treatment of cancer and other diseases.

People focus to support strategy

The Group has a strong, talented, and dedicated team of employees in Australia and the USA, with experience across diagnostic research and development, laboratory operations, quality and business development functions. During the year, the Company restructured its team and made several new appointments to strengthen the team across exosome science, clinical development and business development/licensing to support its vision to be a precision diagnostics company and key objectives to commercialise its EXO-NET and SubB2M products globally.

On 16 September 2021, INOVIQ announced the appointment of leading medical researcher Dr Greg Rice as Chief Scientific Officer (CSO), effective 20 September 2021. Dr Greg Rice PhD, BSc (Hon), MHA, Grad Dip Mgt has over 30 years' experience in oncology, perinatology, exosome-based research, clinical translational research, IVD development and commercialisation. He has held senior academic appointments (University of Queensland, Baker Heart and Diabetes Institute, University of Melbourne, and Monash University), co-founded hospital-based clinical research centres in both oncology and perinatology (The Royal Women's Hospitals and Mercy Hospitals) and co-founded and led diagnostic companies (HealthLinx Ltd and Pregnostica SpA).

Investor and partnering initiatives to promote INOVIQ and pipeline

In tandem with reaching multiple milestones through the period, the Company focused on continuing to drive awareness and appreciation of the new INOVIQ corporate brand and investment proposition with investors and media.

CEO, Dr Leearne Hinch presented multiple updates on INOVIQ's products, pipeline, milestones and plans at investor meetings and to numerous media outlets through the period. Investors can view a selection of recent INOVIQ news via the News tab on the new company website at <https://www.inoviq.com/site/media/inoviq-in-the-news>.

An online investor briefing and Q+A session was held on 10 May 2022, attended by a mix of existing and potential retail and institutional investors. A video recording of the presentation is available at <https://www.inoviq.com/site/investors/presentations>.

INOVIQ also attended the BIO International Convention in San Diego, USA, from 13-16 June 2022. The event was attended by over 11,000 global biotechnology and pharma participants. INOVIQ held over 30 meetings with representatives from global industry and research organisations to showcase INOVIQ's exosome capture tools and diagnostics pipeline. Outcomes included opportunities to further explore potential partnering opportunities with biotherapeutic companies for companion diagnostic

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applications, potential exosomal biomarker in-licensing opportunities, and approaches by organisations to explore the use of INOVIQ's exosome capture tool in their discovery programs. INOVIQ is progressing discussions with several of these parties.

OUTLOOK AND PLANS

INOVIQ is driving intelligent innovation in the exosome and diagnostic markets to improve health outcomes for patients with cancer and other diseases. INOVIQ is using its proprietary biomarker isolation and detection technologies and a multiomics approach to develop next-generation precision diagnostics for the screening, diagnosis, treatment selection and monitoring of cancer and other diseases. The Company has unique technologies, in-market products and a strong development pipeline of exosome isolation tools and precision diagnostics intended to improve patient health outcomes in important unmet needs for the earlier detection and monitoring of breast cancer, ovarian cancer and other diseases.

INOVIQ continues to strengthen its team across exosome science, clinical development and business development/licensing, as well as investing in state-of-the art equipment to build capacity and enable it to advance product development towards key milestones, expand applications for its proprietary technologies, and deliver solutions for better patient outcomes.

INOVIQ has proprietary technology, a multi-product pipeline and key upcoming milestones over the next 6 to 12 months as we advance development and commercialisation plans for our next-generation exosome capture and precision diagnostics portfolio including:

- Expand EXO-NET pipeline for capture of specific exosomes for target diseases
- Progress UQ collaboration for exosome-based ovarian cancer screening test
- New EXO-NET collaborations for cancer and other diseases
- Publication of EXO-NET data
- Establish EXO-NET manufacture under GMP conditions at Melbourne facility
- Commence SubB2M clinical studies for breast and ovarian cancers
- Report data for SubB2M clinical studies for breast and ovarian cancers
- Launch SubB2M tests for monitoring breast and ovarian cancers

FINANCIAL RESULTS

The Group recorded a net loss from operating activities after income tax of \$18,195,977 (2021: \$11,150,880) and ended the financial year with a cash balance of \$15,394,847 (2021: \$4,998,564). Cash reserves were boosted by \$18,411,450 of new capital, before expenses, raised via a share placement and share purchase plan which completed in August 2021. Stripping out the non-cash impairment charges, the Group's operating loss was \$5,374,575 (2021: \$3,829,833). In the view of the Board and management this metric represents fair representation of the Group's operating result.

INOVIQ has undertaken an internal review of intangible asset values acquired via the merger with Sienna Cancer Diagnostics Ltd. The values of the Group's Molecular Nets and SubB2M intangible assets remained unchanged from the prior financial year following this review.

The net loss includes the recognition of a non-cash intangible asset impairment loss of \$12,821,402 (2021: \$7,321,047) against the hTERT intangible asset and Goodwill. As required by the Accounting Standard AASB 136 – Impairment of Assets, calculations were undertaken to test the carrying values of the identified intangible assets (hTERT, Molecular NETs, and SubB2M) at 30 June 2022. These calculations were based on management's revised sales forecasts for hTERT and Molecular NETs product revenues. hTERT revenue continues to be impacted by the COVID-19 pandemic, and as a result has not recovered to pre-pandemic levels. Considering the reduction in revenue over the past 24 months the Board has determined that a non-cash impairment loss of \$1,790,842 (2021: Nil) be recognised for hTERT.

To provide further support for the carrying value of the Molecular NETs asset an independent third party was engaged to provide a report comparing the values of companies who own exosomal extraction assets and operate in the same industry as INOVIQ. This report concluded that the Molecular NETs book value is not unreasonable and the carried amount for the IP is likely to be recoverable. SubB2M, which is in the research phase and therefore pre-revenue, was assessed for impairment using the replacement cost method. Management determined that no impairment indicators were present at balance date.

Support for the carrying value of Goodwill relies on the values of the Group's cash generating assets, collectively the Group's intangible assets. As both SubB2M and Molecular NETs are either very early stage revenue or pre-revenue, a model predicting future revenue relies on a number of subjective assumptions. These inputs cannot be tested for reasonableness as they rely upon future events. In light of this the Board determined that the value of Goodwill should be removed from INOVIQ's Statement of Financial Position and an impairment charge of \$11,030,560 (2021: \$2,889,219) has been recognised.



It should be noted that the Board and management have taken this action to ensure compliance with the accounting standards and does not reflect their view of the significant commercial opportunities provided by the Group's intellectual property.

Product revenues for the hTERT test totalled \$276,745 (2021: \$468,096). Income from other sources was \$1,786,130 (2021: \$1,003,957) including an accrual of \$1,316,437 for the Research and Development Tax Incentive Refund for the 2021 and 2022 financial years (2021: receipt of \$643,542 for the 2020 financial year). The refund for 2021 is expected to be received in the coming months. Grant income contributed \$404,025 (2021: \$317,533), comprising \$368,137 from the BTB Grant supporting the SubB2M breast cancer program and \$35,888 from the Export Market Development Grant. Interest and miscellaneous income added \$65,668 (2021: \$42,882).

The Group's reported total operating expenditures, other than impairment of intangible assets and goodwill, were \$9,439,517 (2021: \$8,112,645). General and administration costs were \$5,855,103 (2021: \$4,390,832) with the following significant contributors:

- employee expenditure \$1,770,247 (2021: \$1,957,324) including non-share options expense of \$239,651 (2021: \$685,397);
- consulting and legal fees \$1,514,422 (2021: \$624,620) including fees paid to defend the Supreme Court Writ;
- amortisation of intangible assets \$1,677,408 (2021: \$512,400) for the hTERT and Molecular Nets intangible assets; and
- ASX listing and share registry fees of \$213,426 (2021: \$204,308).

Research and Development expenditure was \$3,035,963 (2021: \$3,415,240). The majority of expenditure was incurred on the SubB2M and Molecular Nets programs. Included in this figure was employee related expenditure of \$1,255,196 (2021: \$1,635,965) and \$1,573,161 (2021: \$1,594,056) paid to external contractors and suppliers.

Sales and Marketing expenditure was \$548,451 (2021: \$306,574) of which employee related expenditure contributed \$437,766 (2021: \$277,246).

Non-cash expenditures recorded (within the three categories of expenditure – General and Administration, Research and Development, and Sales and Marketing) for the reporting period included:

- amortisation of intangible assets \$1,677,408 (2021: \$512,400) for the hTERT and Molecular Nets intangible assets and \$34,354 (2021: \$36,735) related to granted patents;
- depreciation of right-of-use assets (required by accounting standard AASB16 – Leases) \$274,998 (2021: \$273,486);
- depreciation of building improvements \$32,247 (2021: \$25,581) and depreciation of plant and equipment \$82,584 (2021: \$61,809);
- share based payments expense of \$239,651 (2021: \$685,397);
- intangible asset and goodwill impairment of \$12,821,402 (2021: \$7,321,047); and
- lease liability interest expense, as required by AASB16, \$81,963 (2021: \$99,204).

The loss recorded for the reporting period was reduced by the recognition of a \$2,058,513 (2021: \$2,874,805) tax credit resulting from the recognition of the deferred tax asset associated with INOVIQ's carried forward tax losses and the reduction in the carrying values of the Group's intangible assets.

Directors' Report

The directors present their report together with the financial report of INOVIQ Limited (**INOVIQ** or the **Company**) and its controlled entities (collectively referred to as the **Group**) for the financial year ended 30 June 2022 and the independent auditor's report thereon.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the development and commercialisation of an innovative portfolio of diagnostic and exosome-based products to improve the diagnosis and treatment of cancer and other diseases.

The Group has commercialised the EXO-NET® pan-exosome capture tool for research purposes and the hTERT test as an adjunct to urine cytology testing for bladder cancer. INOVIQ's cancer diagnostic pipeline includes blood tests in development for earlier detection and monitoring of ovarian, breast and other cancers.

CORPORATE INFORMATION

INOVIQ Limited is a Company limited by shares and is incorporated and domiciled in Australia. It is the ultimate legal parent entity of the INOVIQ Group. As at 30 June 2022 it had two wholly owned subsidiaries, Sienna Cancer Diagnostics Ltd (an Australian public company) and BARD1AG SA (a company domiciled in Switzerland). INOVIQ Inc (a US entity) forms part of the group, being a 100% owned subsidiary of Sienna Cancer Diagnostics Ltd.

DIRECTORS

The names and details of the directors of the Company in office during the year ended 30 June 2022 and until the date of this report are as follows (Directors were in office for this entire period unless otherwise stated):

Dr Geoffrey Cumming BSc (Hons) BAppSc PhD MBA MAICD | Non-Executive Chairman (appointed 28 July 2020)

Dr Cumming has held senior roles in the global healthcare and biotechnology sector for more than 20 years. As Managing Director, Roche Diagnostic Systems (Oceania), Dr Cumming transformed the loss-making entity the Swiss parent was intending to divest, into the fastest growing and most profitable affiliate in the Roche group. In his role as Managing Director/CEO of Biosceptre International Ltd, Dr Cumming was successful in designing and securing key funding arrangements through a skilful range of capital raising initiatives, including large government grants, partnering and co-development deals. His most recent executive role was as Managing Director / CEO of Anteo Diagnostics Ltd (ASX: ADO). He is currently a Non-executive Director of Anteo Diagnostics Ltd and was previously Chairman of Sienna Cancer Diagnostics Ltd and a Non-executive Director of Medical Australia Ltd (ASX: MLA).

Dr Cumming is the Chair of the Remuneration Committee.

Dr Cumming has not been a director of any listed companies in the last three years other than those listed above.

Mr Robert (Max) Johnston | Non-Executive Director (appointed 17 June 2019)

Mr Johnston held the position of President and Chief Executive Officer of Johnson & Johnson Pacific, a division of the world's largest medical, pharmaceutical and consumer healthcare company for 11 years. Prior to joining Johnson & Johnson, Mr Johnston's career also included senior roles with Diageo and Unilever in Australia, Africa, and Europe. Mr Johnston has also held several prominent industry roles as a past President of ACCORD Australasia Limited, a former Vice Chairman of the Australian Food and Grocery Council and a former member of the board of the Australian Skills Management Institute (ASMI). Mr Johnston has had extensive overseas experience during his career in leading businesses in both Western and Central-Eastern Europe and Africa as well as the Asia-Pacific region. Mr Johnston is currently a Non-Executive Director of Medical Developments International Ltd (ASX: MVP) and Tissue Repair Ltd (ASX: TRP). He was a former Non-Executive Director of Ereno Group Limited (ASX: EGG) and PolyNovo Ltd (ASX: PNV), and a former Non-Executive Chairman of Probiotec Ltd (ASX: PBP) and AusCann Group Holdings Ltd (ASX: AC8).

Mr Johnston is a member of the Company's Remuneration and Audit & Risk Committees.

Mr Johnston has not been a director of any listed companies in the last three years other than those listed above.

Mr Philip Powell BComm (Hons) ACA MAICD | Non-Executive Director (appointed 17 June 2019)

Mr Powell is a Chartered Accountant with extensive experience in investment banking, specialising in capital raisings, initial public offerings (IPOs), mergers and acquisitions and other successful corporate finance assignments across a diverse range of sectors including pharma, utilities, IT, financial services, food, and agriculture. He spent 10 years in senior financial roles at OAMPS Ltd, a former ASX-listed financial services group, and 10 years in audit with Arthur Andersen & Co in Melbourne, Sydney, and Los Angeles. Mr Powell is currently a Non-Executive Director of RMA Global Ltd (ASX: RMY). He was a former Non-Executive Director of PolyNovo Ltd (ASX: PNV) and Medical Developments International Ltd (ASX: MVP).

Mr Powell is the Chair of the Company's Audit & Risk Committee.

