



# Annual Report

2023





# Contents

|    |                                                |
|----|------------------------------------------------|
| 1  | Our Mission                                    |
| 2  | Chairman and CEO Letter                        |
| 5  | Review of Operations                           |
| 22 | Directors' Report                              |
| 35 | Auditor's Independence Declaration             |
| 36 | Consolidated Statement of Comprehensive Income |
| 37 | Consolidated Statement of Financial Position   |
| 38 | Consolidated Statement of Changes in Equity    |
| 39 | Consolidated Statement of Cash Flows           |
| 40 | Notes to the Financial Statements              |
| 68 | Directors' Declaration                         |
| 69 | Corporate Governance Statement                 |
| 70 | Independent Auditor's Report                   |
| 74 | Shareholder Information                        |
| 76 | Corporate Directory                            |

# Our Mission

---

**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.

# Chairman and CEO Letter

Dear INOVIQ Shareholders

We are delighted to present INOVIQ's Annual Report for the financial year ended 30 June 2023.

We are delighted to present INOVIQ's Annual Report for the financial year ended 30 June 2023. During this time, the Company made significant advances in its strategic initiatives and delivered key technical, development and commercial milestones.

## STRATEGIC FOCUS

INOVIQ remained focused on advancing the development and commercialisation of its SubB2M cancer detection and EXO-NET exosome isolation platforms during FY23. This focused approach sought to validate our core technologies and establish a broad multi-product cancer diagnostic pipeline with multiple partnering prospects.

These strategic initiatives achieved clinical validation of the SubB2M/CA15-3 test for breast cancer detection and a commercial partnership with Promega Corporation for our EXO-NET exosome capture technology. These milestones significantly de-risked INOVIQ's core technologies, drove early EXO-NET revenues, advanced our SubB2M diagnostics pipeline toward commercial viability, and expanded our future partnering opportunities.

## SUBB2M TECHNOLOGY CLINICALLY VALIDATED

The SubB2M technology was analytically and clinically validated by contract research organisation ResearchDx, demonstrating that the SubB2M/CA15-3 test accurately detects breast cancer and outperforms a leading approved CA15-3 test. The test has excellent performance with 81% sensitivity and 93% specificity for detection of breast cancer across all stages. The next steps for the SubB2M/CA15-3 test are completing a cross-sectional breast cancer monitoring study and securing a CLIA-accredited laboratory partner in the US for commercialisation of the test as a Laboratory Developed Test in 2024.

## EXO-NET TECHNOLOGY IN-MARKET AND COMMERCIAL DEAL EXECUTED

The introduction of INOVIQ's EXO-NET pan-exosome capture tool to the US market in October 2022 with contract sales organisation Percorso Life Sciences was important to our commercialisation strategy.

**INOVIQ's mission is to develop next-generation precision diagnostics and exosome solutions that transform the diagnosis and treatment of cancer and other diseases to improve patient outcomes and save lives**

| PRECISION FOCUS                                                      | DISRUPTIVE TECHNOLOGY                                                                  | DEEP PIPELINE                                                                                     | COMPELLING DATA                                                                                   | COMMERCIAL PRODUCTS                                                  | PARTNERING FOR GROWTH                                                         |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Precision diagnostic and exosome solutions to improve patients lives | Proprietary technology platforms driving future products for cancer and other diseases | Multi-stage pipeline including SubB2M diagnostics, exosome research tools and exosome diagnostics | Industry leading data for exosome isolation tools, and diagnostics for breast and ovarian cancers | Commercial exosome isolation tools and bladder cancer detection test | Partnering with KOLs and Industry to deliver clinical and commercial outcomes |

This marked the commencement of an extensive campaign to gain leading academic and research institutions to evaluate the efficacy of EXO-NET for exosome isolation and biomarker discovery across potential applications in cancer, neurology, inflammation and other conditions. Key data from both internal research and external evaluations were presented at the world-leading International Society of Extracellular Vesicles (ISEV) meeting in May 2023 demonstrating the effectiveness of the EXO-NET technology in the isolation of exosomes from plasma, urine, saliva, and cell-conditioned media.

Additionally, INOVIQ developed a High-Throughput (HT) EXO-NET isolation system in collaboration with Promega Corporation that can process up to 200,000 samples per year in a clinical laboratory. This led to the signing of a global joint marketing agreement with Promega that offers world-class solutions for manual and high throughput exosome isolation and nucleic acid extraction to researchers and industry for exosome-based biomarker discovery and diagnostics development in a market expected to reach US\$8.7b by 2029.

## EXOSOME DIAGNOSTICS PIPELINE ADVANCED

Collaboration with the University of Queensland (UQ) has paved the way for the development of an innovative exosome-based ovarian cancer screening test utilising EXO-NET. Studies confirmed the utility of EXO-NET for fast and efficient exosome isolation and biomarker discovery, and the promise of the EXO-OC test as a highly sensitive and specific test for early detection of ovarian cancer. The next steps for the EXO-OC Test are to undertake further development and validation studies in suitable samples.

## CONTINUED EXPANSION OF OUR R&D AND EXECUTIVE TEAM

During the year, INOVIQ continued to expand its R&D and Executive teams with several key appointments to accelerate its product development, commercialisation and corporate strategies. This included expanding its R&D team with cell therapy and exosome-based therapeutic scientists, and appointment of Mark Edwards as Chief Financial Officer and Company Secretary in November 2022, who brings significant biotechnology M&A and corporate experience.

## FINANCIAL PERFORMANCE

INOVIQ ended FY23 with a robust cash balance of \$7.8m, a testament to our prudent financial management. Funds were primarily employed in advancing our SubB2M and EXO-NET programs. The Company reported a net loss from operating activities (after income tax) for the year of \$9.0 million.

## LEGAL PROCEEDING SETTLED

The resolution of the Walker and Irminger legal proceeding marked a significant milestone. The settlement, devoid of any admission of liability, preserves our future interests by securing a royalty over potential sales of the BARD1 Lung Cancer Test and rights to utilise the intellectual property in other cancer types. As part of the settlement BARD1AG SA is required to invest A\$0.3m in further research on the Lung Cancer Test.

## INOVIQ'S PIPELINE IS DE-RISKED AND OUR FUTURE MILESTONES ARE TRANSFORMATIONAL

INOVIQ made significant progress during the year, including the clinical validation of its SubB2M technology and the signing of a commercial partnership for its EXO-NET technology. These milestones have significantly de-risked INOVIQ's core technologies and positioned the company to advance its multi-product exosome capture tool and precision diagnostics pipeline towards key development and commercial milestones in FY24.

## OUTLOOK

We are confident that INOVIQ's disruptive SubB2M and EXO-NET technologies, multi-stage pipeline, and high-calibre team will enable us to achieve our ambitious goals and make a significant impact on the lives of patients with cancer.

During the coming year, we expect our SubB2M tests for breast and ovarian cancer to deliver key data by December 2023 and be launch-ready for a clinical laboratory partner to supply as laboratory developed tests in calendar year 2024. We anticipate offering new EXO-NET exosome isolation products that will expand collaborations for development of novel exosome-based diagnostics for cancer, neurodegeneration and other diseases.

## THANK YOU

We thank the INOVIQ team for their dedication and passion to driving the Company's success. We also thank shareholders for their support in the Company as we continue to advance our innovative pipeline towards solving unmet needs for cancer and other diseases.



**Dr Geoff Cumming**  
Chairman




**Dr Leeearne Hinch**  
CEO



A photograph of two scientists in a laboratory setting. On the left, a man with a beard and short brown hair, wearing a white lab coat over a light blue shirt, is looking down at a clipboard. On the right, a woman with dark hair tied back, also in a white lab coat over a light blue shirt, is looking through a black microscope. She is wearing white gloves and holding a small vial. The background is a blurred laboratory with white cabinets and equipment. A large white circle is overlaid on the right side of the image, containing the text 'SubB2M technology clinically validated in FY23'.

**SubB2M  
technology  
clinically  
validated  
in FY23**



**Exosome  
diagnostic  
pipeline  
building**

**EXO-NET  
commercial  
partnerships  
advancing**

# Review of Operations

---

We are pleased to present the Group's Annual Report for the financial year ended 30 June 2023 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 solutions and precision diagnostics to improve the diagnosis and treatment of cancer and other diseases. The Company has commercialised the EXONET pan-exosome capture tool for research purposes and the hTERT test as an adjunct to urine cytology testing for bladder cancer. Our cancer diagnostic pipeline includes blood tests in development for earlier detection and monitoring of ovarian, breast and other cancers.

# Review of Operations

## HIGHLIGHTS

INOVIQ focused on advancing its SubB2M and EXO-NET programs during the year with these efforts culminating in clinical validation of its SubB2M technology platform and a commercial deal for its EXO-NET exosome capture technology. These important milestones and other development and commercial progress are highlighted below.



### Commercial

- Percorso Life Sciences engaged to provide US-based contract sales and logistics services for INOVIQ products
- EXO-NET sales campaign implemented in the USA targeting academic researchers to gain scientific support
- New EXO-NET data presented at the International Society for Extracellular Vesicles (ISEV) Annual Meeting 2023 in Seattle, USA confirming its effectiveness and broad utility across multiple biofluids
- Post year-end, INOVIQ and Promega Corporation signed a global joint marketing agreement for INOVIQ's EXO-NET exosome capture technology and Promega Nucleic Acid purification systems
- Direct sales model established for hTERT in the USA
- US patents granted for SubB2M and hTERT technologies



### Research & Development

- Completed analytical validation of SubB2M-CA15-3 test evidencing assay reproducibility and providing initial data showing discrimination of both early and late-stage breast cancer from healthy controls
- Successful clinical validation of SubB2M/CA15-3 test demonstrating detection of all stages of breast cancer with excellent accuracy (87%), sensitivity (81%) and specificity (93%)
- Contract Research Agreement signed with Nicoya to develop SubB2M-based Surface Plasmon Resonance (SPR) test on the Alto™ Digital SPR instrument
- High-Throughput (HT) EXO-NET exosome capture system completed
- EXO-NET® feasibility study by University of Queensland confirmed utility of EXO-NET for isolating Extracellular Vesicle (EV) biomarkers and development of an EV-based ovarian cancer screening test
- Post year-end, serum equivalence study reported EXO-NET successfully captured EVs in plasma and serum, but long-stored biobank unsuitable for EV biomarker discovery and validation



## Corporate

- Settled legal proceeding related to BARD1 performance shares
- EXO-NET R&D and manufacturing centralised to upgraded Melbourne laboratory, streamlining R&D activities and enabling expanded production capacity
- Mr Mark Edwards appointed as CFO & Company Secretary, bringing substantial financial, governance and corporate expertise
- Professor Greg Rice, Chief Scientific Officer, awarded the prestigious Joan Hunt IFPA Senior Award in Placentology for 2023
- Vale Professor Emeritus Allan Cripps AO, who made a valuable contribution to INOVIQ during his time as Non-Executive Director from January 2020 to December 2022



## Financial

- Cash of \$7.8 million at 30 June 2023 to fund operations and pipeline development
- Net loss of \$9.0 million for the year ended 30 June 2023 (increased operating loss in the current period driven by legal fees and subsequent legal settlement costs as outlined in the Operating Results commentary below)
- Research and Development Tax Refund of \$0.95m recognised for the 2023 financial year

**\$7.8m**

**Cash Balance**

# Review of Operations

## DELIVERING VALUE

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*. Currently, the Company has multiple proprietary technologies, in-market products and a strong development pipeline of exosome research tools and precision diagnostics.

INOVIQ is leveraging its core technology platforms to drive intelligent innovation in the diagnostic and exosome markets to develop a portfolio of best-in-class products that deliver value to patients, clinicians, the health system and investors. The Company has 3 key business pillars built around our disruptive technologies that underpin its short and longer-term product development and revenue generating opportunities:

1. **Research tools and services:** The EXO-NET technology is a source of multiple current and future revenue streams including EXO-NET research tools sold for research purposes, custom EXO-NET products and EXO-NET services to develop exosome-based diagnostics for contract research fees and future licensing revenue;
2. **Precision diagnostics:** INOVIQ's diagnostic pipeline includes our current and future focus on both internal and partnered diagnostic tests developed using our SubB2M and EXO-NET technologies for improved screening, diagnosis, treatment selection and monitoring of cancer and other diseases; and
3. **Therapeutics:** The longer-term plan focuses on developing high-value exosome-based therapeutics for cancer, enabled by our EXO-ACE technology for therapeutic exosome isolation, purification and production.

The Company's strategic focus and three business pillars supporting our current and future initiatives are outlined below:

### STRATEGIC FOCUS

Leading exosome solutions and precision diagnostics company focused on improving patient outcomes for cancer

### DISRUPTIVE TECHNOLOGY

**EXO-NET** immunoaffinity  
magnetic bead-based  
exosome isolation

**SubB2M** technology  
for enhanced cancer  
detection

**EXO-ACE** ion exchange  
chromatography for therapeutic  
exosome production



#### RESEARCH TOOLS & SERVICES

EXO-NET products  
EXO-NET services



#### DIAGNOSTICS

SubB2M diagnostics  
Exosome diagnostics  
hTERT test



#### THERAPEUTICS

Exosome therapeutics

INOVIQ's three business pillars focus on growing long-term shareholder value through commercialisation of the Company'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<sup>1</sup>. The incidence of cancer is expected to rise to 28.4 million new cases by 2040 due to population aging and growth. 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.

Cancer is often detected at late-stage (stages III and IV) after symptoms have appeared, resulting in a poor prognosis for patients. Unfortunately, many existing diagnostic tests have high false-positives and/or insufficient sensitivity for early-stage cancer (stages I and II) and screening programs have poor participation rates due to the invasiveness, inconvenience, inaccessibility and cost of these tests.

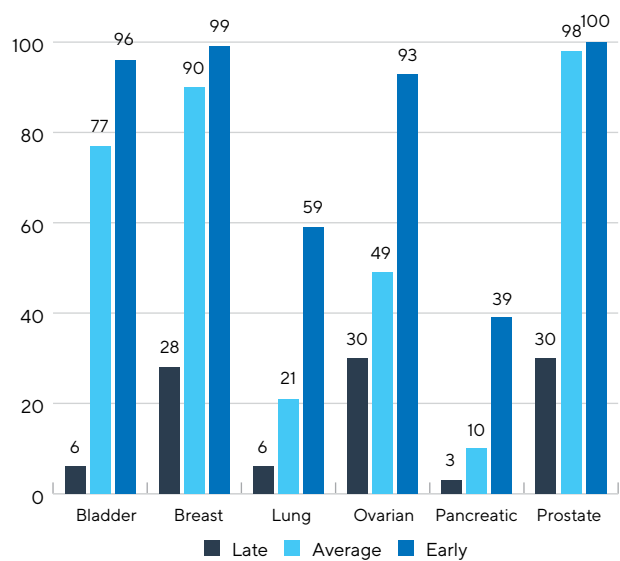
Earlier, more accurate and cost-effective diagnostics could improve treatment options, patient outcomes and survival for this expanding public health crisis<sup>2</sup>.

INOVIQ is using its proprietary technologies to develop non-invasive blood tests to solve these problems for the screening, diagnosis, treatment selection and monitoring of cancer, including:

- Screening tests for earlier detection of cancer
- Predictive tests to guide therapeutic selection
- Monitoring tests for treatment response and/or disease recurrence

INOVIQ is targeting some of the world's most common and deadliest cancers including breast and ovarian cancers. Breast cancer is the most common cancer with 2.3 million cases and 685 million deaths worldwide<sup>1</sup>, and a global diagnostics market valued at US\$4.2 billion in 2021<sup>3</sup>. Ovarian cancer is the world's deadliest gynaecological cancer with 314,000 cases and 207,000 deaths worldwide<sup>1</sup>, and a global diagnostic market expected to reach over US\$1.8 billion by 2026<sup>4</sup>.

5 year survival rates by stage at diagnosis (%)



## EXOSOMES HAVE COMMERCIAL POTENTIAL FOR MULTIPLE DIAGNOSTIC AND THERAPEUTIC APPLICATIONS

**Exosomes** are small extracellular vesicles (EVs) released by cells. They are nano-sized lipid membrane packages that encapsulate and protect DNA, RNAs and proteins. Exosomes and the messages they carry form part of the cell-to-cell communication system and play an important role in health and disease.

Clinical interest in exosomes has grown exponentially due to their commercial potential in biomarker discovery, diagnosis and treatment of cancer, neurodegenerative, cardiology, immunology and other diseases. However, the exosome promise has been limited by time-consuming and inefficient exosome isolation methods that are not suitable for commercial applications. This has created a need for improved exosome isolation methods that deliver *speed, purity and yield for research and commercial applications*.

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>

2 SEER18 2010–2016

3 2020. Breast Cancer Diagnostics Market, 2021–2028: <https://www.grandviewresearch.com/industry-analysis/breast-cancer-diagnostics-market>

4 2019. Ovarian Cancer Diagnostics Market. <https://www.globenewswire.com/news-release/2019/08/07/1898453/0/en/Ovarian-Cancer-Diagnostics-Market-Size-Worth-US-1-8-Bn-by-2026.html#market-report/exosomes-market/189733/>

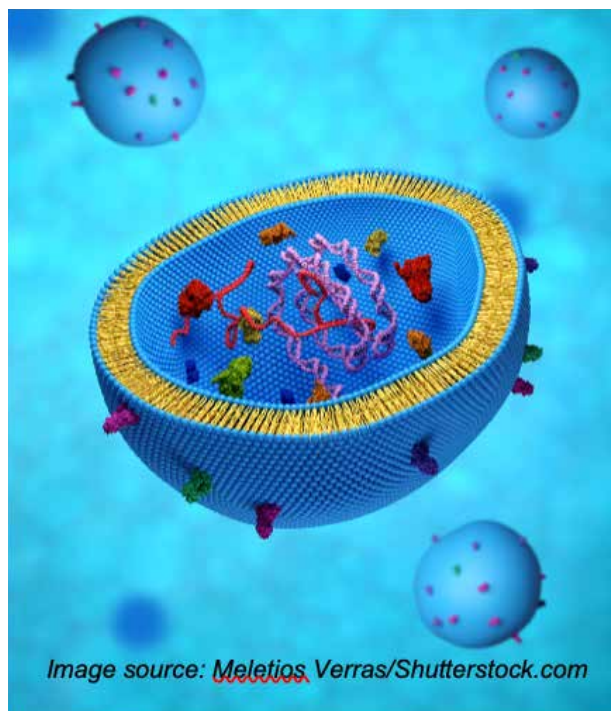
# Review of Operations

INOVIQ has developed and commercialised **EXO-NET** to enable *fast, efficient and scalable* exosome isolation from biofluids to intercept and decode the messages 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.

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%<sup>5</sup>. North America was 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 research, diagnostics and therapeutics was valued at US\$1.8 billion in 2022 and is forecast to reach US\$8.7 billion by 2029, growing at 25% CAGR<sup>6</sup>. Market growth is driven by increased investment in exosome research, the rising prevalence of chronic diseases, increased demand for non-invasive diagnostics and targeted therapies, and technological advancements in exosome isolation and purification.

## Extracellular Vesicle (EV)



<sup>5</sup> 2022. Exosome Research Market - Global Forecast to 2026. Markets&Markets

<sup>6</sup> 2023. Exosomes Market: Global Industry Analysis and Forecast for the Period 2023-2029. MMR: [www.maximizemarketresearch.com/market-report/exosomes-market/189733/](https://www.maximizemarketresearch.com/market-report/exosomes-market/189733/)

## PRODUCT PORTFOLIO

INOVIQ's product portfolio currently includes an in-market exosome research tool and adjunctive diagnostic test for bladder cancer detection, and a deep pipeline of SubB2M and exosome diagnostic tests in development for the earlier detection and monitoring of breast and ovarian cancers.

|              | Product       | Indication                | Use                 | Research        | Assay Development | Clinical Development | Market |
|--------------|---------------|---------------------------|---------------------|-----------------|-------------------|----------------------|--------|
| SubB2M Dx    | hTERT*        | Bladder Cancer            | Adjunct to cytology | IVD-Class 1 USA |                   |                      |        |
|              | SubB2M-BC     | Breast Cancer             | Monitoring          | LDT             |                   |                      |        |
|              | SubB2M-OC     | Ovarian Cancer            | Monitoring          | LDT             |                   |                      |        |
|              | SubB2M-SPR    | Multi Cancer              | Pre-screening       | LDT             |                   |                      |        |
| EXO tools/Dx | EXO-OC**      | Ovarian Cancer            | Screening           | LDT             |                   |                      |        |
|              | EXO-NET RUO   | pan-EV capture            | Research tool       | RUO             |                   |                      |        |
|              | TEXO-NET RUO  | tumour derived-EV capture | Research tool       | RUO             |                   |                      |        |
|              | NEURO-NET RUO | brain derived-EV captured | Research tool       | RUO             |                   |                      |        |

\* Adjunct to urine cytology to assist the detection of bladder cancer

\*\* Umbrella Research and Option Agreement with the University of Queensland

The commercialisation strategy for INOVIQ's diagnostics is to first launch its tests as laboratory developed tests (LDTs) in the USA, followed by FDA<sup>7</sup> In Vitro Diagnostic (IVD) submissions and clinical studies to support 510k clearance<sup>8</sup>, de novo or PMA<sup>9</sup> registrations, depending on the indication for use.

## COMMERCIAL PROGRESS

### EXO-NET<sup>®</sup> pan-exosome capture

EXO-NET pan-exosome capture is a research use only (RUO) tool for the isolation of exosomes from plasma, serum, urine, saliva and cell-conditioned media. EXO-NET delivers fast, efficient and scalable exosome isolation compared to traditional exosome isolation methods. It is suitable for exosome-based biomarker discovery and diagnostics development.

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 diagnostics for cancer, neuro-degenerative, cardiac, inflammatory and other applications. The product is manufactured by INOVIQ in 1mL, 0.5mL and 0.25mL pack sizes containing EXO-NET coated magnetic beads for processing up to 60, 30 or 15 samples.



<sup>7</sup> Food and Drug Administration (FDA)

<sup>8</sup> PreMarket Notification (510k)

<sup>9</sup> PreMarket Approval (PMA)

# Review of Operations

On 21 July 2022, INOVIQ announced that it had engaged Percorso Life Sciences to provide US-based contract sales and logistics services for its products. The first EXO-NET sales campaign was implemented in the USA in the December quarter, targeting academic scientists involved in extracellular vesicle (EV) research. The campaign generated strong interest from academic researchers, multiple evaluations and initial collaborations using EXO-NET for multiple EV-based applications.

During the year, INOVIQ engaged with researchers in Academia and Industry to promote awareness about EXO-NET, its benefits and applications for exosome isolation, biomarker discovery and diagnostic development. INOVIQ attended multiple scientific conferences and trade events to showcase the speed, efficiency and reproducibility of using EXO-NET for exosome isolation from various biofluids including plasma, saliva and cell culture media. Samples of EXO-NET were provided to various researchers for evaluation in their research projects. INOVIQ received its first orders for EXO-NET and established its first contract research agreement during the financial year. The Company also progressed discussions with industry participants regarding use of EXO-NET for enabling clinical trial assay and companion diagnostic applications for treatment selection and monitoring treatment response.