Mr Powell has not been a director of any listed companies in the last three years other than those listed above.

Professor Emeritus Allan Cripps AO PhD BSc (Hons) FAHSM FASM FAIMS FIBMS FCHSM MAICD | Non-Executive Director (appointed 23 January 2020)

Professor Cripps is a distinguished academic, clinical scientist and health services leader, having made significant contributions in immunology, diagnostics, and health services delivery. From 2005 to 2016, Professor Cripps was the Pro Vice Chancellor (Health) at Griffith University and is currently a research professor at Griffith University, leading the Mucosal Immunology Research Group within the Menzies Health Institute Queensland. Professor Cripps had near 20 years' experience in the health and pharmaceutical industries before becoming a full-time academic focusing his research on mucosal immunology, respiratory tract infections, vaccine development and diagnostics. He has published over 300 peer reviewed scientific papers, presented at numerous international scientific conferences, received over \$17 million in Government and industry grant funding and is co-inventor on several international patents in the fields of diagnostics and vaccine protein antigens. He is a fellow of the Australian Academy of Health and Medical Scientists, the Australian Society for Microbiology, the Australian Institute of Medical Scientists, the Institute of Biomedical Scientists (UK) and the Australasian College of Health Service Management. In 2015 he was awarded the Order of Australia (AO) for distinguished service to tertiary education as a senior administrator and to public health as a leading immunologist, academic and researcher in the area of mucosal immunisation. Professor Cripps is a Non-Executive Director of Neurotech International Limited (ASX: NTI) and Independent Chair of the Children's Health Research Alliance Board. He was previously Non-Executive Director of Research Australia (2005 – 2012) and the Gold Coast Hospital and Health Services Board (2011 – 2017).

Professor Cripps is a member of the Company's Remuneration Committee and Audit & Risk Committee.

Professor Cripps has not been a director of any other listed companies in the last three years.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of issuing this report, the interests of the current directors in the shares of the Company were:

	Ordinary Shares	Options
Dr Geoffrey Cumming	177,414	552,000
Mr Max Johnston	404,310	500,000
Mr Philip Powell	396,631	500,000
Professor Allan Cripps	-	500,000

EXECUTIVE MANAGEMENT AND COMPANY SECRETARY

Chief Executive Officer

Dr Leeorne Hinch BSc BVMS MBA

Dr Hinch joined INOVIQ as CEO in 2016 bringing over 20 years' experience in the life sciences industry. She has held past leadership roles as a biotechnology executive and life sciences consultant at private and ASX-listed companies including Ingeneus Solutions, Eustralis Pharmaceuticals, OBJ and Holista Colltech, where she gained a track record leading all aspects of life sciences businesses including technical, operational, and strategic. Dr Hinch has spearheaded the development of corporate strategy and partnerships, M&A transactions and capital raisings, and delivered business growth and revenue targets. She has also led development and commercialisation teams for multiple diagnostic, device, therapeutic and animal health products. Dr Hinch holds a Bachelor of Science, Bachelor of Veterinary Medicine and Surgery and a Master of Business Administration.

Chief Financial Officer and Company Secretary

Mr Tony Di Pietro BComm CA AGIA MAICD (appointed 28 July 2020)

Mr Di Pietro is a Chartered Accountant with significant corporate accounting experience, gained both in Australia and the UK. He holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is a member of the Australian Institute of Company Directors. Tony is a finance executive with extensive technical accounting, corporate tax, and company secretarial experience. Mr Di Pietro has held senior roles within the Biotechnology/MedTech industry for the past 15 years including Sienna Cancer Diagnostics Ltd and Acrux Ltd. Tony played a significant role in the ASX listing of both Sienna and Acrux and the merger between Sienna and BARD1. He has also gained valuable experience in other industry sectors, employed by companies such as BHP Ltd, ExxonMobil Ltd, HSBC Ltd and Wilson Group.

Directors' Report

Chief Scientific Officer

Dr Gregory Rice PhD BSc (Hon) MHA Grad Dip Mgt (appointed 20 September 2021)

Dr Greg Rice is an internationally recognised academic and commercial scientist with over 30 years' expertise and experience in oncology, perinatology, exosome-based research, clinical translational research, IVD development and commercialisation. He has held senior academic appointments, co-founded hospital-based clinical research centres in both oncology and perinatology, and co-founded and led diagnostic companies. He is an award-winning scientist with a strong international profile and clinical research networks. He has published more than 280 peer-reviewed scientific publications and is a regular invited speaker at international conferences. He has held numerous academic leadership positions including at the University of Queensland (UQ), Baker Heart and Diabetes Institute, University of Melbourne, and Monash University. As Director of the UQ Centre for Clinical Diagnostics (CCD), he established the Centre, implemented an ISO17025 quality management system, secured NATA accreditation, and established an exosome research facility to evaluate the clinical utility of extracellular vesicles as liquid biopsies, IVDs and therapeutics. Additionally, he was a Founding Director and CSO of diagnostics company HealthLinx Ltd and more recently CEO of Pregnostica SpA. His academic qualifications include a Doctor of Philosophy and Bachelor of Science (First Class Honours) from the University of Western Australia and a Graduate Diploma in Management and Master of Health Administration from RMIT University.

Chief Scientific Officer

Dr Peter French BSc MSc PhD MBA FRNSW (appointed 17 August 2020 – resigned 17 August 2021)

Dr French is a biotechnology executive and respected scientist with previous CSO, CEO and director experience. Most recently, Dr French provided strategic and scientific consulting services to a number of biotechnology companies. His previous industry roles included being executive director of AusDiagnostics Pty Ltd, Bioxyme Ltd and BCAL Diagnostics, Managing Director of Benitec Biopharma Ltd, and founder and Non-Executive director of Cryosite Ltd (ASX: CTE). Dr French also had a successful academic career as Principal Scientist at the Centre for Immunology, St Vincent's Hospital and Post-Doctoral Research Scientist at the Children's Medical Research Foundation.

Chief Operations Officer

Mr Carl Stubbings BAppSc (appointed 28 July 2020 – resigned 31 August 2021)

Mr Stubbings has considerable experience commercialising diagnostic products. His previous executive roles include Senior Vice President for Panbio USA Ltd, Vice-President of Sales and Marketing for Focus Diagnostics, a subsidiary of Quest Diagnostics and Chief Business Officer at Benitec Biopharma Limited (ASX: BLT, NASDAQ: BNTC). He was previously a Non-Executive Director of Analytica Medical Limited (ASX: ALT) and Sienna Cancer Diagnostics Ltd for which he served as Managing Director from November 2019 until July 2020.

REVIEW OF OPERATIONS

Information on the operations of the Group during the financial year and up to the date of this report is set out separately in the Annual Report under Review of Operations.

LEGAL PROCEEDINGS

On 24 February 2021, the Company announced that Tony Walker and former director and Founding Scientist of the Company, Dr Irminger-Finger (Plaintiffs and, together, the Claim), had commenced legal proceedings against the Company in the Supreme Court of Victoria. BARD1 (now INOVIQ) advised that it would defend the proceedings and file a comprehensive defence.

On 4 June 2021, the Company announced that it had received from the Plaintiffs particulars, and proposed means of calculation, of their alleged loss and damages relating to the Claim and was reviewing it with its legal advisers. Although the calculations derive a potentially very significant amount of claimed loss and damage by the Plaintiffs, any such claim will ultimately turn on the evidence and the outcome of the legal proceedings at trial.

On 28 March 2022, the Company announced that it continues to dispute the basis of the Claim and had filed an amended defence in response to amendments to the Plaintiffs' statement of claim. The proceeding has been listed for trial in February 2023.

IMPACT OF COVID-19

The spread of a novel strain of coronavirus, SARS-CoV-2, known as COVID-19, led the World Health Organisation to declare a global pandemic in March 2020. Although conditions have improved, the COVID-19 pandemic continued to hamper the Group's commercial initiatives, restricting the ability to conduct on-site visits to potential new and existing customers for business development, sales and technical support of the Group's hTERT product and EXO-NET® product.

Sales of the hTERT product continue to be negatively impacted by a reduction in routine pathology services and as a result have not recovered to pre-pandemic levels.

The Group has continued to advance its R&D programs at its Australian and U.S. locations with the assistance of its external collaborators. COVID-19 has caused some delays to expected R&D timelines related to interrupted supply of goods and logistics. External suppliers have experienced similar issues which has slowed receipt of materials, patient samples, laboratory consumables and equipment. In spite of these impacts INOVIQ continues to efficiently and effectively advance its programs to minimise delays.

INHERENT RISKS OF INVESTMENT IN BIOTECHNOLOGY COMPANIES

There are many inherent risks associated with the development and commercialisation of medical devices, including diagnostics, to a marketable stage. The clinical development process is designed to evaluate the safety and effectiveness of a medical device prior to commercialisation and a significant proportion of medical devices fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, obtaining of necessary regulatory authority approvals, and competitive risks associated with the rapid advancements in technology.

Companies such as IIQ are dependent on the success of their research projects and their ability to attract funding to support these activities. Investment in research and development projects cannot be assessed on the same fundamentals as other trading enterprises and access to capital and funding for the Group and its projects going forward cannot be guaranteed. Investment in companies specialising in research projects, such as IIQ, should be regarded as highly speculative. IIQ strongly recommends that professional investment advice be sought prior to individuals making such investments.

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report contain forward-looking statements regarding the Company's business and the technical and commercial potential of its technologies and products in development. Any statement describing the Company's goals, expectations, intentions, or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of discovering, developing, and commercialising medical devices that can be proven to be safe and effective for use in humans, and in the endeavour of building a business around such products and services. INOVIQ undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Actual results could differ materially from those discussed in this Annual Report. As a result, readers of this report are cautioned not to rely on forward-looking statements.

ROUNDING

No rounding has been applied to the amounts contained in the financial report under the option available to the Company under ASIC Corporations (Rounding in Financial/Director's report) instrument 2016/191. The Company is an entity to which the legislative instrument applies.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following announcements were made via the ASX announcement platform since the end of the reporting period:

- On 21 July 2022, the Company announced that it had engaged US-based Percorso Life Sciences LLC (Percorso) under a Services Agreement to provide contract sales and logistics services, accelerating the commercial roll-out of INOVIQ's EXO-NET research products in the USA.

At the date of this report, other than that outlined above, there have been no matters or circumstances that have arisen since the end of the period which significantly, or may significantly effect:

- The Group's operations in future years;
- The results of those operations in future years; or
- The Group's state of affairs in future years.

Directors' Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those outlined in this report there were no other significant changes in the state of affairs of the Company during the period.

FINANCIAL POSITION

The net assets of the Group at 30 June 2022 totalled \$28,292,837 (2021: \$29,056,730).

Total assets at 30 June 2022 totalled \$30,779,459 (2021: \$33,521,700). The Group had cash and cash equivalents of \$15,394,847 at 30 June 2022 (2021: \$4,998,564).

DIVIDENDS

No dividend has been declared, provided for or paid in respect of the year ended 30 June 2022 or 30 June 2021.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has insurance in place to indemnify directors of the Company against liability incurred to a third party (not being the Company or a related party) that may arise from their position as directors or officers of the Company.

In accordance with subsection 300(9) of the *Corporations Act 2001*, further details have not been disclosed due to confidentiality provisions of the insurance contracts.

INDEMNIFICATION OF AUDITORS

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During the financial year, no director has had any interest in a contract or proposed contract with the Company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the *Corporations Act 2001* except for the contracts of the executive and non-executive directors which are disclosed in the remuneration report.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's directors held during the year ending 30 June 2022 and the number of meetings attended by each director.

	Directors' Meetings		Audit Committee		Remuneration Committee	
	No. of meetings held while in office	Meetings attended	No. of meetings held while in office	Meetings attended	No. of meetings held while in office	Meetings attended
Dr Geoffrey Cumming	14	14	-	-	1	1
Mr Max Johnston	14	14	4	4	1	1
Mr Philip Powell	14	14	4	4	-	-
Professor Allan Cripps	14	14	4	4	1	1

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing, and controlling the major activities of the Group. The remuneration report has been audited as required by section 300A of the *Corporations Act 2001*.

Use of remuneration consultants

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2022.

Remuneration policy

The Group has designed its compensation policies to ensure significant linkage between rewards and specific achievement that are intended to improve shareholder wealth. In assessing the link between the Group performance and compensation policy, it must be recognised that biotechnology companies generally do not make a profit until a drug or device is licensed or commercialised, either of which takes a number of years. Furthermore, the biotechnology sector as a whole is highly volatile, significantly driven by market sentiment and inherently high risk. Therefore, the direct correlation of compensation policy and traditional financial performance measures is not appropriate. As an alternative, key milestones are a more meaningful measure of performance to correlate levels of compensation. These milestones are discrete achievements and can be used to evaluate the Group's progress towards commercialising its various projects.

The Board recognises that the performance of the Company depends upon the quality of its Directors and Executives and to this end the Company is aware that it must attract, motivate, and retain experienced Directors and Executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in the form of salary and fringe benefits such as motor vehicle benefits.

In accordance with best practice governance, the structure of Non-Executive Directors and senior executive remuneration is separate and distinct. It should be noted that the amount of salary and the grant of options is at the discretion of the board of directors. The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

The Company's Constitution and ASX Listing Rules specify that aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of Shareholders. Approval by Shareholders was granted at a general meeting on 14 November 2019 to pay Non-Executive Directors an aggregate amount of up to \$400,000 per annum. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each Non-Executive Director may also receive an equity based component where approval has been received from Shareholders in a general meeting.

The Company's Remuneration Committee was established on 25 February 2020 and initially consisted of two members being Mr Max Johnson (Chair) and Professor Allan Cripps. Mr Johnson and Professor Cripps are Non-Executive Directors of the Company. Dr Cumming was appointed to this Committee on 13 August 2020. Remuneration for directors and executives is not linked directly to the performance of the economic entity.

The major provisions of each of the agreements relating to compensation are set out below. The Company has or had Employment and/or Consultancy Agreements in place with Dr Hinch, Mr Powell, Mr Johnson, Professor Cripps, Dr Cumming, Dr Rice, Mr Di Pietro, Dr Irminger-Finger, Dr French and Mr Stubbings.

Dr Cumming (appointed 28 July 2020)

Dr Geoffrey Cumming has a Letter of Appointment with the Company dated 23 July 2020 to perform the role of Non-Executive Chairman for an annual base fee of \$75,000 plus superannuation entitlement. Dr Cumming is not entitled to a termination or redundancy benefit.

Dr Hinch

Dr Leeanne Hinch has an Executive Employment Agreement with the Company dated 7 November 2016 to perform the role of Chief Executive Officer, under which Dr Hinch is paid a total fixed remuneration of \$376,432 per annum plus superannuation payable under the Superannuation Guarantee Act. This arrangement can be terminated by either party by providing 6 months written notice, which based on current remuneration rates would amount to a termination payment of up to \$188,216 if the full notice period is not served.

Directors' Report

A Short-Term Incentive (STI) bonus of \$70,790 was paid during the financial year for the achievement of agreed key performance indicators (KPIs) for the 12 months to 30 June 2021. The KPIs achieved included (i) successful completion of a significant capital raising, (ii) operational cost savings achieved following the merger with Sienna Cancer Diagnostics Ltd, (iii) product development milestones for EXO-NET and SubB2M, and (iv) research collaborations secured for new technology applications. This STI was paid in October 2021.

Dr Hinch may also be eligible for a Long-Term Incentive (LTI), being the grant of options. No options were issued to Dr Hinch during the financial year.

Mr Johnston and Mr Powell

Mr Max Johnston and Mr Philip Powell have Letters of Agreement with the Company dated 17 June 2019 to perform the role of Non-Executive Director for an annual base fee of \$50,000 plus superannuation entitlement. Both Directors are not entitled to a termination or redundancy benefit.

Professor Cripps

Professor Allan Cripps has a Letter of Agreement with the Company dated 23 January 2020 to perform the role of Non-Executive Director for an annual base fee of \$50,000 plus superannuation entitlement. Professor Cripps is not entitled to a termination or redundancy benefit.

Dr Greg Rice (appointed 20 September 2021)

Dr Greg Rice has an Employment Agreement with the Company dated 20 September 2021 to perform the role of Chief Scientific Officer of the Group for an annual base salary of \$250,000 per annum plus superannuation entitlement. This arrangement can be terminated by either party providing 1 months written notice within the first 6 months and then 3 months written notice thereafter, which based on current remuneration rates would amount to a termination payment of up to \$62,500 if the full notice period is not served.

Mr Di Pietro (appointed 28 July 2020)

Mr Tony Di Pietro has an Employment Agreement with the Group dated 23 February 2015 to perform the role of Chief Financial Officer and Company Secretary, under which Mr Di Pietro is paid a total fixed remuneration of \$256,432 per annum plus superannuation entitlement. This arrangement can be terminated by either party providing 3 months written notice, which based on current remuneration rates would amount to a termination payment of \$64,108 if the full notice period is not served.

A Short-Term Incentive (STI) bonus of \$27,857 was paid during the financial year for the achievement of agreed key performance indicators (KPIs) for the 12 months to 30 June 2021. The KPIs achieved included (i) successful completion of a significant capital raising, (ii) operational cost savings following the merger with Sienna Cancer Diagnostics Ltd, (iii) product development milestones for EXO-NET and SubB2M, and (iv) research collaborations secured for new technology applications. This STI was paid in October 2021.

Mr Di Pietro may also be eligible for a Long-Term Incentive (LTI), being the grant of options. No options were issued to Tony during the financial year.

Dr French (appointed 17 August 2020, resigned 17 August 2021)

Dr Peter French had an Employment Agreement with the Company dated 17 August 2020 to perform the role of Chief Scientific Officer (CSO) of the Group for an annual base salary of \$255,000 per annum plus superannuation entitlement. Dr French resigned on 17 August 2021 and transitioned to the role of Strategic Technology Advisor under a consultancy agreement. This agreement ceased in July 2022.

Mr Stubbings (appointed 28 July 2020, resigned 31 August 2021)

Mr Carl Stubbings had an Employment Agreement with the Company dated 28 July 2020 to perform the role of Chief Operating Officer for an annual base salary of \$255,000 per annum plus superannuation entitlement.

At the date of this report the Company does not have any other consultancy or employment agreements in place with KMP.

Remuneration of Key Management Personnel

		Short Term Benefits Salary & Fees \$	Bonus \$	Post- Employment Benefits Superannuation \$	Long Term Benefits \$	Share Based Payments (Options) [#] \$	Total \$	Percentage (%)	
								Fixed Rem.	Variable Rem.
G Cumming ¹	2022	75,000	-	7,500	-	55,446	137,946	60%	40%
Chairman	2021	69,327	-	6,586	-	-	75,913	100%	-
P Powell	2022	50,000	-	5,000	-	55,446	110,446	50%	50%
Non-Exec Director	2021	50,000	-	4,750	-	-	54,750	100%	-
M Johnston	2022	50,000	-	5,000	-	55,446	110,446	50%	50%
Non-Exec Director	2021	50,000	-	4,750	-	-	54,750	100%	-
A Cripps	2022	50,000	-	5,000	-	55,446	110,446	50%	50%
Non-Exec Director	2021	50,000	-	4,750	-	-	54,750	100%	-
L Hinch	2022	376,432	70,790	23,568	14,532	-	485,322	85%	15%
CEO	2021	330,384	35,000	24,430	6,405	471,068	867,287	42%	58%
T Di Pietro ²	2022	256,432	27,857	23,568	5,286	11,100	324,243	88%	12%
CFO and Co Sec	2021	238,654	-	20,025	8,443	22,483	289,605	92%	8%
G Rice ³	2022	196,154	-	18,541	420	37,738	252,853	85%	15%
CSO	2021	-	-	-	-	-	-	-	-
P French ⁴	2022	38,059	-	3,302	-	33,638	74,999	55%	45%
CSO	2021	218,076	-	18,819	447	9,778	247,120	96%	4%
C Stubbings ⁵	2022	62,579	-	3,928	-	-	66,507	100%	-
COO	2021	237,113	-	20,238	1,270	125,403	384,024	67%	33%
H Fisher ⁶	2022	-	-	-	-	-	-	-	-
Non-Exec Director	2021	17,051	-	1,620	-	-	18,671	100%	-
P Gunzburg ⁷	2022	-	-	-	-	-	-	-	-
Chairman	2021	6,250	-	594	-	-	6,844	100%	-
I Irminger-Finger ⁸	2022	-	-	-	-	-	-	-	-
Executive Director	2021	166,932	-	-	-	-	166,932	100%	-
Total	2022	1,154,656	98,647	95,407	20,238	304,260	1,673,208	76%	24%
Total	2021	1,433,787	35,000	106,562	16,565	628,732	2,220,646	70%	30%

1 G Cumming appointed 28 July 2020

2 T Di Pietro appointed 28 July 2020

3 G Rice appointed 20 September 2021

4 P French appointed 17 August 2020, resigned 17 August 2021, transitioned to the role of Strategic Technology Advisor under a consultancy agreement

5 C Stubbings appointed 28 July 2020, resigned 31 August 2021

6 H Fisher appointed 28 July 2020, resigned 25 November 2020

7 P Gunzburg resigned 28 July 2020

8 I Irminger-Finger resigned 11 January 2021

The amounts reported represent non-cash expense required to be calculated under accounting standard AASB 2 – Share-based Payment

Directors' Report

Group Performance

The table below shows the performance of the Group as measured by the Group's closing share price and EPS over the last five years.

	12 months ended 30 June 2018	12 months ended 30 June 2019	12 months ended 30 June 2020	12 months ended 30 June 2021 [#]	12 months ended 30 June 2022 [#]
Closing share price	\$0.014	\$0.020	\$0.027	\$1.88	\$0.39
Loss after tax (\$)	(1,817,301)	(1,717,273)	(3,253,553)	(11,150,880)	(18,195,977)
EPS (\$ per share)	(0.003)*	(0.001)	(0.0022)	(0.1443)	(0.2003)

Data included for these financial years are impacted by a consolidation of securities in December 2020 on the basis of 1 security for every 30 securities held.

* The loss per share calculations for periods prior to 30 June 2019 have been adjusted by a factor of 1.019 to reflect the bonus element of the capital raising completed subsequent to year end.

Share Options

Shares issued as a result of the exercise of options

During the financial year the Company issued 83,778 (2021: 238,943) new ordinary shares from the exercise of options. A total of \$50,272 (2021: \$286,465) in exercise proceeds was received.

Options issued

Investors who took part in the share placement and SPP received one free quoted option for every two shares issued, resulting in 5,909,965 options issued. These options are exercisable at \$2.32 and expire 24 August 2023.

At the Company's 2021 Annual General Meeting (AGM), on 29 November 2021 (option grant date), shareholders approved the issue of 500,000 options to each of the Non-executive Directors. The options were issued under the IIQ IOP. The options were issued in two equal tranches of 250,000 options. The first tranche is exercisable at \$2.32 per option and vests (becomes exercisable) when the 7 day volume weighted price of the company's ordinary shares reaches \$2.32 and expires 30 September 2023. The fair value per option at grant date was \$0.193 (calculated using a Monte Carlo option pricing model). The second tranche is exercisable at \$3.00 per option and vests (becomes exercisable) when the 7 day volume weighted price of the company's ordinary shares reaches \$3.00 and expires 30 September 2024. The fair value per option at grant date was \$0.234 (calculated using a Monte Carlo option pricing model). There are no performance conditions attached to these options. The options were however issued at an exercise price that represented a 116% and 179% premium, respectively, to IIQ's share price at the time of issue.

A further 200,000 options were issued to staff members under the terms of the IIQ IOP during the financial year. Dr. Greg Rice was awarded 150,000 upon his appointment to the role of Chief Scientific Officer (CSO). These options were granted on 4 January 2022. The options are exercisable at \$1.73 per option, vest in three equal tranches – 12, 24 and 36 months from issue – and expire 20 September 2025. The fair value per option at grant date was \$0.659 (calculated using a Binomial option pricing model). Options are forfeited if Dr. Rice leaves the employment of INOVIQ before vesting. There are no performance conditions attached to these options. The options were however issued at an exercise price that represented a 39% premium to IIQ's share price at the time of issue. Dr Peter French was awarded 50,000 options upon his appointment to the role Strategic Technology Advisor. These options were granted on 19 November 2021, exercisable at \$1.46 per option, vesting 19 November 2022 and expiring 19 November 2025. The fair value per option at grant date was \$0.801 (calculated using a Binomial option pricing model). There were no performance conditions attached to these options. The options were however issued at an exercise price that represented a 39% premium to IIQ's share price at the time of issue. These options later lapsed, as vesting conditions were not met.

In the comparative period 166,667 options were issued to the CEO, Dr Leeearne Hinch, under the IOP.

Key Management Personnel Shareholdings

At 30 June 2022 the interests of the key management personnel in the ordinary shares in the Company were:

	Balance Ordinary Shares 30 June 2021	Acquired via Share Purchase Plan	Acquired on Market	Balance Ordinary Shares 30 June 2022
Dr Geoffrey Cumming	125,093	19,354	32,967	177,414
Max Johnston	384,956	19,354	-	404,310
Philip Powell	267,277	19,354	110,000	396,631
Professor Allan Cripps	-	-	-	-
Dr Leeearne Hinch	30,000	19,354	25,000	74,354
Tony Di Pietro	-	-	5,000	5,000
Dr Gregory Rice	-	-	-	-

Key Management Personnel Options

	Balance Options 30 June 2021	Acquired via Share Purchase Plan	Granted as Remuneration	Exercised	Balance Options 30 June 2022
Dr Geoffrey Cumming	52,000	-	500,000	-	552,000
Max Johnston	-	-	500,000	-	500,000
Philip Powell	-	-	500,000	-	500,000
Professor Allan Cripps	-	-	500,000	-	500,000
Dr Leeearne Hinch	666,667	9,677	-	-	676,344
Tony Di Pietro	192,592	-	-	-	192,592
Dr Gregory Rice	-	-	150,000	-	150,000

Loans to Key Management Personnel

There have been no loans to KMP's during the financial year.

Other Transactions with KMPs

After ceasing his role as Chief Scientific Officer on 17 August 2021, Dr Peter French received \$42,400 under a consultancy agreement during the reporting period, for strategic technology advice. There have been no other transactions with KMP's during the financial year.

Voting and comments at the Company's 2021 Annual General Meeting

The Company received 96.81% of the vote in favour of its Remuneration Report for the 2021 financial year. The Company did not receive any specific feedback at the AGM on its remuneration policies.

** END OF REMUNERATION REPORT **

Directors' Report

NON-AUDIT SERVICES

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties, where the auditor's expertise and experience with the Company and the Group are important. The Audit and Risk Committee has considered the position and is satisfied that the provision of the non-audit services did not compromise the auditor for the following reasons:

- All non-audit services are to be reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence.

	2022 \$	2021 \$
Fees to Grant Thornton:	-	-

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the twelve months ending 30 June 2022 has been received and can be found on page 33.