On 19 April 2023, INOVIQ announced that it would present new data, further confirming the effectiveness of its proprietary exosome isolation technology, EXO-NET, at the Annual Meeting of the International Society for Extracellular Vesicles (ISEV) in Seattle, USA from 17-21 May 2023. ISEV's Annual Meeting is the leading global exosome scientific conference providing a key forum for INOVIQ to showcase these important advances to key opinion leaders in the extracellular vesicle field worldwide. The new data, released on 19 May 2023, further support application of INOVIQ's EXO-NET technology in the isolation of exosome-based biomarkers for use in development of earlier and more accurate diagnostic tests for oncology and other diseases. The oral presentation and five poster presentations were delivered by INOVIQ and its collaborators, including the University of Queensland and Johns Hopkins University, and highlighted the broad utility of EXO-NET for fast and efficient exosome isolation and biomarker discovery across multiple biofluids including plasma, serum, saliva and cell culture media.

Post year end (6 July 2023), INOVIQ announced that it had signed a global joint marketing agreement with Promega Corporation, a global leader in innovative technologies, tools and technical support to the life sciences industry. The agreement to co-market INOVIQ's EXO-NET exosome capture technology and Promega Nucleic Acid purification systems worldwide will offer world-class exosome solutions for manual and high throughput exosome isolation and nucleic acid extraction to researchers and industry for exosome-based biomarker discovery and diagnostics development. Under the agreement, global customers will be offered a wide range of Promega manual and automated nucleic acid extraction reagents and instruments combined with INOVIQ's EXO-NET exosome capture tools to enable their exosome isolation, biomarker discovery and diagnostics research. Furthermore, INOVIQ and Promega anticipate expanding the agreement to cover a range of exosome solutions for exosome isolation, characterisation and analysis kits, and instruments.

## 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.





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<sup>10</sup>.

On 23 November 2022, INOVIQ announced that it would revert to a direct distribution model for its hTERT test in the US from January 2023, selling hTERT directly to laboratory customers. There was a smooth transition of customers, with INOVIQ expected to benefit from improved product revenues and gross margins. The agreement between INOVIQ and US-based contract sales organisation, Percorso Life Sciences, was extended to provide warehousing and logistics services to deliver hTERT direct to INOVIQ's US customers.

Revenues from hTERT sales grew during the year, with the Group's hTERT test achieving revenues of \$363,209 (2022: \$276,745). This growth was attributed to maintaining the current customer base and benefiting from the direct customer sales model, with further upside anticipated in FY24.

## 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 FY23 focused on validation of our SubB2M tests, expanding the EXO-NET data package, developing new EXO-NET products (TEXO-NET, NEURO-NET, HT EXO-NET) and progressing its exosome-based ovarian cancer test with the University of Queensland.

## SUBB2M PROGRAM

SubB2M is an engineered protein that specifically detects the pan-cancer biomarker Neu5Gc that is found in multiple human cancers. INOVIQ is developing SubB2M immunoassays for improved monitoring of breast and ovarian cancers, and is evaluating a SubB2M SPR test for detection of Neu5Gc in a general health panel.

The SubB2M program focused on completing analytical and clinical validation of our SubB2M/CA15-3 test for breast cancer, planning for its SubB2M/CA125 for ovarian cancer, and evaluation of a potential SubB2M-SPR multicancer test on the Nicoya platform.

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

# Review of Operations

## SubB2M immunoassays

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.

The CA15-3 test is a blood test commonly used to monitor breast cancer treatment response and disease recurrence. On 8 February 2023, INOVIQ announced positive results from an analytical validation study of its SubB2M/CA15-3 test for breast cancer. In a 94-serum sample, retrospective case-control study, INOVIQ's SubB2M/CA15-3 test outperformed a leading commercially available CA15-3 tumour marker test for detection of breast cancer. INOVIQ's SubB2M/CA15-3 test clearly discriminated between breast cancer and healthy controls across all cancer stages, correctly identifying 73% (69/94) of all samples tested, with AUC=0.81, overall sensitivity of 69% and specificity of 78%.

Following further optimisation of the SubB2M/CA15-3 test, on 27 June 2023, INOVIQ announced excellent results from a clinical validation study of its SubB2M/CA15-3 test for breast cancer detection. An independent, 483-sample case-control clinical validation study of the SubB2M test demonstrated high area under the curve (AUC) of 0.93, 81% sensitivity and 93% specificity for detection of breast cancer, significantly outperforming the comparator (AUC of 0.70, 37% sensitivity and 88% specificity). These positive results represent a major clinical validation milestone and support the commercial potential of the SubB2M program for detection and monitoring of cancer.

The next step is to conduct a cross-sectional monitoring study to demonstrate the superior performance of the SubB2M/CA15.3 test for treatment response and/or disease recurrence over approved CA15-3 tests. This clinical study is expected to complete by the end of H2 CY23, with the test then expected to be market-ready for partnering.

INOVIQ is also progressing its development plans for the SubB2M/CA125 test for ovarian cancer. Samples have been sourced and assay development and analytical validation studies are expected to commence in H2 CY23 and complete within 6 months. Clinical validation of this test is expected to complete in H1 CY24.

## SubB2M SPR test

The SubB2M-based SPR test measures Neu5Gc. Increased Neu5Gc concentrations in the blood may provide an early warning that an individual requires followup investigation for the presence of cancer such as breast, ovarian, prostate, melanoma and others. A research-stage SubB2M multi-cancer test (MCT) is being evaluated on the Nicoya ALTO™ SPR instrument as a potential cancer risk assessment tool for inclusion in a general health panel.

On 13 October 2022, INOVIQ announced it had signed a contract research agreement with Canadian biotechnology company, Nicoya Lifesciences Inc, to transfer, develop and evaluate a SubB2M-based Surface Plasmon Resonance (SPR) test on Nicoya's Alto™ Digital SPR instrument. Alto is the world's first digital, high-throughput, benchtop SPR instrument. It has revolutionised SPR sample analysis by using digital microfluidics and nanotechnology biosensors that are integrated into a disposable microwell plate, making it compatible for high throughput diagnostics in a clinical laboratory. The initial work program under the agreement to demonstrate effective discrimination between cancer and cancer free blood samples on the Alto instrument progressed during the year, with data expected to report in H2 CY23.

## 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 enables the rapid isolation of purified exosomes and development of more effective diagnostics. 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 diagnostics for other cancers and diseases over the next 12-months.

### EXO-NET portfolio expansion

INOVIQ progressed its research programs to develop new EXO-NET products including: 1) **TEXO-NET** for isolation of tumour-derived exosomes, and 2) **NEURO-NET** for isolation of brain-derived exosomes. A patent application for TEXO-NET has been lodged, and NEURO-NET data is being finalised for submission of a new patent application before publication of data to the scientific community. These products are expected to underpin future partnering opportunities for clinical diagnostics, clinical trial assays and companion diagnostics for Oncology and Neurology indications.

### EXO-NET services

Development of a **High-Throughput (HT) EXO-NET** isolation system to process up to 200,000 samples per year in a clinical laboratory was successfully completed in collaboration with Promega Corporation. INOVIQ now has the capability to offer HT exosome isolation, biomarker discovery and diagnostics development services to Academic and Industry customers from its Australian laboratory. This is expected to provide potential EXO-NET service revenue to the Company, and potentially lead to future partnering agreements for exosome diagnostics.



#### CUSTOMISED EXO-NET TOOLS

Design custom EXO-NET tools using ligands for specific EV populations



#### EXOSOME ISOLATION

EV isolation using our EXO-NET powered, fully-automated, high throughput platform<sup>1</sup>



#### BIOMARKER DISCOVERY

Biomarker discovery services to identify, evaluate and validate EV-based RNA and Protein biomarkers



#### DIAGNOSTIC DEVELOPMENT

EV-based clinical diagnostic, clinical trial assay and companion diagnostic development

### Exosome diagnostics

The **EXO-Ovarian Cancer test** is an exosome-based multi-marker test in development for early detection of ovarian cancer in asymptomatic women. EXO-NET is being used to enable exosome isolation, biomarker discovery and translation of this novel exosomal test from *bench-to-clinic* to help save women's lives.

Previous proof-of-concept case-control studies performed by The University of Queensland (UQ) demonstrated its exosome-based ovarian cancer test (EXO-OC test) was over 90% accurate for the detection of early-stage ovarian cancer in 450 plasma samples (ASX: 28 July 2021). INOVIQ has secured the option for an exclusive worldwide license to develop and commercialise UQ's intellectual property in the EXO-OC test (ASX: 1 April 2022). Additionally, UQ has been awarded a \$2.7m Medical Research Future Fund (MRFF) grant for development of the EXO-OC test due to the significant unmet need for earlier detection of ovarian cancer.

# Review of Operations

On 13 December 2022, INOVIQ announced that UQ had completed a 97-sample feasibility study confirming the utility of EXO-NET for exosome isolation, biomarker discovery and development of the EXO-OC test. A multivariate algorithm using selected EV biomarkers achieved 92% accuracy for detection of early-stage ovarian cancer (Stage I and II) in an independent sample set. This was the first milestone achieved under the collaboration with UQ to develop an exosome-based ovarian cancer screening test. The next step was an equivalence study to determine if the exosomal biomarkers discovered in plasma were also present in serum from the same patients. Substantial equivalence would facilitate access to a large ovarian cancer serum biobank for future studies.

Post year-end (ASX: 9 August 2023), UQ completed a 250 paired-sample equivalence study to evaluate performance of the exosome-based biomarkers in plasma and serum samples from the same patients. The study demonstrated that whilst EXO-NET captured EVs from both plasma and serum, the samples from this long-term stored biobank (14-17 years) were not suitable for exosomal biomarker discovery and validation. INOVIQ plans to work with its collaborator UQ to source alternative samples for the further development and validation of the EXO-OC Test.

## BARD1 PROGRAM

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

The BARD1 diagnostic program remains on hold as INOVIQ focuses its resources on advancing development of its promising SubB2M diagnostic and exosome diagnostic programs towards key milestones. BARD1 biomarkers may be included in biomarker panels of future pipeline products where they are shown to be informative of breast and ovarian cancer.

## 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 INOVIQ's technologies, products, processes and brands. The Group had 21 granted patents, 9 patents pending and 2 international provisional patent applications as at 30 June 2023, covering its SubB2M, Molecular NET, BARD1, and hTERT technologies and products across key jurisdictions including the United States, Europe, Asia, and Australia. Additionally, it owns registered trademarks for INOVIQ®, EXO-NET® and Acuris®.



INOVIQ announced the grant of two US patents during the reporting period, one for the SubB2M technology and the other for hTERT.