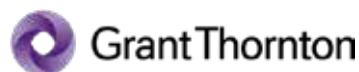
Signed in accordance with a resolution of the directors



Dr Geoff Cumming
Non-Executive Chairman

Dated 27 September 2022

Auditor's Independence Declaration



Grant Thornton Audit Pty Ltd

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Auditor's Independence Declaration

To the Directors of INOVIQ Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of INOVIQ Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 27 September 2022

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ACN-130 913 594

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Consolidated Statement of Comprehensive Income

for the year ended 30 June 2022

		Consolidated Group	
	Note	For the year ended 30 June 2022 \$	For the year ended 30 June 2021* \$
REVENUE AND COST OF SALES FROM ORDINARY ACTIVITIES			
Product revenue	3	276,745	468,096
Cost of sales		(56,446)	(64,045)
GROSS PROFIT		220,299	404,051
OTHER INCOME			
Research and Development Tax Incentive refund	4	1,316,437	643,542
Grant income	4	404,025	317,533
Interest and miscellaneous income	4	65,668	42,882
TOTAL OTHER INCOME		1,786,130	1,003,957
OPERATING EXPENDITURES			
Impairment of Intangibles	10	(12,821,402)	(7,321,047)
General and Administration	5	(5,855,103)	(4,390,832)
Research and Development	5	(3,035,963)	(3,415,240)
Sales and Marketing	5	(548,451)	(306,574)
TOTAL OPERATING EXPENDITURES		(22,260,919)	(15,433,693)
LOSS BEFORE INCOME TAX		(20,254,490)	(14,025,685)
Income tax credit/(expense)	6	2,058,513	2,874,805
LOSS AFTER INCOME TAX		(18,195,977)	(11,150,880)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be subsequently reclassified to operating result</i>			
Foreign currency translation	16	(28,937)	40,076
OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR, NET OF TAX		(28,937)	40,076
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO THE MEMBERS OF INOVIQ LIMITED		(18,224,914)	(11,110,804)
Loss per share:		Cents	Cents
Basic loss per share	18	(20.03)	(14.43)
Diluted loss per share	18	(20.03)	(14.43)

* The group has reclassified certain expenditure items in the comparative period to be consistent with the current year classification and presentation.

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2022

	Notes	Consolidated Group	
		As at 30 June 2022 \$	As at 30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	7	15,394,847	4,998,564
Trade and other receivables	8	1,705,853	219,567
Inventories		13,429	47,503
Prepayments		352,656	382,891
TOTAL CURRENT ASSETS		17,466,785	5,648,525
NON-CURRENT ASSETS			
Building improvements, plant, and equipment	9	780,307	585,344
Intangible assets	10	11,665,556	15,115,462
Goodwill	10	-	11,030,560
Right-of-use assets	11	866,811	1,141,809
TOTAL NON-CURRENT ASSETS		13,312,674	27,873,175
TOTAL ASSETS		30,779,459	33,521,700
CURRENT LIABILITIES			
Trade and other payables	12	1,046,251	762,142
Lease liability	13	357,032	346,634
Provisions	14(a)	392,413	350,362
TOTAL CURRENT LIABILITIES		1,795,696	1,459,138
NON-CURRENT LIABILITIES			
Lease liability	13	641,656	917,503
Provisions	14(b)	49,270	29,816
Deferred tax liability	6(c)	-	2,058,513
TOTAL NON-CURRENT LIABILITIES		690,926	3,005,832
TOTAL LIABILITIES		2,486,622	4,464,970
NET ASSETS		28,292,837	29,056,730
Issued capital	15(a)	69,053,379	51,832,009
Distribution reserve	16	(309,421)	(309,421)
Share based payment reserve	16	1,458,171	1,511,691
Foreign exchange translation reserve	16	(51,766)	(22,829)
Accumulated losses	17	(41,857,526)	(23,954,720)
TOTAL EQUITY		28,292,837	29,056,730

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

	Issued Capital \$	Accumulated losses \$	Distribution Reserve \$	Foreign Currency Translation reserve \$	Share Based Payments Reserve \$	Total Equity \$
At 1 July 2021	51,832,009	(23,954,720)	(309,421)	(22,829)	1,511,691	29,056,730
Loss for the year	-	(18,195,977)	-	-	-	(18,195,977)
Other comprehensive income	-	-	-	(28,937)	-	(28,937)
Total comprehensive loss for the period	-	(18,195,977)	-	(28,937)	-	(18,224,914)
Value of options issued to Sienna Option holders	-	-	-	-	-	-
Share placement and SPP ordinary shares	18,411,450	-	-	-	-	18,411,450
Equity raising costs	(1,240,346)	-	-	-	-	(1,240,346)
Share based payments	-	293,171	-	-	(53,520)	239,651
Issue of ordinary shares on exercise of options	50,266	-	-	-	-	50,266
At 30 June 2022	69,053,379	(41,857,526)	(309,421)	(51,766)	1,458,171	28,292,837
At 1 July 2020	19,286,885	(12,828,179)	(309,421)	(62,905)	388,734	6,475,114
Loss for the year	-	(11,150,880)	-	-	-	(11,150,880)
Other comprehensive income	-	-	-	40,076	-	40,076
Total comprehensive loss for the period	-	(11,150,880)	-	40,076	-	(11,110,804)
Value of options issued to Sienna Option holders	-	-	-	-	461,899	461,899
Share based payments	-	24,339	-	-	661,058	685,397
Issue of ordinary shares on exercise of options	286,479	-	-	-	-	286,479
Issue of shares to Sienna Cancer Diagnostics Ltd shareholders as part of the Scheme of Arrangement	32,258,645	-	-	-	-	32,258,645
At 30 June 2021	51,832,009	(23,954,720)	(309,421)	(22,829)	1,511,691	29,056,730

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Notes	Consolidated Group	
		For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from product income		387,126	455,026
Payment to suppliers and employees		(6,749,252)	(6,718,026)
Interest received		45,276	41,323
Grant and other income		255,690	317,758
Research and Development Tax Incentive		-	643,542
Net cash flows used in operating activities	7	(6,061,160)	(5,260,377)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangibles	10	(126,076)	(363,143)
Building improvements		-	(89,844)
Purchase of property, plant, and equipment	9	(285,826)	(332,845)
Net cash acquired from Sienna	29	-	3,764,434
Net cash (outflow)/inflow from investing activities		(411,902)	2,978,602
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(347,410)	(335,665)
Proceeds from issue of shares	15(a)	18,461,716	286,479
Share issue costs	15(a)	(1,240,346)	-
Net cash inflow/(outflow) from financing activities		16,873,960	(49,186)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10,400,898	(2,330,961)
Cash and cash equivalents at the beginning of the financial period		4,998,564	7,326,861
Effects of exchange rate changes on balance of cash held in foreign currencies		(4,615)	2,664
Cash equivalents at the end of the financial period	7	15,394,847	4,998,564

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2022

1 CORPORATE INFORMATION

The financial report of INOVIQ Limited (the Company) and its subsidiaries (the Group) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 27 September 2022.

INOVIQ Limited is a Company limited by shares incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange. The company is a for-profit entity. The principal activities of the Group during the financial year were the research and development of non-invasive diagnostic tests for early detection of cancer.

The Company's registered office is located at 23 Normanby Road, Notting Hill Victoria 3168

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern

For the year ended June 30, 2022, the Company incurred a loss after income tax of \$18,195,977 (2021: \$11,150,880). Stripping out the non-cash impairment charges, the Group's operating loss was \$5,374,575 (2021: \$3,829,833). Net cash outflow from operations was \$6,061,160 (2021: \$5,260,377).

The Company expects to continue to incur losses and cash outflows for the foreseeable future as it continues to add resources to continue research and development of its key technology platforms and expand commercial capabilities for the promotion and distribution of EXO-NET and future market opportunities. The Company had \$15,394,847 cash and cash equivalents as at June 30, 2022. In the Directors' opinion, based upon outflow of cash for operations for the 2022 financial year, the Company has sufficient cash reserves to fund operations for at least the next 12 months. The financial statements have therefore been prepared on a going concern basis.

(b) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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

(c) Compliance Statement

The Group has adopted all of the new and revised Standards and Interpretations issued by AASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2021.

(d) New or amended accounting standards and interpretations adopted

The Group 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.

(e) Statement of Significant Accounting Policies

(i) Basis of Consolidation

The consolidated financial statements comprise the financial statements of INOVIQ Limited and its subsidiaries as at 30 June 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(ii) Revenue

Revenue is recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Product Revenue

Revenue from the supply of product (hTERT and NETs RUO) is recognised at a point in time when the product is in the hands of customers which corresponds to the delivery of the Group's performance obligation in accordance with AASB 15.

(iii) Other income

Interest

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Research and Development Tax Incentive

The federal government's Research and Development Tax Incentive program (R&DTI) offers a tax offset for companies conducting eligible R&D activities. Companies in a tax loss position are able to obtain a refund of the tax offset. When management is able to calculate a reasonable estimate of the R&DTI refund likely to be received for a financial year, that amount is recognised on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant are intended to compensate. When a reasonable estimate cannot be determined, income from the R&DTI refund is recognised when it is received.

Government grants

Government grants are recognised where they can be reliably measured, it is certain that the grant will be received, and all attached conditions will be satisfied. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs for which it is intended to compensate, are expensed. When the grant relates to an asset, it is offset against the capitalised amount and recognised as income in equal amounts over the expected useful life of the related asset (when the asset is depreciated).

Other income is recognised as received or over the period to which it relates.

(iv) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance date in the countries where the Group operates and generates taxable income.

Deferred income tax is provided using the full liability method on temporary differences at the balance date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Financial Statements

for the year ended 30 June 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax asset are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(v) Foreign currency translation

Both the functional and presentation currency of INOVIQ Limited is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance date. All exchange differences in the consolidated financial report are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the original transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The results of the Group's non-A\$ reporting subsidiaries are translated into A\$ (presentation currency). Income and expenses are translated at the average exchange rates for the financial year. Assets and liabilities are translated at the closing exchange rate for each balance sheet date. Share capital, reserves and accumulated losses are converted at applicable historical rates.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of monetary items considered to be part of the net investment in subsidiaries are taken to the foreign currency translation reserve. If a subsidiary were sold, the proportionate share of the foreign currency translation reserve would be transferred out of equity and recognised in the statement of comprehensive income.

(vi) Goods and services tax

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquiring the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Statement of Financial Position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flow is included in the statement of cash flow on a gross basis. The GST components of cash flow arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flow.

(vii) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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 purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(viii) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(ix) Trade and other receivables

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured initially at the transaction price determined under AASB 15. Trade and other receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Following initial recognition, the amortised cost is calculated using the effective interest method.

The Group assesses on a forward-looking basis the expected credit loss associated with its trade receivables carried at amortised cost. The expected credit loss is calculated using the simplified approach which requires the loss allowance to be based on the lifetime expected credit loss. In determining the expected credit loss, the Group assesses the profile of the debtors and compares with historical recoverability trends, adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both the current and forecast conditions as a reporting date.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss ("ECL") model to be applied as opposed to an incurred credit loss model under AASB 9. The ECL model requires the Group to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime ECL if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 30 June 2022, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information.

(x) Building Improvements, Plant and Equipment

Each class of building improvement, plant and equipment is carried at cost, less, where applicable, any accumulated depreciation and impairment.

Building Improvements, Plant & Equipment

The carrying amount of building improvements, plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements

for the year ended 30 June 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Building improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Items of property, plant, and equipment are depreciated over their estimated useful lives.

The depreciation rates for each class of asset are:

Class of Non-Current Asset	Depreciation Rate
Building improvements	16.87% - 19.59% straight line
Office furniture and equipment	5.00% - 50.00% straight line
Research equipment	5.00% - 25.00% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(xi) Intangibles

Patents

Patents are recognised at cost of acquisition or the cost of application and grant. Patents have a finite life and are recognised on the balance sheet at cost less any accumulated amortisation and any impairment losses.

Patents are amortised on a straight-line basis over the term of the patent commencing from the time the patent is registered.

Trademarks

Trademarks are recognised at the cost of application and grant. Trademarks generally have an infinite life and are recognised on the balance sheet net of any impairment.

Purchased Intellectual Property

Purchased intellectual property is recognised at the cost of acquisition or value attributed on business combination. Purchased intellectual property has a finite life and is recognised on the balance sheet at cost less any accumulated amortisation and any impairment losses.

Impairment of Purchased Intellectual Property

Purchased intellectual property is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine fair value management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors. For assets that remain in the research stage the group relies on the replacement cost method to test an asset for impairment.

Assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's recoverable amount exceeds its carrying amount.

(xii) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Impairment of Goodwill

Goodwill is generally allocated to those Cash-Generating Units (CGU's) that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Goodwill on Acquisition was recognised when the Company merged with Sienna Cancer Diagnostics Ltd in July 2020. Management determined that there was considerable goodwill generated from the merger of INOVIQ and Sienna and therefore not reasonable to allocate goodwill across CGU's.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(xiii) Investments and other financial assets

Investments and financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics, which arise on specified dates and are solely payments of principal and interest ("SPPI"). For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 30 June 2022, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables classified as financial assets and liabilities at amortised costs.

(xiv) Trade and other payables

Liabilities for trade creditors and other amounts are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(xv) Employee entitlements

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

Share-based compensation

The Group operates a share-based compensation plan. This consists of an incentive option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

(xvi) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xvii) Leases

AASB 16 applies to annual reporting periods beginning on or after 1 January 2019. AASB 16 introduces a single lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases. Set out below are the accounting policies of the Group upon adoption of AASB 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Notes to the Financial Statements

for the year ended 30 June 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received or receivable and variable lease payments that depend on an index or a rate. The lease payments also include the renewal option reasonably certain to be exercised by the Group. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses an appropriately considered interest rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(xviii) Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

(xix) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax, as reduction of the proceeds received.

(xx) Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than dividends on ordinary shares), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and other non-discretionary changes in revenues and expenses that would result from the dilution of potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted for any bonus issue.

(xxi) Critical Accounting Estimates and Judgments

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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following key estimates and assumptions that have the most significant impact on the critical accounting policies and therefore the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Significant accounting estimates and assumptions

The carrying value of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are outlined below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

INOVIQ operates an Incentive Option Plan. The non-cash expense of issuing options under the plan is calculated using either a Binomial or Monte Carlo option pricing model. These models require the input of a number of variables including an estimate of future volatility and a risk-free interest rate.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the asset is determined.

Deferred tax assets

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will comply with relevant tax legislation and will generate sufficient taxable profit in future years in order to recognise and utilise those deferred tax assets. Estimates of future taxable profit are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as the operating performance over the life of the assets.

(xxii) Research and Development

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

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

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

(xxiii) Share-based payments

Share-based payments are benefits provided to employees (including directors and executives) and to non-employees in the form of share-based payment transactions. Employees render services in exchange for shares or rights over shares ("equity settled transactions").

The cost of these equity settled transactions with employees are measured by reference to the fair value at the date at which they are granted. The cost of equity settled transactions with non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of both employee and non-employee equity settled transactions is determined using either a Binomial or Monte Carlo option pricing model.

The cost of employee equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

(xxiv) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3 PRODUCT INCOME

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Product revenue – hTERT – at a point in time	273,897	468,096*
Product revenue – Molecular NETs – at a point in time	2,848	–
	276,745	468,096

* The comparative period represents sales of vials of the Company's hTERT product from the date of the acquisition of Sienna Cancer Diagnostics Ltd, 28 July 2020.

4 OTHER INCOME

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Research and Development Tax Incentive refund	1,316,437	643,542
Grants income*	404,025	317,533
Interest and miscellaneous income	65,668	42,882
	1,786,130	1,003,957

* Grant income comprises \$368,137 in BTB grant income (2021: \$59,133) and \$35,888 (2021: \$100,000) from the Export Market Development Grant (EMDG). The prior year also included \$133,400 from the federal government's Cash Flow Boost and Jobkeeper programs and \$25,000 in COVID-19 support payments from the Victorian government.

5 OPERATING EXPENDITURES

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
General and Administration		
Employee Expenditure		
- Staff wages and superannuation	1,143,194	930,770
- Directors' fees	254,786	265,393
- Contractor fees	15,568	25,815
- Other employment expenses	356,699	735,346
	1,770,247	1,957,324
Administrative Costs		
- Business Combination expenses*	-	219,712
- Consulting and legal fees	1,514,422	624,620
- ASX listing and transaction fees plus share registry fees	213,426	204,308
- Short term lease expenditure	81,963	99,204
- Other administration expenses	381,060	560,881
	2,190,871	1,708,725
Depreciation and amortisation		
- Amortisation of acquired intangible asset - hTERT	389,066	360,206
- Amortisation of acquired intangible asset - Molecular Nets	1,288,342	152,194
- Amortisation of granted patents	34,354	36,735
- Depreciation of building improvements	24,102	22,143
- Depreciation of right-of-use assets - AASB 16 Leases	137,499	136,743
- Depreciation of plant and equipment	20,622	16,762
	1,893,985	724,783
Per consolidated Statement of Comprehensive Income	5,855,103	4,390,832

* Business combination expenses relates to costs associated with the Sienna transaction as further disclosed in Note 29. The transaction is considered as a business combination with INOVIQ identified as the accounting acquirer. As a result, all transaction related costs incurred have been expensed in accordance with the Group's accounting policies.

Notes to the Financial Statements

for the year ended 30 June 2022

5 OPERATING EXPENDITURES (CONTINUED)

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Research and Development		
Employee Expenditure		
- Staff wages and superannuation	1,127,998	1,538,248
- Contractor fees	42,551	26,515
- Other employment expenses	84,647	71,193
	1,255,196	1,635,956
R&D Expenditure		
- External R&D	779,156	765,861
- Laboratory Operations	794,005	828,195
	1,573,161	1,594,056
Depreciation and amortisation		
- Depreciation of building improvements	8,145	3,438
- Depreciation of right-of-use assets – AASB 16 Leases	137,499	136,743
- Depreciation of plant and equipment	61,962	45,047
	207,606	185,228
Per consolidated Statement of Comprehensive Income	3,035,963	3,415,240
Sales and Marketing		
Employee Expenditure		
- Staff wages and superannuation	364,726	212,611
- Contractor fees	32,547	48,229
- Other employment expenses	40,493	16,406
	437,766	277,246
Other business development related expenditure	110,685	29,328
Per consolidated Statement of Comprehensive Income	548,451	306,574

6 INCOME TAX

(a) Major components of income tax credit for the periods presented are:

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Statement of comprehensive income		
Current income tax charge	-	-
Decrease/(Increase) in deferred tax liability on intangible assets	704,421	-
Increase in deferred tax asset on losses brought to account*	1,354,092	2,874,805
Income tax credit reported in the Statement of Comprehensive Income	2,058,513	2,874,805

* Relates to the recognition of INOVIQ Ltd tax losses for the 2021, 2020, 2019, 2018 and 2017 financial years, and an estimated tax loss for the 2022 financial year, to offset the deferred tax liability required to be recognised on the value of the hTERT, Molecular NETS and SubB2M intangible assets acquired in the merger with Sienna.

(b) A reconciliation of income tax expense applicable to accounting loss, before income tax at the statutory income tax rate, to income tax expense at the Group's effective income tax rate for the periods ended 30 June 2022 and 30 June 2021 is as follows:

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Accounting loss before tax	(20,254,490)	(14,025,684)
At statutory income tax rate of 25% (2021: 26%)	(5,063,623)	(3,646,678)
Deferred tax asset brought to account	(619,593)	(464,184)
Amortisation of intangible assets	419,352	128,100
Impairment of goodwill and intangible asset - hTERT (2021: Molecular NETs)	3,205,351	1,107,957
Income tax credit reported in the Statement of Comprehensive Income	2,058,513	2,874,805

Estimated temporary differences total \$166,930 as at 30 June 2022 (2021: \$160,474). Estimated total tax losses not brought to account total \$3,377,249 at 30 June 2022 (2021: \$4,234,576). Total estimated tax losses include the carried forward tax losses reported in the wholly owned subsidiary Sienna Cancer Diagnostics Ltd (Sienna) and subsidiary corporate tax returns lodged with the Australian Taxation Office up to 28 July 2020. An accounting firm has been engaged to assess the Group's ability to realise Sienna's tax losses in future, utilising the Continuity of Ownership Test (COT) or Similar Business Test (SBT). Tax losses incurred by foreign subsidiaries BARD1AG S.A. and INOVIQ Inc. (formerly Sienna Cancer Diagnostics Inc.) are not included in estimated tax losses not brought to account. It is not probable that the Group will be in a position to utilise these tax losses in future.

Some deferred tax assets have not been brought to account at 30 June 2022 because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- (i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (ii) the Group complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

Notes to the Financial Statements

for the year ended 30 June 2022

6 INCOME TAX (CONTINUED)

- (c) A reconciliation of deferred income tax liability at the statutory income tax rate for the periods ended 30 June 2022 and 30 June 2021 is as follows:

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Deferred tax liability on intangible assets	(2,830,197)	(3,697,261)
Deferred tax asset on losses brought to account	2,830,197	1,638,748
Per Statement of Financial Position	-	2,058,513

7 CASH AND CASH EQUIVALENTS & CASH FLOW INFORMATION

	As at 30 June 2022 \$	As at 30 June 2021 \$
Cash at bank	374,097	977,814
Term deposits*	15,020,750	4,020,750
Cash and cash equivalents comprise cash at bank	15,394,847	4,998,564

* All have a term of three months or less from the date of commencement of the deposit.

	As at 30 June 2022 \$	As at 30 June 2021 \$
Net loss after income tax	(18,195,977)	(11,150,880)
Income tax credit	(2,058,513)	(2,874,805)
Impairment of intangible asset – hTERT	1,790,842	-
Impairment of intangible asset – Molecular NETs	-	4,431,828
Impairment of intangible asset – Goodwill on acquisition	11,030,560	2,889,219
Share based payments expense	264,619	685,397
Depreciation and amortisation	2,101,591	910,028
Lease liability interest	81,963	99,204
Unrealised foreign exchange (gain)/loss	(98,884)	109,060
<i>Changes in Assets & Liabilities:</i>		
(Increase)/decrease in receivables	(1,486,286)	(198,192)
(Increase)/decrease in inventories	34,076	(47,503)
Increase/(decrease) in payables	284,109	(36,714)
Increase/(decrease) in provisions	61,505	279,912
(Increase)/decrease in prepayments	30,235	(356,891)
Net cash used in operating activities	(6,160,160)	(5,260,337)

8 TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 \$	As at 30 June 2021 \$
Trade receivables	266,559	375,923
Provision for doubtful debts	(207,180)	(207,180)
	59,379	168,743
R & D Tax Incentive refund	1,302,133	–
Other receivables	344,341	50,824
	1,705,853	219,567

Credit Risk

During the financial year ended 30 June 2017 Sienna Cancer Diagnostics Ltd, a wholly owned subsidiary of INOVIQ Ltd, recognised an allowance for doubtful debts following the announcement that Bostwick Laboratories Inc., a debtor, had entered Chapter 11 bankruptcy protection. As a result, the full amount owed by the debtor, US\$155,378, was recognised as a doubtful debt. This provision for doubtful debts remains in place at 30 June 2022 as the Directors remain unsure as to what amount, if any, will eventually be recovered from this debtor. All remaining receivables are current and none are past payment terms.

9 BUILDING IMPROVEMENTS, PLANT AND EQUIPMENT

	As at 30 June 2022 \$	As at 30 June 2021 \$
Building improvements – at cost	185,181	185,181
Accumulated depreciation	(57,827)	(25,580)
	127,354	159,601
Office furniture and equipment – at cost	87,883	63,359
Accumulated depreciation	(39,512)	(16,753)
	48,371	46,606
Research equipment – at cost	740,328	424,000
Accumulated depreciation	(135,746)	(44,863)
	604,582	379,137
	780,307	585,344

Movement in Carrying Amounts

	Building Improvements \$	Office Equipment \$	Research Equipment \$	Total \$
Balance at the beginning of the year	159,601	46,606	379,137	585,344
Additions	–	21,773	264,053	285,826
Depreciation	(32,247)	(20,622)	(61,962)	(114,831)
Effect of FX translation	–	614	23,354	23,968
Balance at the end of the year	127,354	48,371	604,582	780,307

Notes to the Financial Statements

for the year ended 30 June 2022

10 INTANGIBLE ASSETS AND GOODWILL

	As at 30 June 2022 \$	As at 30 June 2021 \$
INTELLECTUAL PROPERTY		
Patents – at cost	381,313	351,246
Accumulated amortisation	(73,585)	(36,720)
	307,728	314,526
Trademarks at cost	37,039	11,897
Purchased intellectual property		
hTERT	2,896,772	2,896,772
Accumulated amortisation	(749,272)	(360,206)
Accumulated impairment	(1,790,842)	-
	356,658	2,536,566
Molecular NETS	15,686,495	15,686,495
Accumulated amortisation	(1,440,536)	(152,194)
Accumulated impairment	(4,431,828)	(4,431,828)
	9,814,131	11,102,473
SubB2M	1,150,000	1,150,000
<i>Per Statement of Financial Position</i>	11,665,556	15,115,462
Goodwill on acquisition		
Goodwill on acquisition of Sienna	13,919,779	13,919,779
Accumulated impairment	(13,919,779)	(2,889,219)
<i>Per Statement of Financial Position</i>	-	11,030,560
	11,665,556	26,146,022

10 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

2022 Movement	Goodwill \$	Patents \$	Trademarks \$	hTERT \$	Molecular NETS \$	SubB2M \$	Total \$
Balance at the beginning of the year	11,030,560	314,526	11,897	2,536,566	11,102,473	1,150,000	26,146,022
Additions	-	99,656	26,420	-	-	-	126,076
Lapsed	-	(79,950)	(1,278)	-	-	-	(81,228)
Amortisation	-	(34,354)	-	(389,066)	(1,288,342)	-	(1,711,762)
Impairment*	(11,030,560)	-	-	(1,790,842)	-	-	(12,821,402)
Effect of FX translation	-	7,850	-	-	-	-	7,850
Balance at the end of the year	-	307,728	37,039	356,658	9,814,131	1,150,000	11,665,556

2021 Movement	Goodwill \$	Patents \$	Trademarks \$	hTERT \$	Molecular NETS \$	SubB2M \$	Total \$
Balance at the beginning of the year	-	-	-	-	-	-	-
Additions	13,919,779	351,246	11,897	2,896,772	15,686,495	1,150,000	34,016,189
Lapsed	-	-	-	-	-	-	-
Amortisation	-	(36,735)	-	(360,206)	(152,194)	-	(549,135)
Impairment*	(2,889,219)	-	-	-	(4,431,828)	-	(7,321,047)
Effect of FX translation	-	15	-	-	-	-	15
Balance at the end of the year	11,030,560	314,526	11,897	2,536,566	11,102,473	1,150,000	26,146,022

* Impairment Testing and Key Assumptions

The Group's intangible asset and goodwill impairment testing procedures are described in Note 2 (xi) and (xii). Management determines the carrying value of the Group's purchased intellectual property and goodwill on acquisition. Discounted cash flow models are produced when testing assets for impairment. These models are based upon management estimates of future revenues, corporate tax rates as well as discount rates. Forecasted gross margins from product sales anticipates growth from market penetration and the evolution of products.

A summary of the parameters used to value intangible assets and impair test these assets is provided in the following table:

Intangible Asset	Valuation Method	Years of Cash Flow Projection	Discount Rate %
hTERT	Relief from Royalty	7.5 [^]	20%
Molecular NETs	Relief from Royalty	12.5 [#]	25%

[^] Forecast revenue includes a decline from peak revenue in years 6 & 7. Product revenue is supported by patents in key markets during this period.