- Patent no. 11371033 entitled ‘Subtilase cytotoxin B subunit mutant’ was issued by the United States Patent and Trademark Office, enforcing intellectual property protection in the USA for the SubB2M technology until the date of expiry in 2038. This patent provides intellectual property protection in the key US market where the SubB2M tests are planned to be first commercialised.
- Patent no. 11391738 entitled ‘Method of detecting cancer’, a continuation of US patent 10,338,072, was issued by the United States Patent and Trademark Office, providing additional coverage for our hTERT assay for telomerasebased detection of cancers other than bladder cancer (such as thyroid and breast cancer) until 2035.

| Patent Family                         | Title                                                                              | Granted                                   | Pending                             | Expiry |
|---------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------|--------|
| <b>SubB2M</b>                         |                                                                                    |                                           |                                     |        |
| PCT/AU2017/051230<br>(WO2018/085888)  | Subtilase cytotoxin B subunit mutant                                               | AU, JP, US                                | BR, CA, CN, EP, IN,<br>KR, US(cont) | 2037   |
| PCT/AU2022/050470<br>(WO2022/236383)  | Methods of analysing a sample                                                      |                                           |                                     | 2042   |
| <b>Molecular NETs</b>                 |                                                                                    |                                           |                                     |        |
| PCT/US2010/058086<br>(WO2011/066449)  | Devices for detection of analytes                                                  | CN, US(cont1),<br>US(cont2),<br>US(cont3) | US(cont5)                           | 2030   |
| PCT/US2013/049779<br>(WO2014/011673)  | Molecular Nets                                                                     | EP                                        |                                     | 2033   |
| PCT/AU2022/050428<br>(WO2022/232886)  | Methods relating to tumour-derived extracellular vesicles                          |                                           |                                     | 2042   |
| <b>BARD1</b>                          |                                                                                    |                                           |                                     |        |
| PCT/FR01/02731<br>(WO/2002/018536)    | Truncated BARD1 protein, and its diagnostic and therapeutic uses                   | US                                        |                                     | 2024   |
| PCT/IB2011/054194<br>(WO/2012/038932) | Kits for detecting breast or ovarian cancer in a body fluid sample and use thereof | EP, US,<br>US(cont)                       |                                     | 2031   |
| EP14002398.7                          | Non-coding RNA as diagnostic marker and treatment target                           | US                                        |                                     | 2035   |
| <b>hTERT</b>                          |                                                                                    |                                           |                                     |        |
| PCT/AU2015/050060<br>(WO2015/120523)  | Method of resolving inconclusive cytology to detect cancer                         | AU, CN, EP,<br>IL, JP, US,<br>US(cont)    |                                     | 2035   |
| PCT/AU2016/050764<br>(WO2017/027928)  | Method of detecting cancer in morphologically normal cells                         | JP                                        | US                                  | 2036   |

## CORPORATE UPDATE

INOVIQ continued to drive awareness of its enhanced investment proposition, multi-product pipeline, progress and plans with investors and media through the period. INOVIQ presented at multiple investor conferences and numerous media outlets reported on INOVIQ news, see Presentation tab [www.inoviq.com/site/investors/presentations](http://www.inoviq.com/site/investors/presentations) and Media tab [www.inoviq.com/site/media/inoviq-in-the-news](http://www.inoviq.com/site/media/inoviq-in-the-news).

# Review of Operations

---

## Legal proceeding settled

The Walker and Irminger legal proceeding against the Company was finally settled on 28 November 2022, with no admission of liability. Under the terms of the settlement the plaintiffs received the BARD1 Lung Cancer Test (LCT) intellectual property (IP) and a lump-sum payment of A\$1 million (inclusive of GST) that included an obligation to commit \$300,000 to the development of the LCT. INOVIQ has retained the Breast and Ovarian Cancer IP and will receive 10% of future sales of any BARD1 LCT until the expiry of relevant patents, and 5% thereafter. The settlement avoided the costs, inconvenience and uncertainty of litigation, and allowed the proceeding to be dismissed with no costs ordered.

The Intellectual Property associated with the BARD1 Lung Cancer Test was housed within the Group's wholly owned Swiss subsidiary, BARD1AG SA, the control of which was given up when the shares were transferred to the plaintiffs as part of the settlement.

## Appointment of new CFO

On 6 October 2022, it was announced that Mark Edwards would join INOVIQ as Chief Financial Officer and Company Secretary, effective 2 November 2022. Mark Edwards B.Acc., CA is an experienced CFO and Company Secretary with expertise in financial leadership and management, corporate governance, investor relations and corporate transactions. His previous role was CFO and Company Secretary at Medical Developments International Ltd (ASX: MVP) for 8 years, where he managed over \$60 million in capital raisings, relocated the head office and manufacturing facility, established global infrastructure and operations and oversaw multiple new product launches. Previously he was Head of Finance and Company Secretary at Cogstate Ltd (ASX: CGS) and an Audit Senior Manager at Ernst & Young (EY) for 14 years, leading and managing professional staff in all aspects of audit, financial reporting, analysis and internal control across Manufacturing, Retail and Consumer Goods sectors, which included ASX listed clients.

## Scientific Awards

On 13 April 2023, INOVIQ was pleased to advise that Chief Scientific Officer, Professor Greg Rice, has been awarded the prestigious Joan Hunt IFPA Senior Award in Placentology for 2023. This award represents the highest distinction of the international placental research community, and recognises the work of established senior scientists, Principal Investigators and clinicians who have made a significant contribution to the understanding of placental and reproductive functions in general.

## Vale – Prof Allan Cripps

With profound sorrow, INOVIQ reflects on the passing of respected colleague and former Director, Professor Emeritus Allan Cripps AO on 21 December 2022. Prof Cripps served on the INOVIQ board as a Non-Executive Director from 23 January 2020 until 13 December 2022, when he retired due to ill health. Prof Cripps had a distinguished career as a clinical scientist and INOVIQ benefited immensely from his deep experience during his time on the Board.

## Investment in our future

During the year, INOVIQ invested in its people across exosome science, product development and commercial, as well as in state-of-the art equipment to support its in-house and partnered exosome-based product development for research, diagnostic and therapeutic applications.

INOVIQ's Melbourne laboratory was upgraded to an exosome core facility to enable high throughput sample processing, exosome isolation, characterisation and downstream analysis to provide a turn-key biomarker discovery-to-diagnostic solution for INOVIQ's internal and partnered EV-based R&D programs. Additionally, EXO-NET research, development and manufacturing was centralised from INOVIQ's US site to its upgraded Melbourne laboratory to streamline R&D activities, expand production capacity and increase access to the Australian Government's Research and Development Tax Incentive scheme.



## OUTLOOK AND PLANS

INOVIQ is 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 Company's key commercial objectives to drive shareholder value over the next 12-months are to advance its lead SubB2M diagnostics towards commercialisation, expand its EXO-NET exosome isolation tools, accelerate development of its exosome diagnostic pipeline, and generate revenues through product sales and partnering of its exosome technologies.

The Company expects to report key data readouts for its SubB2M and exosome diagnostic programs, as well as commercial progress, and looks forward to updating shareholders on these milestones and catalysts over the next 12 months.

### H2 CY 2023

- ✓ EXO-NET co-marketing agreement with Promega
- ✓ Results of EXO-OC equivalence study in plasma and serum (n=250)
- Results SubB2M SPR feasibility study
- Results SubB2M/CA125 OC analytical validation study
- Results of SubB2M/CA15-3 BC monitoring study
- Progress SubB2M partnering
- TEXO-NET data @ ANZSEV23 meeting

### H1 CY 2024

- Commercial progress SubB2M/CA15-3 test
- Results SubB2M/CA125 clinical validation studies
- NEURO-NET data
- New EXO-NET collaborations/partnering
- Progress EXO-OC clinical study

The Company is strongly positioned with differentiated technology, a multi-product pipeline, growing partnering interest and an experienced team to execute on strategy, deliver key development / commercial milestones, and grow shareholder value over the next 12 months.

# Review of Operations

## FINANCIAL RESULTS

The Group recorded a net loss from operating activities after income tax of \$8,969,241 (2022: \$18,195,977) and ended the financial year with a cash balance of \$7,812,511 (2022: \$15,394,847).

Product revenues for the hTERT test totalled \$363,209 (2022: \$273,897). Income from other sources was \$1,506,730 (2022: \$1,786,130) including an accrual of \$949,501 for the Research and Development Tax Incentive Refund for the 2023 financial year (2022: \$1,316,437 accrual for the 2021 and 2022 Research and Development Tax Incentive claims). The refund for 2023 is expected to be received in the coming months. Grant income contributed \$58,130 (2022: \$404,025), comprising a final amount of \$8,930 from the BTB Grant supporting the SubB2M breast cancer program and \$49,200 from the Export Market Development Grant. Interest and miscellaneous income added \$353,721 (2022: \$65,668).

General and administration costs were \$6,832,901 (2022: \$5,855,103) with the following significant contributors:

- employee expenditure \$1,914,513 (2022: \$1,770,247) including non-cash share options expense of \$285,111 (2022: \$239,651);
- consulting and legal fees \$2,147,043 (2022: \$1,514,422) the majority of these costs relating to fees paid to defend the Supreme Court Writ and achieve the settlement outcome;
- amortisation of intangible assets \$944,933 (2022: \$1,677,408) for the hTERT and Nets intangible assets; and
- ASX listing and share registry fees of \$132,421 (2022: \$213,426).

Research and Development expenditure was \$3,224,469 (2022: \$3,035,963). The majority of expenditure was incurred on the SubB2M and Molecular Nets programs. Included in this figure was employee related expenditure of \$1,334,274 (2022: \$1,255,196) and \$1,649,970 (2022: \$1,573,161) paid to external contractors and suppliers.

Sales and Marketing expenditure was \$772,312 (2022: \$548,451) of which employee related expenditure contributed \$620,321 (2022: \$437,766).

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 \$944,933 (2021: \$1,677,408) for the hTERT and Molecular Nets intangible assets and \$20,030 (2022: \$34,354) related to granted patents;
- depreciation of right-of-use assets (required by accounting standard AASB16 – Leases) \$274,998 (2022: \$274,998);
- depreciation of building improvements \$33,154 (2022: \$32,247) and depreciation of plant and equipment \$120,617 (2022: \$82,584);
- share based payments expense of \$285,111 (2022: \$239,651);
- intangible asset and goodwill impairment of \$nil (2022: \$12,821,402); and
- lease liability interest expense, as required by AASB16, \$59,524 (2022: \$81,963).

The loss recorded in the prior reporting period was reduced by the recognition of a \$2,058,513 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.

# Financial Report

---

For the year ended  
30 June 2023

## Contents

- 22 Directors' Report
- 35 Auditor's Independence Declaration
- 36 Consolidated Statement of Comprehensive Income
- 37 Consolidated Statement of Financial Position
- 38 Consolidated Statement of Changes in Equity
- 39 Consolidated Statement of Cash Flows
- 40 Notes to the Financial Statements
- 68 Directors' Declaration
- 69 Corporate Governance Statement
- 70 Independent Auditor's Report

# 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 2023 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 EXONET® 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 2023 it had one wholly owned subsidiary, Sienna Cancer Diagnostics Ltd (an Australian public company). A former wholly owned subsidiary, BARD1AG SA (a company domiciled in Switzerland) was deconsolidated during the year. 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 2023 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 and a member of the Audit & Risk 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 Self Medication Industry (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 a former Non-Executive Director of Medical Developments International Ltd (ASX: MVP), Tissue Repair Ltd (ASX: TRP), Eneo 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 and resigned on 13 December 2022)**

With profound sorrow, INOVIQ reflects on the passing of respected colleague and former Director, Professor Emeritus Allan Cripps AO on 20 December 2022. Prof Cripps served on the INOVIQ board as a Non-Executive Director from 23 January 2020 until 13 December 2022, when he retired due to ill health. Prof Cripps had a renowned career as a clinical scientist and INOVIQ benefited immensely from his deep experience during his time on the Board. Professor Cripps was 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 a research professor at Griffith University, leading the Mucosal Immunology Research Group within the Menzies Health Institute Queensland. Professor Cripps had nearly 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 had 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 was 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 was 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 was a member of the Company's Remuneration Committee and Audit & Risk Committee.

Professor Cripps had 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<br>Shares | Options |
|---------------------|--------------------|---------|
| Dr Geoffrey Cumming | 177,414            | 552,000 |
| Mr Max Johnston     | 404,310            | 500,000 |
| Mr Philip Powell    | 474,630            | 500,000 |

# Directors' Report

---

## EXECUTIVE MANAGEMENT AND COMPANY SECRETARY

### Chief Executive Officer

#### Dr Leearne Hinch BSc BVMS MBA (appointed 7 November 2016)

Dr Hinch is an experienced biotechnology CEO having 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 Scientific Officer

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

Dr 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 Financial Officer and Company Secretary

#### Mr Mark Edwards BAcc CA (appointed 2 November 2022)

Mr Edwards is a highly experienced and capable CFO and Company Secretary with expertise in financial leadership and management, corporate governance, investor relations and corporate transactions. Mr Edwards was previously CFO and Company Secretary at Medical Developments International Ltd (ASX: MVP) for 8 years, where he managed over \$60 million in capital raisings, relocated the head office and manufacturing facility, established global infrastructure and operations and oversaw multiple new product launches. Previously he was Head of Finance and Company Secretary at Cogstate Ltd (ASX: CGS) and an Audit Senior Manager at Ernst & Young (EY) for 14 years, leading and managing professional staff in all aspects of audit, financial reporting, analysis and internal control across Manufacturing, Retail and Consumer Goods sectors, which included ASX listed clients.

## FORMER KEY MANAGEMENT PERSONNEL

### Chief Financial Officer and Company Secretary

#### Mr Tony Di Pietro BComm CA AGIA MAICD (appointed 28 July 2020 and resigned on 11 November 2022)

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 also gained valuable experience in other industry sectors, employed by companies such as BHP Ltd, ExxonMobil Ltd, HSBC Ltd and Wilson Group.

### 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, Bioxyne 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 SETTLEMENT

The Walker and Irminger legal proceeding against the Company was finally settled on 28 November 2022, with no admission of liability. Under the terms of the settlement the plaintiffs received the BARD1 Lung Cancer Test (LCT) intellectual property (IP) and a lump-sum payment of A\$1 million (inclusive of GST) that included an obligation to commit \$300,000 to the development of the LCT. INOVIQ has retained the Breast and Ovarian Cancer IP and will receive 10% of future sales of any BARD1 LCT until the expiry of relevant patents, and 5% thereafter. The settlement avoided the costs, inconvenience and uncertainty of litigation, and allowed the proceeding to be dismissed with no costs ordered.

The Intellectual Property associated with the BARD1 Lung Cancer Test was housed within the Group's wholly owned Swiss subsidiary, BARDIAG SA, the control of which was given up when the shares were transferred to the plaintiffs as part of the settlement during the current period.

## MATERIAL BUSINESS RISKS AND INHERENT RISKS OF INVESTMENT IN BIOTECHNOLOGY COMPANIES

There are several inherent risk factors both specific to the development and commercialisation of medical devices, including diagnostics to a marketable stage which may impact the future operating, financial performance and viability of The Group.

The material business risks that are likely to influence the prospects of the Group include:

| Risk                | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Product Development | <p>There are many risks inherent in the development of diagnostic products, including that projects can be delayed or fail to meet outcomes or demonstrate any benefit, or research may cease to be viable for a range of scientific, regulatory and commercial reasons.</p> <p>INOVIQ's diagnostic pipeline product will require further research development and validation, and future clinical studies, which carry the risk of technology transfer failure, clinical validation failure and other potential adverse outcomes.</p> <p>Regulatory review or approval may be required to conduct clinical studies in some jurisdictions, and there is no assurance that any regulatory or review body will allow INOVIQ to undertake such studies or that approvals to conduct such studies will be granted in a timely manner. Any delays in securing relevant approvals from regulatory or review bodies may result in substantial delays and/or increases in costs.</p>                                                              |
| Commercialisation   | <p>It is likely that INOVIQ will need to form marketing and/or product development alliances with third parties for INOVIQ products in countries which INOVIQ seeks to commercialise (subject to ongoing legal and regulatory compliance and financial viability to market or develop such products). INOVIQ will rely on its ability and that of its partners to develop and commercialise its products in order to create future revenue. Any products developed by INOVIQ will require extensive clinical testing, regulatory approval and significant marketing efforts before they can be sold and generate revenue. INOVIQ's efforts to generate revenue may not succeed for a number of reasons including issues or delays in the development, testing, regulatory approval, marketing or reimbursement of these products or services. There is no assurance that suitable partnerships will be secured or commercialise INOVIQ products, which may have adverse impacts on INOVIQ's operating results and financial position.</p> |

# Directors' Report

| Risk                              | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Intellectual Property Protection  | <p>Additionally, should INOVIQ elect to commercialise its products directly in any countries, it would be required to invest significant time and resources to build direct sales, distribution and marketing capabilities, and it would be required to ensure compliance with all legal and regulatory requirements for sales, marketing and distribution. Furthermore, even if INOVIQ does not achieve commercialisation of any of its products and services, it may not be able to sustain its efforts or otherwise achieve commercialisation to a degree which would support the ongoing viability of its operations.</p> <p>A failure to successfully develop and commercialise INOVIQ's products could lead to a loss of opportunities and adversely impact on INOVIQ's operating results and financial position. In those countries where INOVIQ seeks to commercialise its products through distributors or other third parties, INOVIQ will rely heavily on the ability of its partners to effectively market and sell its products and services</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Competition                       | <p>The value of INOVIQ is strongly linked to its intellectual property. As of 30 June 2023, the Company has 21 granted patents and 2 pending patent applications across hTERT, Molecular NETs, BARD1 and SubB2M technology platforms. Maintaining this value is therefore dependent on INOVIQ's ability to protect its intellectual property. There is no guarantee that INOVIQ's patent rights comprise all of the rights that INOVIQ needs to be entitled to freely use and commercialise its products. If third party patents or patent applications contain claims infringed by INOVIQ's technology and these claims are valid, INOVIQ may be unable to obtain licences to these patents at a reasonable cost, if at all, and may also be unable to develop or obtain alternative technology. If such licences cannot be obtained at a reasonable cost, the business could be significantly impacted. Furthermore, the enforceability of the patents owned by INOVIQ may be challenged and INOVIQ's patents could be partially or wholly invalidated following challenged by third parties. Each jurisdiction has its own patent laws and particular requirements that need to be met for the grant of a patent. There may be changes to patent law or its interpretation by the courts in a particular jurisdiction from time to time, which may have an impact on patents in the relevant country.</p> <p>There is no guarantee that any further patent applications will be granted or that the Company's owned and licensed patent rights comprise all the rights that the Company should have acquired to be entitled to freely use and commercialise its products.</p> <p>INOVIQ operates in the life sciences and diagnostic industries that are highly competitive, and include companies that have substantially greater financial, technical, research and development, and marketing resources than INOVIQ. There are companies that compete with INOVIQ's efforts to develop, validate and commercialise diagnostic products and other product candidates. INOVIQ's competitors may discover, develop, validate and commercialise products in advance of INOVIQ, and/or products that are more effective, more economical or materially superior to those developed by INOVIQ. Consequently, with the potential for rapid advance in technology, INOVIQ's current or future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on INOVIQ's revenues, margins and ultimately its profitability.</p> |
| Government and regulatory factors | <p>The diagnostic industry is regulated in Australia, the United States, Europe and other countries in which INOVIQ may conduct business operations or seek to commercialise its products. INOVIQ has not yet formally engaged with the TGA (Australia), FDA (USA), Notified Bodies (Europe) and other regulatory authorities to establish the optimal regulatory pathway/s and clinical study plans for its diagnostic products in key jurisdictions. While INOVIQ is not aware of any reason why its cancer diagnostic products would not be able to advance to clinical validation stage, INOVIQ cannot guarantee that this will occur in a timely manner or at all. Additionally, INOVIQ may fail to gain marketing or regulatory approval in Australia, the US, EU, or other jurisdictions for its cancer diagnostics products.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Risk                                  | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       | <p>INOVIQ will be subject to the laws and regulations of Australia and each country in which it operates. Any amendment to existing legislation or regulations in countries where INOVIQ operates and plans to operate may adversely affect INOVIQ's business operations. Any actual or alleged breach of such legislation or regulation could result in INOVIQ being subject to remedial actions, such as product recalls, or penalties, or litigation, which may be more stringent than those in Australia. Additionally, following commercialisation of any INOVIQ products (which may not occur), INOVIQ will be subject to the laws and regulations concerning the post market surveillance of medical device products in the market.</p> <p>Changes in government legislation and policy in those jurisdictions in which INOVIQ operates or plans to operate, in particular changes in taxation, royalties, compliance with environmental regulations, export, workplace health and safety, chain of responsibility, intellectual property, customs, tariffs, franchising and competition laws, may affect the future earnings, asset values and the relative attractiveness of investing in INOVIQ. Furthermore, INOVIQ operates in foreign jurisdictions where business may be affected by changes implemented by foreign governments</p> |
| Manufacturing Production Risks        | <p>Production of antibodies, proteins, other test reagents or final diagnostic products for INOVIQ such as its hTERT, SubB2M or EXO-NET products should be a low risk undertaking for an experienced and capable manufacturer. Nevertheless, there is some risk that batches manufactured for sale do not pass acceptance testing or are rejected for quality control reasons, leading to an inability to supply reagents or products to the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Healthcare Insurers and Reimbursement | <p>In both domestic and foreign markets, sales of products are likely to depend in part upon the availability and amounts of reimbursement from third party healthcare payer organisations, including government agencies, private healthcare insurers, self-insured employee plans and other healthcare payers such as health maintenance organisations. In most major markets, there is considerable pressure to reduce the cost of healthcare. No assurance can be given that reimbursement will continue to be provided by such payors at all, or without substantial delay, or that reimbursement amounts will be sufficient to enable the Company to sell products developed on a profitable basis.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Funding                               | <p>Companies such as INOVIQ 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 INOVIQ, should be regarded as highly speculative. INOVIQ strongly recommends that professional investment advice be sought prior to individuals making such investments</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

## 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.

# Directors' Report

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

- On 6 July 2023, the Company announced that it and Promega signed a global joint marketing agreement for INOVIQ's EXO-NET exosome capture technology and Promega Nucleic Acid purification systems; and
- On 9 August 2023, the Company announced results of its Ovarian Cancer Serum equivalence study, showing EXO-NET successfully isolated extracellular vesicles (EVs) from both plasma and serum samples, with variability in results noted for long-term biobanked plasma and serum samples.

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.

## 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 2023 totalled \$19,615,397 (2022: \$28,292,837).

Total assets at 30 June 2023 totalled \$21,508,818 (2022: \$30,779,459). The Group had cash and cash equivalents of \$7,812,511 at 30 June 2023 (2022: \$15,394,847).

## DIVIDENDS

No dividend has been declared, provided for or paid in respect of the year ended 30 June 2023 or 30 June 2022.

## 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 director 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 2023 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    | 11                                   | 11                | 1                                    | 1                 | 1                                    | 1                 |
| Mr Max Johnston        | 11                                   | 11                | 3                                    | 3                 | 1                                    | 1                 |
| Mr Philip Powell       | 11                                   | 11                | 3                                    | 3                 | N/A                                  | N/A               |
| Professor Allan Cripps | 5                                    | 4                 | 2                                    | 2                 | 1                                    | –                 |

Dr Geoffrey Cumming joined the Audit Committee on 23 February 2023 after the resignation of Professor Allan Cripps and was therefore only eligible to attend 1 meeting.

Professor Allan Cripps resigned from the IIQ Board on 13 December 2022 and was therefore only eligible to attend 5 Board meetings, 2 Audit Committee meetings and 1 Remuneration committee meeting.

## 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 2023.

### 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, with Dr Geoff Cumming appointed to the committee on 13 August 2020. All Remuneration Committee members are Non-Executives of the Company. Remuneration for directors and executives are not linked directly to the performance of the economic entity.

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 Edwards and Mr Di Pietro. The major provisions of each of the agreements relating to compensation are set out below.

### 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.

## Directors' Report

---

### Dr Hinch

Dr Leearne 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 \$400,000 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 \$200,000 if the full notice period is not served.

A Short-Term Incentive (STI) bonus of \$60,000 was paid during the financial year for the achievement of agreed key performance indicators (KPIs) for the 12 months to 30 June 2022. This STI was paid in January 2023.

Dr Hinch may also be eligible for a Long-Term Incentive (LTI), being the grant of options. 500,000 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 had 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 resigned from the Board on 13 December 2022 and was not entitled to a termination or redundancy benefit. Professor Cripps 500,000 options remain open to exercise through to expiry.

### Dr 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 \$274,708 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 up to \$68,677 if the full notice period is not served.

A Short-Term Incentive (STI) bonus of \$21,176 was paid during the financial year for the achievement of agreed key performance indicators (KPIs) for the 30 June 2022 year. This STI was paid in January 2023.