[#] Forecast revenue matches the life of patents in key markets. Forecast revenue includes a decline from peak revenue in years 9 to 12, which is why this period has been used.

To provide further support for the carrying value of the Molecular NETs asset an independent third party was engaged to provide a report comparing the values of companies who own exosome extraction assets and operate in the same industry as INOVIQ. This report concluded that the Molecular NETs book value is not unreasonable and the carried amount for the IP is likely to be recoverable. For the comparative period a non-cash impairment charge of \$4,431,828 was recorded for the Molecular NETs asset, the result of a reduction in forecast revenue for Molecular NETs.

For the financial year ended 30 June 2022, INOVIQ recognised a non-cash impairment loss of \$1,790,842 (2021: Nil) for the hTERT asset, the result of a reduction in forecast revenue.

SubB2M, which is in the research phase and therefore pre-revenue, was assessed for impairment using the replacement cost method. Management determined that no impairment indicators were present at balance date.

Notes to the Financial Statements

for the year ended 30 June 2022

10 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Support for the carrying value of Goodwill relies on the values of the Group's cash generating assets, collectively the Group's intangible assets. As both SubB2M and Molecular NETs are at either very early-stage revenue or pre-revenue, a model predicting future revenue relies on a number of subjective assumptions. These inputs cannot be tested for reasonableness as they rely upon future events. In light of this, the Board determined that the value of Goodwill should be removed from INOVIQ's Statement of Financial Position and an impairment charge of \$11,030,560 (2021: \$2,889,219) has been recognised.

11 RIGHT OF USE ASSETS

	As at 30 June 2022 \$	As at 30 June 2021 \$
Right-of-use Asset – at cost	1,510,256	1,510,256
Accumulated depreciation	(643,445)	(368,447)
	866,811	1,141,809

At the date of this report INOVIQ had three leased properties. These leases were entered into by subsidiary Sienna Cancer Diagnostics Limited (Sienna) and its U.S subsidiary. Sienna was acquired by INOVIQ on 28 July 2020. One of the leased properties is a sub-let arrangement at 1400 Van Buren St. NE, #175, Minneapolis, Minnesota, US. The Group has a contractual commitment for this lease up until 31 March 2023, and it is therefore classified as a short-term lease for the purposes of AASB 16. The lease payments for this property are included in the Consolidated Statement of Comprehensive Income and classified as an operating expense. The Group holds two other property leases: one for a property at 23 Normanby Road, Notting Hill (the current operations base for the Group), and another for a property at 11 Howleys Road, Notting Hill. The lease at Howleys Rd commenced 1 December 2019. Before occupying the property at Howleys Rd, the Company was informed that a superior property in the same vicinity was to become available in June 2020. This property had established laboratory and small-scale manufacturing capabilities whereas these facilities were required to be custom built at the property at Howleys Rd, at an estimated cost of \$400,000 to \$500,000. A lease was negotiated for the Normanby Rd property and operations commenced at this property during June 2020. A sub tenancy agreement for the Howleys Rd property was subsequently entered into, matching the remaining term of the head lease for the property. During the comparative period the Group incurred lease payments for an office space at 152 St Georges Terrace, Perth, Western Australia. The final lease payments for this office space (until 31 August 2020) were included in the Consolidated Statement of Comprehensive Income.

The following table provides a summary of the leases that represent the balance of the Right-of-use assets and Lease liability (see Note 13) on the Statement of Financial Position:

Property	Commencement Date	Initial Lease Term End	Annual Increases	Further Terms
11 Howleys Rd, Notting Hill, Victoria	1 December 2019	30 November 2024	3%	2 x 5 years*
23 Normanby Rd, Notting Hill, Victoria	7 June 2020	6 June 2023	3%	1 x 3 years#

* Further terms not included in the calculation of the right-of-use assets and lease liability

Further term included in the calculation of the right-of-use assets and lease liability

The Group sublets a small office space at the Normanby Rd property to a private company operating in the same industry. This is a 12-month agreement which can be extended if agreed to by management. This arrangement is classified as a short-term lease for the purposes of AASB 16.

12 TRADE AND OTHER PAYABLES

	As at 30 June 2022 \$	As at 30 June 2021 \$
Trade and other payables	1,019,842	604,915
Accruals	26,409	157,227
	1,046,251	762,142

Trade and other payables are generally unsecured, interest free and with terms ranging from 7 to 30 days.

13 LEASE LIABILITY

	As at 30 June 2022 \$	As at 30 June 2021 \$
CURRENT		
Lease liability	357,032	346,634
NON-CURRENT		
Lease liability	641,656	917,503
Maturity analysis		
Less than 12 months	357,032	346,634
Greater than 12 months and less than 5 years	641,656	917,503
Greater than 5 years	-	-
	998,688	1,264,137

14 PROVISIONS

	As at 30 June 2022 \$	As at 30 June 2021 \$
(a) Current		
Annual Leave	312,640	202,902
Long Service Leave	79,773	147,460
	392,413	350,362
(b) Non-current		
Long Service Leave	49,270	29,816

15 ISSUED CAPITAL

	As at 30 June 2022 \$		As at 30 June 2021 \$	
(a) Issued and paid up capital				
Ordinary shares (net of issue costs)	69,053,379		51,832,009	
	Number of shares	\$	Number of shares	\$
At the beginning of the period	80,056,715	51,832,009	1,367,185,026	19,286,885
Issue of shares to Sienna shareholders	-	-	1,027,345,358	32,258,645
Issue of shares–Share Placement & Share Purchase Plan	11,878,205	18,411,450	-	-
Less: Transaction costs	-	(1,240,346)	-	-
Shares issued to Performance Shareholders	4	-	-	-
Share consolidation – 1 for 30 securities held	-	-	(2,314,712,612)	-
Issue of shares on conversion of options	83,778	50,266	238,943	286,479
At the end of the period	92,018,702	69,053,379	80,056,715	51,832,009

Notes to the Financial Statements

for the year ended 30 June 2022

15 ISSUED CAPITAL (CONTINUED)

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared, and, in the event of the winding up of the Company, to participate in the proceeds from the sale of surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provision of the Company's Constitution and any relevant regulatory requirements. The capital structure of the Group consists of equity attributed to equity holders as disclosed in the Statement of Financial Position. The Board monitors the need to raise additional equity based on its ongoing review of the Group's actual and forecast cash flows prepared by management.

16 RESERVES

	As at 30 June 2022 \$	As at 30 June 2021 \$
Distribution reserve*	(309,421)	(309,421)
Share based payment reserve	1,458,171	1,511,691
Foreign currency translation reserve	(51,766)	(22,829)
	1,096,984	1,179,441
Foreign currency translation reserve **		
Balance at beginning of year	(22,829)	(62,905)
Foreign currency translation	(28,937)	40,076
Balance at the end of the year	(51,766)	(22,829)
Share based payment reserve***		
Balance at beginning of year	1,511,691	388,734
- Reversal of option expense for forfeited options that had not vested	(94,431)	(5,465)
- Value of vested options that lapsed without being exercised transferred to accumulated losses	(154,253)	(2,972)
- Value of exercised options transferred to accumulated losses	(138,918)	(21,367)
- Fair value (FV) of INOVIQ replacement options that was higher than the FV of the Sienna options they replaced at acquisition date, requiring post-merger service	-	48,079
- Fair value (FV) of vested Sienna options for which holders received INOVIQ replacement options that represented pre-merger service and were included in the consideration transferred on business combination	-	461,899
- Fair value of options granted	334,082	642,783
Balance at end of year	1,458,171	1,511,691

* The distribution reserve was used to record the accounting to BARD1AG SA shareholders as part of the transaction to acquire BARD1 Life Sciences Limited (now INOVIQ Ltd).

** The foreign currency translation reserve is used to record the translation of the results of non-A\$ subsidiaries from their functional currency to the Group's presentation currency.

*** The share based payment reserve is used to record the fair value of equity instruments issued to employees, directors, and contractors.

17 ACCUMULATED LOSSES

	As at 30 June 2022 \$	As at 30 June 2021 \$
Balance at the beginning of the year	(23,954,720)	(12,828,179)
Value of vested options that lapsed without being exercised	154,253	2,972
Value of exercised options	138,918	21,367
Net loss after income tax	(18,195,977)	(11,150,880)
	(41,857,526)	(23,954,720)

18 LOSS PER SHARE

Basic loss per share is calculated by dividing net loss after tax for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period adjusted by any bonus issue.

Diluted loss per share is calculated by dividing the net loss after tax attributable to ordinary equity holders of the parent adjusted for the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted by any bonus issue.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Net Loss used in calculating basic and diluted loss per share	(18,195,977)	(11,150,880)
Weighted average number of ordinary shares for basic loss per share	90,857,933 [#]	77,265,992 [#]
Effect of dilution:		
Share options and performance shares*	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	90,857,933	77,265,992
Basic and diluted loss per share (cents per share) for the year attributable to members of INOVIQ Life Sciences Limited	(20.03)	(14.43)

[#] At the Company's 2020 AGM shareholders voted in favour of a securities consolidation on the basis of 1 security for every 30 securities held.

* At 30 June 2022 the Company had on issue 3,427,013 options under INOVIQ's Incentive Option Plan (2021: 1,668,145) and 5,909,965 options issued to those shareholders who participated in the Share Placement and Share Purchase Plan in July and August 2021. Given the Group made a loss during the current financial year, and comparative financial year, the issue of shares from the exercise of options is considered non-dilutive and therefore not included in the diluted loss per share calculation.

19 SEGMENT INFORMATION

In accordance with Australian Accounting Standard AASB 8 Operating Segments, the Company has determined that it has one reporting segment, consistent with the manner in which the business is managed. The chief operating decision maker receives financial information on a consolidated basis. This is the manner in which the chief operating decision maker receives information for the purpose of resource allocation and assessment of performance. The Group operates predominantly in one business segment, the research and development of cancer diagnostics, and two geographical segments, Victoria, Australia, and Minneapolis, United States. In the prior reporting period, the Company had a third geographical segment, Geneva, Switzerland, where operations ceased in February 2021.

Product revenues reported for the financial year were sourced from foreign countries, specifically the United States and South Korea. More than 10% of product revenue is sourced from one customer in the United States, a total of \$273,897 (2021: \$445,320) was received from this customer during reporting period. Other income recorded in the reporting period was sourced in Australia.

Notes to the Financial Statements

for the year ended 30 June 2022

19 SEGMENT INFORMATION (CONTINUED)

The Group's non-current assets are located in the following geographic regions:

	As at 30 June 2022 \$	As at 30 June 2021 \$
Australia (domicile)	12,574,009	27,395,277
United States of America	622,429	386,195
Switzerland	-	91,703
Total	13,196,438	27,873,175

20 DIRECTORS & KEY MANAGEMENT PERSONNEL

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
(a) Compensation by Category: Key Management Personnel		
Short-term employee benefits	1,253,303	1,468,787
Post-employment benefits	95,407	106,562
Share based payments	304,260	628,732
Other long term benefits	20,238	16,565
	1,673,208	2,220,646

Key management personnel (KMP) are those directly accountable and responsible for the operational management and strategic direction of the Company and the Group. The KMP during the year were:

- Dr Geoffrey Cumming (appointed 28 July 2020)
- Mr Philip Powell (appointed 17 June 2019)
- Mr Max Johnston (appointed 17 June 2019)
- Professor Allan Cripps (appointed 23 January 2020)
- Dr Leearne Hinch (appointed 7 November 2016)
- Mr Tony Di Pietro (appointed 28 July 2020)
- Dr Gregory Rice (appointed 20 September 2021)
- Dr Peter French (appointed 17 August 2020, resigned 17 August 2021, transitioned to the role of Strategic Technology Advisor under a consultancy agreement)
- Mr Carl Stubbings (appointed 28 July 2020, resigned 31 August 2021)

(b) Options granted to Key Management Personnel

During the 2022 financial year:

- 500,000 options were issued to Chairman, Dr Geoffrey Cumming under the Company's Incentive Option Plan;
- 500,000 options were issued to Director, Max Johnston, under the Company's Incentive Option Plan;
- 500,000 options were issued to Director, Philip Powell, under the Company's Incentive Option Plan;
- 500,000 options were issued to Director, Professor Allan Cripps, under the Company's Incentive Option Plan;
- 150,000 options were issued to CSO, Dr Gregory Rice, under the Company's Incentive Option Plan.
- 50,000 options were issued to Strategic Technology Advisor, Dr Peter French, under the Company's Incentive Option Plan.

All options on issue are subject to the terms and conditions of the Company's Incentive Option Plan.

Details of options on issue are set out in Note 21.

(c) Loans to/ amounts owed to Key Management Personnel

There were no loans to KMP or amounts owed to KMP's at 30 June 2022 (2021: nil).

(d) Consulting fees paid/owed to Key Management Personnel

After ceasing his role as Chief Scientific Officer on 17 August 2021, Dr Peter French received \$42,400 under a consultancy agreement during the reporting period, for strategic technology advice. There were no other consulting fees paid to KMP's during the financial year.