Dr Rice has 150,000 options issued as part of a Long-Term Incentive plan granted in 2021.

### Mr Edwards (appointed 2 November 2022)

Mr Mark Edwards has an Employment Agreement with the Group dated 21 September 2022 to perform the role of Chief Financial Officer and Company Secretary, under which Mr Edwards is paid a total fixed remuneration of \$254,708 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 \$63,677 if the full notice period is not served.

Mr Edwards is also eligible for a Long-Term Incentive (LTI), being the grant of options. Mr Edwards had 150,000 options issued as part of a Long-Term Incentive plan in 2022.

### Mr Di Pietro (appointed 28 July 2020 and resigned on 11 November 2022)

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 he was paid a total fixed remuneration of \$159,380 (including annual leave entitlements on departure) plus superannuation entitlement in the current financial year. No Short-Term Incentive bonus was paid to Mr Di Pietro during the 2023 financial year. A Short-Term Incentive (STI) bonus of \$27,857 was paid during the 30 June 2022 financial year for the achievement of agreed key performance indicators (KPIs) for the 12 months to 30 June 2021. This STI was paid in October 2021.

No options were issued to Mr Di Pietro during the 2023 financial year.

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<br>Benefits<br>Salary &<br>Fees<br>\$ | Bonus*<br>\$  | Post –<br>Employment<br>Benefits<br>Superannuation<br>\$ | Long<br>Term<br>Benefits<br>\$ | Share Based<br>Payments<br>(Options) <sup>#</sup><br>\$ | Total<br>\$      | Percentage (%) |                  |
|---------------------------|-------------|--------------------------------------------------|---------------|----------------------------------------------------------|--------------------------------|---------------------------------------------------------|------------------|----------------|------------------|
|                           |             |                                                  |               |                                                          |                                |                                                         |                  | Fixed<br>Rem.  | Variable<br>Rem. |
| G Cumming <sup>1</sup>    | 2023        | 75,000                                           | -             | 7,875                                                    | -                              | 51,304                                                  | 134,179          | 62%            | 38%              |
| Chairman                  | 2022        | 75,000                                           | -             | 7,500                                                    | -                              | 55,446                                                  | 137,946          | 60%            | 40%              |
| P Powell                  | 2023        | 50,000                                           | -             | 5,250                                                    | -                              | 51,304                                                  | 106,554          | 52%            | 48%              |
| Non-Exec Director         | 2022        | 50,000                                           | -             | 5,000                                                    | -                              | 55,446                                                  | 110,446          | 50%            | 50%              |
| M Johnston                | 2023        | 50,000                                           | -             | 5,250                                                    | -                              | 51,304                                                  | 106,554          | 52%            | 48%              |
| Non-Exec Director         | 2022        | 50,000                                           | -             | 5,000                                                    | -                              | 55,446                                                  | 110,446          | 50%            | 50%              |
| A Cripps                  | 2023        | 25,000                                           | -             | 2,625                                                    | -                              | 51,304                                                  | 78,929           | 35%            | 65%              |
| Non-Exec Director         | 2022        | 50,000                                           | -             | 5,000                                                    | -                              | 55,446                                                  | 110,446          | 50%            | 50%              |
| L Hinch                   | 2023        | 396,072                                          | 60,000        | 25,292                                                   | 14,888                         | 61,859                                                  | 558,111          | 78%            | 22%              |
| CEO                       | 2022        | 376,432                                          | 70,790        | 23,568                                                   | 14,532                         | -                                                       | 485,322          | 85%            | 15%              |
| Mark Edwards <sup>2</sup> | 2023        | 168,280                                          | -             | 17,669                                                   | 385                            | 17,035                                                  | 203,369          | 92%            | 8%               |
| CFO and Co Sec            | 2022        | -                                                | -             | -                                                        | -                              | -                                                       | -                | -              | -                |
| G Rice <sup>3</sup>       | 2023        | 270,590                                          | 21,176        | 25,292                                                   | 1,766                          | 41,835                                                  | 360,659          | 83%            | 17%              |
| CSO                       | 2022        | 196,154                                          | -             | 18,541                                                   | 420                            | 37,738                                                  | 252,853          | 85%            | 15%              |
| T Di Pietro <sup>4</sup>  | 2023        | 159,380                                          | -             | 9,499                                                    | -                              | -                                                       | 168,879          | 100%           | -                |
| CFO and Co Sec            | 2022        | 256,432                                          | 27,857        | 23,568                                                   | 5,286                          | 11,100                                                  | 324,243          | 88%            | 12%              |
| P French <sup>5</sup>     | 2023        | -                                                | -             | -                                                        | -                              | -                                                       | -                | -              | -                |
| CSO                       | 2022        | 38,059                                           | -             | 3,302                                                    | -                              | 33,638                                                  | 74,999           | 55%            | 45%              |
| C Stubbings <sup>6</sup>  | 2023        | -                                                | -             | -                                                        | -                              | -                                                       | -                | -              | -                |
| COO                       | 2022        | 62,579                                           | -             | 3,928                                                    | -                              | -                                                       | 66,507           | 100%           | -                |
| <b>Total</b>              | <b>2023</b> | <b>1,194,322</b>                                 | <b>81,176</b> | <b>98,752</b>                                            | <b>17,039</b>                  | <b>325,945</b>                                          | <b>1,717,234</b> | <b>76%</b>     | <b>24%</b>       |
| <b>Total</b>              | <b>2022</b> | <b>1,154,656</b>                                 | <b>98,647</b> | <b>95,407</b>                                            | <b>20,238</b>                  | <b>304,260</b>                                          | <b>1,673,208</b> | <b>76%</b>     | <b>24%</b>       |

1 G Cumming appointed 28 July 2020

2 M Edwards appointed 2 November 2022

3 G Rice appointed 20 September 2021

4 T Di Pietro appointed 28 July 2020 and resigned 11 November 2022

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

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

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

\* Bonuses are Board determined for the achievement of agreed key performance indicators. The KPI's achieved include a range of operational initiatives, product development milestones and research collaborations

## 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<br>ended<br>30 June<br>2019* | 12 months<br>ended<br>30 June<br>2020 | 12 months<br>ended<br>30 June<br>2021 <sup>#</sup> | 12 months<br>ended<br>30 June<br>2022 <sup>#</sup> | 12 months<br>ended<br>30 June<br>2023 <sup>#</sup> |
|---------------------|----------------------------------------|---------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Closing share price | \$0.020                                | \$0.027                               | \$1.88                                             | \$0.39                                             | <b>\$0.85</b>                                      |
| Loss after tax (\$) | (1,717,273)                            | (3,253,553)                           | (11,150,880)                                       | (18,195,977)                                       | <b>(8,969,241)</b>                                 |
| EPS (\$ per share)  | (0.001)                                | (0.0022)                              | (0.1443)                                           | (0.2003)                                           | <b>(0.0975)</b>                                    |

# 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 the 30 June 2019 year was adjusted by a factor of 1.019 to reflect the bonus element of the capital raising completed subsequent to year end.

# Directors' Report

## Share Options

### Shares issued as a result of the exercise of options

During the financial year the Company issued no new ordinary shares from the exercise of options (2022: 83,778). Proceeds received in the prior year from the exercise of options totalled \$50,272.

### Options issued

650,000 options were issued to staff members under the terms of the IIQ Incentive Option Plan (IOP) during the financial year as follows:

- Mr. Mark Edwards was awarded 150,000 upon his appointment to the role of Chief Financial Officer and Company Secretary. These options were granted on 2 November 2022. The options are exercisable at \$0.82 per option, vest in three equal tranches – 12, 24 and 36 months from grant date – and expire 2 November 2026. The fair value per option at grant date was \$0.2816 (calculated using a Binomial option pricing model). Options are forfeited if Mr. Edwards 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 57.6% premium to IIQ's share price at the time of issue.
- Dr. Leeearne Hinch was awarded 500,000 in her role as Chief Executive Officer. These options were granted on 15 December 2022. The options are exercisable at \$1.08 per option, vest in three equal tranches – 12, 24 and 36 months from grant date – and expire 15 December 2026. The fair value per option at grant date was \$0.3734 (calculated using a Binomial option pricing model). Options are forfeited if Dr. Hinch 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 56.5% premium to IIQ's share price at the time of issue.

In the comparative period the below option issues occurred

- 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 expire on 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 expire on 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 and are subject to continuation of employment except in the event of forced resignation due to illness/death. 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 2022 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. The options are exercisable at \$1.46 per option, vest 19 November 2022 and expire 19 November 2025. The fair value per option at grant date was \$0.801 (calculated using a Binomial option pricing model). These options later lapsed, as vesting conditions were not met. 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.

## Key Management Personnel Shareholdings

At 30 June 2023 the interests of the key management personnel in the ordinary shares in the Company were:

|                     | Balance<br>Ordinary<br>Shares<br>30 June 2022 | Acquired<br>via Share<br>Purchase<br>Plan | Acquired on<br>Market | Balance<br>Ordinary<br>Shares<br>30 June 2023 |
|---------------------|-----------------------------------------------|-------------------------------------------|-----------------------|-----------------------------------------------|
| Dr Geoffrey Cumming | 177,414                                       | -                                         | -                     | <b>177,414</b>                                |
| Max Johnston        | 404,310                                       | -                                         | -                     | <b>404,310</b>                                |
| Philip Powell       | 396,631                                       | -                                         | 77,999                | <b>474,630</b>                                |
| Dr Leeearne Hinch   | 74,354                                        | -                                         | -                     | <b>74,354</b>                                 |
| Dr Gregory Rice     | -                                             | -                                         | 20,000                | <b>20,000</b>                                 |
| Mark Edwards        | -                                             | -                                         | -                     | <b>-</b>                                      |

## Key Management Personnel Options

At 30 June 2023 the interests of the key management personnel in options over ordinary shares in the Company were:

|                     | Balance<br>Options<br>30 June 2022 | Acquired<br>via Share<br>Purchase<br>Plan | Granted as<br>Remuneration | Exercised | Balance<br>Options<br>30 June 2023 |
|---------------------|------------------------------------|-------------------------------------------|----------------------------|-----------|------------------------------------|
| Dr Geoffrey Cumming | 552,000                            | -                                         | -                          | -         | <b>552,000</b>                     |
| Max Johnston        | 500,000                            | -                                         | -                          | -         | <b>500,000</b>                     |
| Philip Powell       | 500,000                            | -                                         | -                          | -         | <b>500,000</b>                     |
| Dr Leeearne Hinch   | 676,344                            | -                                         | 500,000                    | -         | <b>1,176,344</b>                   |
| Dr Gregory Rice     | 150,000                            | -                                         | -                          | -         | <b>150,000</b>                     |
| Mark Edwards        | -                                  | -                                         | 150,000                    | -         | <b>150,000</b>                     |

## Loans to Key Management Personnel

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

## Other Transactions with KMPs

There have been no transactions with KMP's during the financial year.

In the prior year, after ceasing his role as Chief Scientific Officer on 17 August 2021, Dr Peter French received \$42,400 under a consultancy agreement during the 30 June 2022 year, for strategic technology advice. Nothing was paid to Dr Peter French in the 2023 Financial Year.

## Voting and comments at the Company's 2022 Annual General Meeting

The Company received 99.22% of the vote in favour of its Remuneration Report for the 2022 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.

|                         | 2023<br>\$ | 2022<br>\$ |
|-------------------------|------------|------------|
| Fees to Grant Thornton: | -          | -          |

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the twelve months ending 30 June 2023 has been received and can be found on page 35.

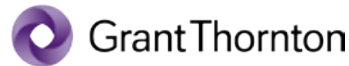
Signed in accordance with a resolution of the directors.



**Dr Geoff Cumming**  
Non-Executive Chairman

30 August 2023

# Auditor's Independence Declaration



**Grant Thornton Audit Pty Ltd**  
 Level 22 Tower 5  
 Collins Square  
 727 Collins Street  
 Melbourne VIC 3008  
 GPO Box 4736  
 Melbourne VIC 3001  
 T +61 3 8320 2222

## 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 2023, 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, 30 August 2023

[www.granthornton.com.au](http://www.granthornton.com.au)  
 ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

|                                                                               |      | Consolidated Group                 |                                    |
|-------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
|                                                                               |      | For the year ended 30 June 2023 \$ | For the year ended 30 June 2022 \$ |
|                                                                               | Note |                                    |                                    |
| <b>REVENUE AND COST OF SALES FROM ORDINARY ACTIVITIES</b>                     |      |                                    |                                    |
| Product revenue                                                               | 3    | <b>398,193</b>                     | 276,745                            |
| Cost of sales                                                                 |      | <b>(44,482)</b>                    | (56,446)                           |
| <b>GROSS PROFIT</b>                                                           |      | <b>353,711</b>                     | 220,299                            |
| <b>OTHER INCOME</b>                                                           |      |                                    |                                    |
| Research and Development Tax Incentive refund                                 | 4    | <b>1,094,879</b>                   | 1,316,437                          |
| Grant income                                                                  | 4    | <b>58,130</b>                      | 404,025                            |
| Interest and miscellaneous income                                             | 4    | <b>353,721</b>                     | 65,668                             |
| <b>TOTAL OTHER INCOME</b>                                                     |      | <b>1,506,730</b>                   | 1,786,130                          |
| <b>OPERATING EXPENDITURES</b>                                                 |      |                                    |                                    |
| Impairment of Intangibles                                                     | 10   | -                                  | (12,821,402)                       |
| General and Administration                                                    | 5    | <b>(6,832,901)</b>                 | (5,855,103)                        |
| Research and Development                                                      | 5    | <b>(3,224,469)</b>                 | (3,035,963)                        |
| Sales and Marketing                                                           | 5    | <b>(772,312)</b>                   | (548,451)                          |
| <b>TOTAL OPERATING EXPENDITURES</b>                                           |      | <b>(10,829,682)</b>                | (22,260,919)                       |
| <b>LOSS BEFORE INCOME TAX</b>                                                 |      | <b>(8,969,241)</b>                 | (20,254,490)                       |
| Income tax credit/(expense)                                                   | 6    | -                                  | 2,058,513                          |
| <b>LOSS AFTER INCOME TAX</b>                                                  |      | <b>(8,969,241)</b>                 | (18,195,977)                       |
| <b>OTHER COMPREHENSIVE INCOME</b>                                             |      |                                    |                                    |
| <i>Items that may be subsequently reclassified to operating result</i>        |      |                                    |                                    |
| Foreign currency translation                                                  | 16   | <b>(206,345)</b>                   | (28,937)                           |
| <b>OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR, NET OF TAX</b>               |      | <b>(206,345)</b>                   | (28,937)                           |
| <b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO THE MEMBERS OF INOVIQ LIMITED</b> |      | <b>(9,175,586)</b>                 | (18,224,914)                       |
|                                                                               |      |                                    |                                    |
| <b>Loss per share:</b>                                                        |      | <b>Cents</b>                       | <b>Cents</b>                       |
| Basic loss per share                                                          | 18   | <b>(9.75)</b>                      | (20.03)                            |
| Diluted loss per share                                                        | 18   | <b>(9.75)</b>                      | (20.03)                            |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

as at 30 June 2023

|                                             | Notes | Consolidated Group             |                                |
|---------------------------------------------|-------|--------------------------------|--------------------------------|
|                                             |       | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
| <b>CURRENT ASSETS</b>                       |       |                                |                                |
| Cash and cash equivalents                   | 7     | 7,812,511                      | 15,394,847                     |
| Trade and other receivables                 | 8     | 1,193,007                      | 1,705,853                      |
| Inventories                                 |       | 17,815                         | 13,429                         |
| Prepayments                                 |       | 380,161                        | 352,656                        |
| <b>TOTAL CURRENT ASSETS</b>                 |       | <b>9,403,494</b>               | 17,466,785                     |
| <b>NON-CURRENT ASSETS</b>                   |       |                                |                                |
| Building improvements, plant, and equipment | 9     | 861,845                        | 780,307                        |
| Intangible assets                           | 10    | 10,651,666                     | 11,665,556                     |
| Goodwill                                    | 10    | -                              | -                              |
| Right-of-use assets                         | 11    | 591,813                        | 866,811                        |
| <b>TOTAL NON-CURRENT ASSETS</b>             |       | <b>12,105,324</b>              | 13,312,674                     |
| <b>TOTAL ASSETS</b>                         |       | <b>21,508,818</b>              | 30,779,459                     |
| <b>CURRENT LIABILITIES</b>                  |       |                                |                                |
| Trade and other payables                    | 12    | 787,796                        | 1,046,251                      |
| Lease liability                             | 13    | 362,347                        | 357,032                        |
| Provisions                                  | 14    | 367,761                        | 392,413                        |
| <b>TOTAL CURRENT LIABILITIES</b>            |       | <b>1,517,904</b>               | 1,795,696                      |
| <b>NON-CURRENT LIABILITIES</b>              |       |                                |                                |
| Lease liability                             | 13    | 368,365                        | 641,656                        |
| Provisions                                  | 14    | 7,152                          | 49,270                         |
| Deferred tax liability                      | 6(c)  | -                              | -                              |
| <b>TOTAL NON-CURRENT LIABILITIES</b>        |       | <b>375,517</b>                 | 690,926                        |
| <b>TOTAL LIABILITIES</b>                    |       | <b>1,893,421</b>               | 2,486,622                      |
| <b>NET ASSETS</b>                           |       | <b>19,615,397</b>              | 28,292,837                     |
| Issued capital                              | 15(a) | 69,053,379                     | 69,053,379                     |
| Distribution reserve                        | 16    | -                              | (309,421)                      |
| Share based payment reserve                 | 16    | 1,679,616                      | 1,458,171                      |
| Foreign exchange translation reserve        | 16    | (45,076)                       | (51,766)                       |
| Accumulated losses                          | 17    | (51,072,522)                   | (41,857,526)                   |
| <b>TOTAL EQUITY</b>                         |       | <b>19,615,397</b>              | 28,292,837                     |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

|                                                                           | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Distribution<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Share<br>Based<br>Payments<br>Reserve<br>\$ | Total<br>Equity<br>\$ |
|---------------------------------------------------------------------------|-------------------------|-----------------------------|-------------------------------|-----------------------------------------------------|---------------------------------------------|-----------------------|
| <b>At 30 June 2022</b>                                                    | <b>69,053,379</b>       | <b>(41,857,526)</b>         | <b>(309,421)</b>              | <b>(51,766)</b>                                     | <b>1,458,171</b>                            | <b>28,292,837</b>     |
| Loss for the year                                                         | -                       | (8,969,241)                 | -                             | -                                                   | -                                           | (8,969,241)           |
| Other comprehensive income                                                | -                       | -                           | -                             | (206,345)                                           | -                                           | (206,345)             |
| <b>Total comprehensive loss for the period</b>                            | <b>-</b>                | <b>(8,969,241)</b>          | <b>-</b>                      | <b>(206,345)</b>                                    | <b>-</b>                                    | <b>(9,175,586)</b>    |
| Reclassification adjustment to income statement on disposal of subsidiary | -                       | -                           | -                             | 213,035                                             | -                                           | 213,035               |
| Transfer of reserve to accumulated losses on disposal of subsidiary       | -                       | (309,421)                   | 309,421                       | -                                                   | -                                           | -                     |
| Share based payments                                                      | -                       | -                           | -                             | -                                                   | 338,684                                     | 338,684               |
| Value of options that did not meet vesting conditions                     | -                       | -                           | -                             | -                                                   | (53,573)                                    | (53,573)              |
| Transfer of expired share-based payments                                  | -                       | 63,666                      | -                             | -                                                   | (63,666)                                    | -                     |
| <b>At 30 June 2023</b>                                                    | <b>69,053,379</b>       | <b>(51,072,522)</b>         | <b>-</b>                      | <b>(45,076)</b>                                     | <b>1,679,616</b>                            | <b>19,615,397</b>     |
| <b>At 1 July 2021</b>                                                     | <b>51,832,009</b>       | <b>(23,954,720)</b>         | <b>(309,421)</b>              | <b>(22,829)</b>                                     | <b>1,511,691</b>                            | <b>29,056,730</b>     |
| Loss for the year                                                         | -                       | (18,195,977)                | -                             | -                                                   | -                                           | (18,195,977)          |
| Other comprehensive income                                                | -                       | -                           | -                             | (28,937)                                            | -                                           | (28,937)              |
| <b>Total comprehensive loss for the period</b>                            | <b>-</b>                | <b>(18,195,977)</b>         | <b>-</b>                      | <b>(28,937)</b>                                     | <b>-</b>                                    | <b>(18,224,914)</b>   |
| 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                |
| <b>At 30 June 2022</b>                                                    | <b>69,053,379</b>       | <b>(41,857,526)</b>         | <b>(309,421)</b>              | <b>(51,766)</b>                                     | <b>1,458,171</b>                            | <b>28,292,837</b>     |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2023

|                                                                                | Notes | Consolidated Group                 |                                    |
|--------------------------------------------------------------------------------|-------|------------------------------------|------------------------------------|
|                                                                                |       | For the year ended 30 June 2023 \$ | For the year ended 30 June 2022 \$ |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |       |                                    |                                    |
| Receipts from product income                                                   |       | 377,303                            | 387,126                            |
| Payment to suppliers and employees                                             |       | (8,303,064)                        | (6,749,252)                        |
| Legal settlement                                                               |       | (1,000,000)                        | -                                  |
| Interest received                                                              |       | 306,736                            | 45,276                             |
| Interest paid                                                                  |       | (59,524)                           | (81,963)                           |
| Grant and other income                                                         |       | 206,465                            | 255,690                            |
| Research and Development Tax Incentive                                         |       | 1,447,510                          | -                                  |
| <b>Net cash flows used in operating activities</b>                             | 7     | <b>(7,024,574)</b>                 | (6,143,123)                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                    |       |                                    |                                    |
| Purchase of intangibles                                                        | 10    | (18,082)                           | (126,076)                          |
| Building improvements                                                          |       | -                                  | -                                  |
| Purchase of property, plant, and equipment                                     | 9     | (274,185)                          | (285,826)                          |
| <b>Net cash (outflow)/inflow from investing activities</b>                     |       | <b>(292,267)</b>                   | (411,902)                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                    |       |                                    |                                    |
| Payment of lease liabilities                                                   |       | (267,978)                          | (265,447)                          |
| Proceeds from issue of shares                                                  | 15(a) | -                                  | 18,461,716                         |
| Share issue costs                                                              | 15(a) | -                                  | (1,240,346)                        |
| <b>Net cash inflow/(outflow) from financing activities</b>                     |       | <b>(267,978)</b>                   | 16,955,923                         |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                    |       | <b>(7,584,819)</b>                 | 10,400,898                         |
| Cash and cash equivalents at the beginning of the financial period             |       | 15,394,847                         | 4,998,564                          |
| Effects of exchange rate changes on balance of cash held in foreign currencies |       | 2,483                              | (4,615)                            |
| <b>Cash equivalents at the end of the financial period</b>                     | 7     | <b>7,812,511</b>                   | 15,394,847                         |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 1 CORPORATE INFORMATION

The financial report of INOVIQ Limited (the Company) and its subsidiaries (the Group) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 30 August 2023.

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, 2023, the Company incurred a loss after income tax of \$8,969,241 (2022: \$18,195,977). Net cash outflow from operations was \$7,024,574 (2022: \$6,143,123).