21 SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2022:

Number of Options	Exercise Price (\$)	Granted Date	Status	Vested Date	Expiry Date	Conditions	Note
333,333	\$1.05	27-Sep-19	Vested	27-Sep-19	4-Oct-23	Yes	1 & 4
166,667	\$1.86	27-Sep-19	Vested	27-Sep-19	20-Nov-23	Yes	1 & 4
60,665	\$1.44	28-Jul-20	Vested	28-Jul-20	3-May-23	Yes	1 & 2
8,666	\$1.44	28-Jul-20	Vested	3-May-21	3-May-23	Yes	1 & 2
121,334	\$1.19	28-Jul-20	Vested	28-Jul-20	15-Nov-23	Yes	1 & 2
48,148	\$1.17	28-Jul-20	Vested	28-Jul-20	4-Dec-23	Yes	1 & 2
72,222	\$1.17	28-Jul-20	Vested	4-Dec-20	4-Dec-23	Yes	1 & 2
72,222	\$1.17	28-Jul-20	Vested	4-Dec-21	4-Dec-23	Yes	1 & 2
26,000	\$0.81	28-Jul-20	Vested	28-Jul-20	2-Jul-24	Yes	1 & 2
57,200	\$0.81	28-Jul-20	Vested	2-Jul-21	2-Jul-24	Yes	1 & 2
47,667	\$0.81	28-Jul-20	Granted	2-Jul-22	2-Jul-24	Yes	1, 2 & 3
13,000	\$0.51	28-Jul-20	Vested	6-Feb-21	6-Feb-25	Yes	1 & 2
20,222	\$0.51	28-Jul-20	Vested	6-Feb-22	6-Feb-25	Yes	1 & 2
13,000	\$0.51	28-Jul-20	Granted	6-Feb-23	6-Feb-25	Yes	1, 2 & 3
166,667	\$1.13	14-Apr-21	Vested	14-Apr-21	30-Apr-25	Yes	1 & 4
50,000	\$1.46	19-Nov-21	Granted	13-Sep-22	19-Nov-25	Yes	1 & 5
1,000,000	\$2.32	29-Nov-21	Granted	Conditions	30-Sep-23	Yes	1 & 6
1,000,000	\$3.00	29-Nov-21	Granted	Conditions	30-Sep-24	Yes	1 & 7
50,000	\$1.73	04-Jan-22	Granted	20-Sep-22	20-Sep-25	Yes	1 & 3
50,000	\$1.73	04-Jan-22	Granted	20-Sep-23	20-Sep-25	Yes	1 & 3
50,000	\$1.73	04-Jan-22	Granted	20-Sep-24	20-Sep-25	Yes	1 & 3
3,427,013 Total ESOP Options							
Placement and Share Purchase Plan Options:							
5,909,965	\$2.32	24-Aug-21	Vested	24-Aug-21	24-Aug-23	No	8
9,336,978 Total Options on issue							

Notes:

1. Issued under the terms of the INOVIQ Incentive Option Plan (ESOP).
2. Upon termination of employment, vested options expire 60 days after termination of employment other than upon death, retirement, disability, or at Board discretion. Options are to be allowed to remain exercisable until expiry upon retirement or disability. Upon death, or mental incapacity, options can be transferred to an estate, or next of kin, and allowed to remain exercisable until expiry. In case of a change of control unvested options which have not expired are deemed to have satisfied the vesting conditions.
3. Vesting basis: to remain employed by INOVIQ up until vesting date.
4. Options issued to Dr Leearne Hinch. If Dr Hinch is to leave the employment of the Group options will expire 3 months after the departure date.
5. Vesting date 12 months after the execution of a consulting agreement with INOVIQ.
6. For the options to vest (be exercisable) the 7-day volume weighted price of the Company's Shares must reach \$2.32.
7. For the options to vest (be exercisable) the 7-day volume weighted price of the Company's Shares must reach \$3.00.
8. Options issued to Placement and Share Purchase Plan participants.

All options granted are in respect of ordinary shares in INOVIQ Limited and confer a right of one ordinary share for each option held. Per the terms and conditions of the Incentive Option Plan, directors retain the right to vary the terms of issued options as long as the variation does not result in a lessening of the holder's rights.

Notes to the Financial Statements

for the year ended 30 June 2022

21 SHARE-BASED PAYMENTS (CONTINUED)

Movement in the number of share options on issue:

	2022		2021	
	Number of Options	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)
Total Options				
Outstanding at the beginning of the year	1,668,145	\$1.412	566,667	\$1.209
Granted	8,109,965*	\$2.388	1,426,512	\$1.323
Forfeited	(184,311)	\$0.610	(86,091)	\$2.212
Exercised	(83,778)	\$0.600	(238,943)	\$1.199
Expired	(173,043)	\$2.813	-	-
Outstanding at year-end	9,336,978*	\$2.229	1,668,145	\$1.257
Exercisable at year-end	7,076,311*	\$2.136	1,273,523	\$1.412

* Includes 5,909,965 options issued to shareholders pursuant to the share placement and SPP completed in August 2021.

Options Reserve

The number of options granted during the year pursuant to the ESOP was 2,200,000 (2021: 1,426,512), while 83,778 employee share options were exercised (2021: 238,943) and 357,354 either expired or were forfeited during the financial year (2021: 86,091).

The value of employee share options issued during the financial year has been calculated by using either a modified binomial or Monte Carlo option pricing model applying the following inputs:

Exercise prices	\$1.46 and \$3.00
Underlying share prices	Between \$1.075 and \$1.245
Days to expiration	662 to 1,461
Days to vesting	259 to 990
Expected share price volatility	Between 85% and 109.01%
Risk free interest rate	Between 0.52% and 4.31%

Historical volatility is assumed to be indicative of future volatility however future volatility may not replicate historical volatility.

The life of the options is based on the contracted expiry date.

Recognised share-based payment transactions

Share based payment transactions recognised as operating expenses in the statement of comprehensive income during the financial years were as follows:

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Reversal of option expense for forfeited options that had not vested ⁽ⁱ⁾	(104,013)	(5,465)
Value of options issued to Sienna Option holders requiring post-merger service	-	48,079
Options grant expense for options issued during the year ⁽ⁱⁱ⁾	335,480	642,783
	231,467	685,397

⁽ⁱ⁾ Reversal of option expense for forfeited options that had not vested 184,311 options lapsed without vesting during the financial year (2021: 41,890).

⁽ⁱⁱ⁾ Options grant expense for options issued during the year

During the 2022 financial year, the Company issued 2,200,000 options under INOVIQ's Incentive Option Plan. Of these, 2,000,000 were issued to Non-executive Directors. The options issued to Directors were granted following the approval of shareholders at the 2021 Annual General Meeting. During the 2021 financial year, 166,667 options were issued to the CEO, Dr Leeanne Hinch, under the Company's Incentive Option Plan, in consideration for services provided by Dr Hinch in her role as CEO.

22 AUDITOR'S REMUNERATION

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Amounts received or due and receivable by the Company's auditors Grant Thornton for:		
- Auditing the statutory financial report of the Parent company of the Group and auditing the statutory financial reports of any controlled entity.	107,431	67,000
	107,431	67,000

23 RELATED PARTY DISCLOSURES

Other related party transactions

(a) Wholly Owned Group Transactions

Details of interests in controlled entities are set out in Note 24.

(b) Ultimate Parent Company

INOVIQ Limited is the ultimate legal Australian holding Company.

(c) Transactions with Other Related Parties

The Company does not have any transactions with other related parties.

24 CONTROLLED ENTITIES

Consolidated entities of INOVIQ Ltd	Country of Incorporation	Equity Interest held %	
		30 June 2022	30 June 2021
Sienna Cancer Diagnostics Limited	Australia	100	100
INOVIQ Inc. (formerly Sienna Cancer Diagnostics Inc.)	U.S.A.	100	100
BARDIAG SA	Switzerland	100	100

25 EVENTS SUBSEQUENT TO BALANCE DATE

The following announcements were made via the ASX announcement platform since the end of the reporting period:

- On 21 July 2022, the Company announced that it had engaged US-based Percorso Life Sciences LLC (Percorso) under a Services Agreement to provide contract sales and logistics services, accelerating the commercial roll-out of INOVIQ's EXO-NET research products in the USA.

At the date of this report, other than that outlined above, there have been no matters or circumstances that have arisen since the end of the period which significantly, or may significantly effect:

- The Group's operations in future years;
- The results of those operations in future years; or
- The Group's state of affairs in future years.

Notes to the Financial Statements

for the year ended 30 June 2022

26 PARENT ENTITY

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
Information relating to INOVIQ Limited		
Current assets	16,806,333	4,157,744
Non-current assets	12,012,254	25,993,083
Total assets	28,818,587	30,150,827
Current liabilities	487,629	1,069,766
Non-current liabilities	38,121	24,331
Total liabilities	525,750	1,094,097
Issued capital	131,152,944	113,931,573
Accumulated losses	(104,318,278)	(86,386,534)
Share based payment reserve	1,458,171	1,511,691
Total shareholders' equity	28,292,837	29,056,730
Loss of the parent entity	(15,747,959)	(11,384,397)
Total comprehensive loss of the parent entity	(15,747,959)	(11,384,397)

Refer to Note 28 for disclosure of any contingent asset and liabilities of the parent entity.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management Objectives & Policies

The Group's principal financial instruments comprise cash and equity instruments.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables and payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, equity price risk, foreign currency risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange, and commodity prices. Ageing analysis and monitoring of receivables are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Chairman is responsible for managing the risks associated with the Group's financial investments and reporting to the board of directors. The board reviews and agrees policies for managing each of these risks as summarised below:

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(b) Interest Rate Risk - Consolidated

The Group's exposure to interest rate risks and the effective interest rates of financial assets (excluding investments in controlled entities and associates) and financial liabilities are as follows:

Financial Instrument	Floating Interest Rate		Non-Interest Bearing		Total	
	30 June 2022 \$	30 June 2021 \$	30 June 2022 \$	30 June 2021 \$	30 June 2022 \$	30 June 2021 \$
(i) Financial Assets						
Cash and cash equivalents	15,394,847	4,998,564	-	-	15,394,847	4,998,564
Trade and other receivables	-	-	1,705,853	219,567	1,705,853	219,567
Total financial assets	15,394,847	4,998,564	1,705,853	219,567	17,100,700	5,218,131
(ii) Financial Liabilities						
Trade and other payables	-	-	1,046,251	762,142	1,046,251	762,142
Total financial liabilities	-	-	1,046,251	762,142	1,046,251	762,142

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

A reasonably possible change in interest rates would not have a material impact on the financial position or performance of the Group.

(c) Fair values

The fair values of financial assets and financial liabilities are equal to their carrying value in the Statement of Financial Position.

The fair values have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables, and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value.

(d) Credit Risk

The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount, net of any allowance for expected credit loss, of those assets as indicated in the Statement of Financial Position. Exposure arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Credit risk exposures

Cash reserves form the majority of the Group's financial assets. At 30 June 2022, cash was deposited with four financial institutions, including one large Australian bank, a U.S. bank account maintained with a Canadian bank, a Swiss Franc bank account held with a large international bank, and one foreign exchange market specialist.

At 30 June 2022, the Group did not have a material credit risk exposure to a single trade debtor.

(e) Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due. The Group's objective is to maintain consistency of funding via the raising of equity or short term loans as and when required. The contractual maturity analysis of trade payables is set out in Note 12. All liabilities are contractually due and payable in the next six months.

(f) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The functional currency of the parent entity is Australian dollars. The Group contains two foreign subsidiaries, BARD1AG S.A. which is domiciled in Switzerland, and Sienna Cancer Diagnostics INC, which is domiciled in the U.S. This exposes the Group to foreign exchange risk arising from fluctuations of the Australian dollar against the Swiss Franc and United States Dollar.

The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group has not formalised a foreign currency risk management policy, however, it monitors its foreign currency expenditure in light of exchange rate movements. The Group does not have any further material foreign currency dealings other than the noted currencies.

The Group's exposure to foreign currency risk at the reporting date, expressed in Australian Dollars as follows:

	As at 30 June 2022 \$	As at 30 June 2021 \$
Financial assets		
Cash and cash equivalents	66,908	73,128
Trade and other receivables	59,379	153,674
Total financial assets	126,287	226,802
Financial liabilities		
Trade and other payables	321,436	293,229
Total financial liabilities	321,436	293,229

Notes to the Financial Statements

for the year ended 30 June 2022

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following conversion rates were used at the end of the financial year:

CHF/AUD: 1.5144 (2021: 1.4408)

USD/AUD: 1.4504 (2021: 1.3334)

For all periods presented, the Group did not enter into or hold any foreign exchange derivatives. Given the immaterial exposure, a reasonably possible change in foreign exchange rates would not have a material impact on the financial position or performance of the Group.

28 CONTINGENT ASSET AND LIABILITIES

The Group has the following contingent liabilities at 30 June 2022:

- On 4 June 2021, the Company announced that it had received from the Plaintiffs particulars, and proposed means of calculation, of their alleged loss and damages relating to the Claim and was reviewing it with its legal advisers. Although the calculations derive a potentially very significant amount of claimed loss and damage by the Plaintiffs, any such claim will ultimately turn on the evidence and the outcome of the legal proceedings at trial. On 28 March 2022, the Company announced that it continues to dispute the basis of the Claim and had filed an amended defence in response to amendments to the Plaintiffs' statement of claim. The proceeding has been listed for trial in February 2023.
- Sienna Cancer Diagnostics Limited, a wholly owned subsidiary of INOVIQ Limited, has a contingent liability in the form of milestone payments to Sevident Inc. shareholders, the entity from which Sienna purchased the Molecular Net capture platform technology in April 2019. Sevident Inc. shareholders are entitled to receive up to a value of US\$1.5 million in scrip (or cash) upon the realisation of future Molecular Net product revenue milestones.
- In previous financial statements, the Company has noted it guaranteed the payment of a royalty by Saulyak Limited Liability, based on gold output from the Saulyak Gold Project which was disposed of by the Company on 10 July 2007. Subsequent to the end of this financial year, the Company has confirmed that the company to whom the guarantee was given has been placed in liquidation and as a result, the obligations of the Company in respect of the guarantee has ceased. The Company has confirmed with the Liquidators and the owner of the company with the benefit of the guarantee, that neither they, nor any successor to the company, has any claim on the Company. Accordingly, the contingent liability has ceased and no further disclosure is required in future financial statements of the Company.
- INOVIQ Limited has contingent liabilities in the form of the milestone payments detailed below, under the SubB2M Technology Licence Agreement with The University of Adelaide:

Milestone amount	Milestone
\$50,000	\$500,000 in net sales
\$100,000	\$2,000,000 in net sales
\$400,000	\$5,000,000 in net sales
\$500,000	\$20,000,000 in net sales

The milestone payments are one off payments on the aggregate of all net sales of all products from the commencement date of the licence agreement and are not payable on a product-by-product or field-by-field basis.

The Company is not aware of any other contingent liabilities as at 30 June 2022.

29 BUSINESS COMBINATIONS

On 28 July 2020, INOVIQ (formerly BARD1) acquired 100% of the issued share capital and voting rights of Sienna Cancer Diagnostics Limited (Sienna) via a Scheme of Arrangement. Sienna was an ASX listed entity with its head office in Melbourne, Australia. Sienna operated in the same industry sector as INOVIQ, MedTech/Biotechnology, and also developed cancer diagnostic products. The objectives of the merger of the two entities were to expand the portfolio of cancer diagnostic technologies and products, consolidate infrastructure, achieve operational efficiencies, strengthen the management team, and drive the value of the combined business.

29 BUSINESS COMBINATIONS (CONTINUED)

The details of the merger are as follows:

Fair value of consideration transferred		\$
Amount settled in INOVIQ scrip – 1,027,345,381 ordinary shares. INOVIQ's 7 day Volume Weighted Average Price (VWAP) of its ordinary shares, as listed on the ASX, up until the date of the transaction was \$0.0314		
		32,258,644
Value of INOVIQ options issued to the holders of options in Sienna		461,899
		32,720,543
Recognised amounts of identifiable net assets		
Cash and cash equivalents		3,764,434
Trade and other receivables		257,975
Inventories		23,507
Other assets		419,403
Total current assets		4,465,319
Intangible assets acquired:		
- hTERT		2,896,773
- Molecular Nets		15,686,496
- SubB2M		1,150,000
Property, plant, and equipment		260,687
Right-of-use assets		1,415,295
Total non-current assets		21,409,251
Provisions		(124,821)
Trade and other payables		(432,545)
Total current liabilities		(557,366)
Provisions		(96,879)
Lease liability		(1,486,243)
Total non-current liabilities		(1,583,122)
Identifiable net assets		23,734,082
Deferred tax liability		(4,933,318)
Goodwill on acquisition		13,919,779
		32,720,543

Expenditure associated with Scheme of Arrangement was recognised under administration expenses within the Statement of Comprehensive Income.

Intangible assets acquired via the business combination

INOVIQ engaged the services of a professional firm to undertake valuation of the Sienna acquisition which resulted in the recognition of values for the three identifiable intangible assets (hTERT, Molecular Nets and SubB2M), a resulting Deferred Tax Liability (DTL), and goodwill on acquisition. Accounting Standard 'AASB 3 Business Combinations' requires the recognition of the DTL, calculated on the total value of the identifiable intangible assets. This resulted in an increase of goodwill on acquisition of the same amount.

Directors' Declaration

The Directors of the Company declare that:

- 1) In the opinion of the Directors:
the financial statements, notes and additional disclosures included in the Directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date;
- 2) The financial report also complies with International Financial Reporting Standards.
- 3) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 4) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

This declaration is made in accordance with a resolution of the Board of Directors signed on 27 September 2022.



Dr Geoff Cumming
Non-Executive Chairman

Dated 27 September 2022

Corporate Governance Statement

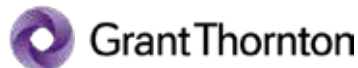
OVERVIEW

The Board of INOVIQ is responsible for the corporate governance of the Group and guides and monitors the business on behalf of its shareholders. The Board has strived to reach a balance between industry best practice and appropriate policies for INOVIQ in terms of its size, stage of development and role in the biotechnology industry. INOVIQ performed a review of its Board policies and governance practices with reference to the eight Principles of Good Corporate Governance (Principles) and the Best Practice Recommendations (Recommendations) established by the ASX Corporate Governance Council. The Recommendations are not mandatory and cannot, in themselves, prevent corporate failure or poor corporate decision-making. They are intended to provide a reference point for companies regarding their corporate governance structures and practices.

The Directors have considered each of the core Principles and Recommendations applicable for the year ended 30 June 2022. There are instances where the Group would not benefit from compliance with the Recommendations, and in some instances the Group has not had the resources to comply. The Recommendations that were not adopted are discussed in the Corporate Governance Statement located on the Company's website.

INOVIQ's Corporate Governance Statement, which summarises the Group's corporate governance practices and incorporates the disclosures required by the ASX Principles, can be viewed on the Company's website at <https://www.inoviq.com/site/investors/corporate-governance>.

Independent Auditor's Report



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Independent Auditor's Report

To the Members of INOVIQ Limited

Report on the audit of the financial report

Opinion

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

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

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

Basis for opinion

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

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

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill and other intangible assets - refer to note 2 (e) (xi), (xii) and note 10 At 30 June 2022, the carrying value of intangible assets on the balance sheet included \$356,658 for the hTERT asset; \$9,814,131 for the NETs asset and \$1,150,000 for the SubB2M asset. In accordance with AASB 136 <i>Impairment of Assets</i>, management has performed impairment testing on these assets. Impairment losses of \$11,030,560 on goodwill and \$1,790,842 on the hTERT asset have been recorded in the consolidated statement of comprehensive income and disclosed in note 10. This as a key audit matter due to the significant judgements and estimation uncertainty in determining the carrying value of these assets.	Our procedures included, amongst others: • Understanding management's process and controls for assessment of impairment and identification of cash generating units (CGUs); • Reviewing management's assessment of impairment indicators; • Evaluating the competence, capabilities and objectivity of the valuation expert engaged by INOVIQ to perform the impairment testing for the NETs asset; • Assessing whether management has the requisite expertise to prepare the impairment model for hTERT, goodwill and SubB2M; • Obtaining management's impairment testing and, where required, using an auditor's valuations expert to review the methodology and assumptions; • Evaluating the models against the requirements of AASB 136; • Challenging the appropriateness of management's revenue and costs forecasts; • Reviewing management's valuation and: – Testing the mathematical accuracy of the calculations; – Testing forecast cash inflows and outflows to be derived by the CGU assets; – Assessing estimates and judgements for growth rates applied; and – Agreeing discount rates applied to forecast future cash flows; • Validating appropriateness of management's analysis of the recoverable amount and calculation of the impairment loss; and • Evaluating the adequacy of disclosures in the financial statements.

Independent Auditor's Report

Research and development tax incentive refund – refer to note 2 (e) (iii), note 4 and note 8

For the year ended 30 June 2022, the Group recorded a research and development tax incentive refund accrual of \$1,316,437 in the consolidated statement of comprehensive income.

This is a key audit matter because there is inherent subjectivity involved in the Group's judgements in relation to the calculation and recognition of the research and development tax incentive income and receivable, with several assumptions made in determining the eligibility of claimable expenses. The Group was assisted by an expert with the review of the eligibility of expenses and with the lodgement of the research and development tax incentive claim.

Our procedures included, amongst others:

- Verifying that management's specialist is qualified to prepare the calculation;
 - Evaluating the reasonableness of assumptions utilised in the calculation;
 - Testing the mathematical accuracy of the calculation;
 - Agreeing expenses to the underlying supporting documents and reviewing for reasonableness;
 - Considering the nature of the expenses against the eligibility criteria of the research and development tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria;
 - Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims;
 - Using an internal research and development tax specialist to review the claim prepared by management's specialist; and
 - Evaluating the adequacy of the disclosures in the financial statements.
-

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

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

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

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

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

Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 27 to 31 of the Directors' report for the year ended 30 June 2022.

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

Responsibilities

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 27 September 2022

Shareholder Information

INOVIQ Ltd's ordinary shares are quoted on the Australian Securities Exchange (ASX) under the ticker code IIQ and the Company's listed options are quoted under the ticker code IIQO. The following information was extracted from the Company's records as at 19 August 2022 and is required by the ASX Listing Rules. At the close of trading on 19 August 2022, the Company's share price was \$0.63 while the listed option price was \$0.10. INOVIQ's securities are not quoted on any other stock exchange. There is currently no on-market buy-back of INOVIQ's listed ordinary shares.

Number of Securities on Issue

The following securities were on issue as at 19 August 2022:

- 92,018,702 fully paid ordinary shares
- 5,909,965 listed options expiring 24 August 2023, exercisable at \$2.32
- 3,377,013 unlisted options issued under the Company's Incentive Option Plan (IOP), expiring on various dates and exercisable at various prices. Note 23 of the financial statements provides further details of the options on issue at 30 June 2022.

Ordinary Shares

Range of Units as of 19 August 2022

Range	Total holders	Units	% Units
1 - 1,000	2,714	1,247,200	1.36
1,001 - 5,000	2,171	5,576,886	6.06
5,001 - 10,000	712	5,431,606	5.90
10,001 - 100,000	903	28,003,133	30.43
100,001 Over	110	51,759,877	56.25
Rounding			0.00
Total	6,610	92,018,702	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel divided by \$0.63 per ordinary share	794	2,141	708,169

TOP 20 SHAREHOLDERS AS OF 19 AUGUST 2022

Rank	Name	Units	% Units
1	THE TRUST COMPANY AUSTRALIA LIMITED <MOF A/C>	5,650,000	6.14
2	MOGGS CREEK PTY LTD <MOGGS CREEK SUPER A/C>	4,886,671	5.31
3	DR IRMGARD IRMINGER-FINGER	3,830,756	4.16
4	THE TRUST COMPANY (AUSTRALIA) LIMITED <MBF A/C>	2,248,333	2.44
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,002,847	2.18
6	LESAMOURAI PTY LTD	1,565,000	1.70
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,455,330	1.58
8	TRAOJ PTY LTD <TRAOJ A/C>	1,102,933	1.20
9	SUPERGUN PTY LTD <BRICKLANDING SUPER FUND A/C>	1,020,000	1.11
10	MR NATHAN RYAN WAGNER	1,010,433	1.10
11	DAVID NEATE	902,257	0.98
12	AJAVA HOLDINGS PTY LTD	900,000	0.98
13	TROVEX PTY LTD	820,000	0.89
14	KUNJOORUP PTY LTD	747,645	0.81
15	DR RUSSELL KAY HANCOCK	700,000	0.76
16	CITICORP NOMINEES PTY LIMITED	635,868	0.69
17	B & M LAWS SUPER FUND PTY LTD <B & M LAWS SUPER FUND A/C>	600,000	0.65
18	LL&P PTY LTD <THE ANDREW SOLOMONS S/F A/C>	574,095	0.62
19	MR PHILLIP RICHARD PERRY	561,000	0.61
20	MRS LYNNE MAREE WILKS	510,000	0.55
Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		31,723,168	34.47

The portion of shares held by the 20 largest shareholders in the Company is 34.47%.

Listed Options

Range of Units as of 19 August 2022

Range	Total holders	Units	% Units
1 - 1,000	131	71,435	1.21
1,001 - 5,000	137	387,112	6.55
5,001 - 10,000	56	482,338	8.16
10,001 - 100,000	37	997,042	16.87
100,001 Over	11	3,972,038	67.21
Rounding			0.00
Total	372	5,909,965	100.00

Shareholder Information

TOP 20 LISTED OPTION-HOLDERS AS OF 19 AUGUST 2022

Rank	Name	Units	% Units
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,169,683	19.79
2	THE TRUST COMPANY AUSTRALIA LIMITED <MOF A/C>	499,939	8.46
3	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	488,871	8.27
4	UBS NOMINEES PTY LTD	322,581	5.46
5	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	322,581	5.46
6	MOGGS CREEK PTY LTD <MOGGS CREEK SUPER A/C>	263,502	4.46
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	245,948	4.16
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	207,909	3.52
9	GREENE FUND PTY LTD <GREENE SUPERFUND A/C>	161,075	2.73
10	MR NICHOLAS DARREN GREENE + MRS NYARI MARYDENE GREENE	156,617	2.65
11	MR KURTIS JAMES GANN	133,332	2.26
12	MR PETER WILLIAM ROGERS + MS ALIDA JOHANNA CLARK <R & C SUPER FUND A/C>	100,000	1.69
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	67,740	1.15
14	CITICORP NOMINEES PTY LIMITED	57,095	0.97
15	MR MARVIN JAY EDWARD GOMES + MS NERENE VAZ	55,905	0.95
16	MR PHILLIP RICHARD PERRY + MRS TETYANA PERRY <DONESKA SUPER FUND A/C>	52,500	0.89
17	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	40,650	0.69
18	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	38,151	0.65
19	AUSTRAL CAPITAL PTY LTD <AUSTRAL EQUITY FUND A/C>	36,226	0.61
20	B & M LAWS SUPER FUND PTY LTD <B & M LAWS SUPER FUND A/C>	32,258	0.55
Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		4,452,563	75.34

The portion of listed options held by the 20 largest option-holders in the Company is 75.34%.

Unlisted Options

At 19 August 2022 unlisted options were held by 16 different holders.

Voting Rights

In accordance with the Company's Constitution, voting rights of ordinary shares are on a show of hands whereby each member present in person (or representing a corporation who is a member) shall have one vote and upon a poll, each share will have one vote. Holders of listed options and options issued under the IOP do not have voting rights attached.

Restricted Securities

As at the date of this report there are no restricted securities on issue.

Substantial Ordinary Shareholders as at 19 August 2022

The substantial shareholders pursuant to the provisions of the Corporations Act and listed in the Company's register is as follows:

Rank	Name	Units	% Units
1	MERCHANT FUNDS MANAGEMENT PTY LTD	11,610,762	12.63
2	MOGGS CREEK PTY LTD <MOGGS CREEK SUPER A/C>	4,886,671	5.32