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 \$7,812,511 cash and cash equivalents as at 30 June 2023. The Directors' share the view that based upon outflow of cash for operations for the 2023 financial year, its existing cash reserves and a historically proven ability to raise funds from both existing shareholders and equity markets, the Company will be able to fund operations for at least the next 12 months.

The financial statements have therefore been prepared on a going concern basis however the foreseen need to raise additional capital gives rise to a material uncertainty which may cast doubt over the group's ability to continue as a going concern. Should the Group not be able to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Group not continue as a going concern.

### (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 2022.

### (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. The impact of these standards was not material.

### (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 2023.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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*

The Group sells hTERT and NETs RUO products to its customers. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer. Price is determined by specific reference to underlying contract price, or list price where no contract is in place. No financing element is attached to sales as they are typically made with payment required upfront or otherwise with credit terms not exceeding 30 days.

There are no refund or warranty provisions in place because historically there has been no such occurrences warranting them. There are also no contract assets or liabilities recorded in relation to revenue from contracts with customers.

### (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 and when there is reasonable assurance that the entity will comply to the conditions attaching to the grant and the amount will be received, 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.

#### *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.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

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- $\text{\$A}$  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. 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

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. 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 2023, 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.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *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.

### *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:

| <b>Class of Non-Current Asset</b> | <b>Depreciation Rate</b>      |
|-----------------------------------|-------------------------------|
| Building improvements             | 16.87% - 19.59% straight line |
| Office furniture and equipment    | 5.00% - 50.00% straight line  |
| Research equipment                | 5.00% - 50.00% straight line  |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, each 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*

An intangible asset is tested for impairment annually where it has an indefinite useful life or is not yet available for use, 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. For intangible assets where management can reliably estimate the future cash flows, they determine recoverable amount using a value in use model by estimating the 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 intangible assets which are not yet available for use or where management cannot reliably estimate the future cash flows, they determine the recoverable model using a replacement cost approach. The replacement cost approach reflects the amount that would be required currently to replace the service capacity of an asset less any wastage, obsolescence and costs of disposal.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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 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.

### (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 2023, 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.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (xvii) Leases

#### *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.

#### *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 incremental borrowing 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

#### *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*

For intangible assets with indefinite useful lives or intangible assets not yet available for use, impairment is assessed is tested annually. All other intangible assets are tested for impairment when an impairment indicator exists. Where impairment is tested annually or 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.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|-------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Product revenue – hTERT – at a point in time          | 363,209                                        | 273,897                                        |
| Product revenue – Molecular NETs – at a point in time | 34,984                                         | 2,848                                          |
|                                                       | 398,193                                        | 276,745                                        |

## 4 OTHER INCOME

|                                               | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|-----------------------------------------------|------------------------------------------------|------------------------------------------------|
| Research and Development Tax Incentive refund | 1,094,879                                      | 1,316,437                                      |
| Grant income                                  | 58,130                                         | 404,025                                        |
| Interest and miscellaneous income             | 353,721                                        | 65,668                                         |
|                                               | 1,506,730                                      | 1,786,130                                      |

\* Grant income in the current period comprises income from the Export Market Development Grant (EMDG).

## 5 OPERATING EXPENDITURES

|                                                                         | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|-------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>General and Administration</b>                                       |                                                |                                                |
| <b>Employee Expenditure</b>                                             |                                                |                                                |
| - Staff wages and superannuation                                        | 1,320,309                                      | 1,143,194                                      |
| - Directors' fees                                                       | 221,000                                        | 254,786                                        |
| - Contractor fees                                                       | 1,920                                          | 15,568                                         |
| - Other employment expenses                                             | 371,284                                        | 356,699                                        |
|                                                                         | <b>1,914,513</b>                               | <b>1,770,247</b>                               |
| <b>Administrative Costs</b>                                             |                                                |                                                |
| - Consulting and legal fees                                             | 2,147,043                                      | 1,514,422                                      |
| - Legal settlement payment                                              | 1,000,000                                      | -                                              |
| - Loss on deconsolidation of BARD1AG                                    | 124,764                                        | -                                              |
| - Transfer to the income statement of FCTR component related to BARD1AG | 213,035                                        | -                                              |
| - ASX listing and transaction fees plus share registry fees             | 132,421                                        | 213,426                                        |
| - Lease liability interest                                              | 59,524                                         | 81,963                                         |
| - Other administration expenses                                         | 88,092                                         | 381,060                                        |
|                                                                         | <b>3,764,879</b>                               | <b>2,190,871</b>                               |
| <b>Depreciation and amortisation</b>                                    |                                                |                                                |
| - Amortisation of acquired intangible asset - hTERT                     | 54,790                                         | 389,066                                        |
| - Amortisation of acquired intangible asset - Molecular Nets            | 890,144                                        | 1,288,342                                      |
| - Amortisation of granted patents                                       | 20,030                                         | 34,354                                         |
| - Depreciation of building improvements                                 | 24,102                                         | 24,102                                         |
| - Depreciation of right-of-use assets - AASB 16 Leases                  | 137,499                                        | 137,499                                        |
| - Depreciation of plant and equipment                                   | 26,944                                         | 20,622                                         |
|                                                                         | <b>1,153,509</b>                               | <b>1,893,985</b>                               |
| <b>Per consolidated Statement of Comprehensive Income</b>               | <b>6,832,901</b>                               | <b>5,855,103</b>                               |

# Notes to the Financial Statements

for the year ended 30 June 2023

## 5 OPERATING EXPENDITURES (CONTINUED)

|                                                           | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|-----------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Research and Development</b>                           |                                                |                                                |
| <b>Employee Expenditure</b>                               |                                                |                                                |
| - Staff wages and superannuation                          | 1,283,370                                      | 1,127,998                                      |
| - Contractor fees                                         | -                                              | 42,551                                         |
| - Other employment expenses                               | 50,904                                         | 84,647                                         |
|                                                           | 1,334,274                                      | 1,255,196                                      |
| <b>R&amp;D Expenditure</b>                                |                                                |                                                |
| - External R&D                                            | 687,282                                        | 779,156                                        |
| - Laboratory operations                                   | 962,689                                        | 794,005                                        |
|                                                           | 1,649,971                                      | 1,573,161                                      |
| <b>Depreciation and Amortisation</b>                      |                                                |                                                |
| - Depreciation of building improvements                   | 9,052                                          | 8,145                                          |
| - Depreciation of right-of-use assets – AASB 16 Leases    | 137,499                                        | 137,499                                        |
| - Depreciation of plant and equipment                     | 93,673                                         | 61,962                                         |
|                                                           | 240,224                                        | 207,606                                        |
| <b>Per consolidated Statement of Comprehensive Income</b> | <b>3,224,469</b>                               | <b>3,035,963</b>                               |
| <b>Sales and Marketing</b>                                |                                                |                                                |
| <b>Employee Expenditure</b>                               |                                                |                                                |
| - Staff wages and superannuation                          | 406,761                                        | 364,726                                        |
| - Contractor fees                                         | -                                              | 32,547                                         |
| - Other employment expenses                               | 6,583                                          | 40,493                                         |
|                                                           | 413,344                                        | 437,766                                        |
| Other business development related expenditure            | 358,968                                        | 110,685                                        |
| <b>Per consolidated Statement of Comprehensive Income</b> | <b>772,312</b>                                 | <b>548,451</b>                                 |

## 6 INCOME TAX

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

|                                                                            | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|----------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Statement of comprehensive income</b>                                   |                                                |                                                |
| 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                                      |
| <b>Income tax credit reported in the Statement of Comprehensive Income</b> | <b>-</b>                                       | <b>2,058,513</b>                               |

\* 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 2023 and 30 June 2022 is as follows:

|                                                                            | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|----------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Accounting loss before tax                                                 | (8,969,241)                                    | (20,254,490)                                   |
| At statutory income tax rate of 25% (2022: 25%)                            | (2,242,310)                                    | (5,063,623)                                    |
| Deferred tax asset brought to account                                      | -                                              | (619,593)                                      |
| Amortisation of intangible assets                                          | 241,241                                        | 419,352                                        |
| Impairment of goodwill and intangible asset - (2022: hTERT)                | -                                              | 3,205,351                                      |
| Deferred tax asset not brought to account                                  | 2,001,069                                      | -                                              |
| <b>Income tax credit reported in the Statement of Comprehensive Income</b> | <b>-</b>                                       | <b>2,058,513</b>                               |

Total estimated tax losses not brought to account at 30 June 2023 for the consolidated tax group, comprising INOVIQ Limited and its wholly owned subsidiary Sienna Cancer Diagnostics Ltd (Sienna), totals \$7,072,729. This total includes losses incurred by Sienna since 1 July 2015 being the period from which point onwards an external tax specialist determined tax losses would be accessible to the Group after application of the Income Tax Assessment Act 1997 loss transfer provisions, encompassing the requirement to satisfy either the Continuity of Ownership Test (COT) or Similar Business Test (SBT). Tax losses incurred by foreign subsidiary 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 2023 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:

- 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;
- the Group complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
- 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 2023

## 6 INCOME TAX (CONTINUED)

- (c) A reconciliation of deferred income tax liability at the statutory income tax rate for the periods ended 30 June 2023 and 30 June 2022 is as follows:

|                                                 | For the year ended<br>30 June<br>2023<br>\$ | For the year ended<br>30 June<br>2022<br>\$ |
|-------------------------------------------------|---------------------------------------------|---------------------------------------------|
| Deferred tax liability on intangible assets     | -                                           | (2,830,197)                                 |
| Deferred tax asset on losses brought to account | -                                           | 2,830,197                                   |
| Per Statement of Financial Position             | -                                           | -                                           |

## 7 CASH AND CASH EQUIVALENTS & CASH FLOW INFORMATION

|                                                  | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|--------------------------------------------------|--------------------------------|--------------------------------|
| Cash at bank                                     | 591,761                        | 374,097                        |
| Term deposits*                                   | 7,220,750                      | 15,020,750                     |
| Cash and cash equivalents comprise cash at bank. | 7,812,511                      | 15,394,847                     |

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

|                                                          | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|----------------------------------------------------------|--------------------------------|--------------------------------|
| Net loss after income tax                                | (8,969,241)                    | (18,195,977)                   |
| Income tax credit                                        | -                              | (2,058,513)                    |
| Impairment of intangible asset - hTERT                   | -                              | 1,790,842                      |
| Impairment of intangible asset - Goodwill on acquisition | -                              | 11,030,560                     |
| Loss on deconsolidation                                  | 124,764                        | -                              |
| Foreign currency translation reserve transfer            | 213,035                        | -                              |
| Intercompany loan forgiveness                            | (948)                          | -                              |
| Loss on disposal of property plant and equipment         | 13,864                         | -                              |
| Share based payments expense                             | 285,112                        | 239,651                        |
| Depreciation and amortisation                            | 1,393,732                      | 2,101,591                      |
| Unrealised foreign exchange (gain)/loss                  | (240,966)                      | 25,084                         |
| <i>Changes in Assets &amp; Liabilities:</i>              |                                |                                |
| (Increase)/decrease in receivables                       | 455,940                        | (1,486,286)                    |
| (Increase)/decrease in inventories                       | (4,387)                        | 34,076                         |
| Increase/(decrease) in payables                          | (209,334)                      | 284,109                        |
| Increase/(decrease) in provisions                        | (66,770)                       | 61,505                         |
| (Increase)/decrease in prepayments                       | (19,375)                       | 30,235                         |
| <b>Net cash used in operating activities</b>             | <b>(7,024,574)</b>             | <b>(6,143,123)</b>             |

## 8 TRADE AND OTHER RECEIVABLES

|                                      | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|--------------------------------------|--------------------------------|--------------------------------|
| Trade receivables                    | 279,723                        | 266,559                        |
| Allowance for expected credit losses | (207,180)                      | (207,180)                      |
|                                      | 72,543                         | 59,379                         |
| R&D Tax Incentive refund             | 949,502                        | 1,302,133                      |
| Other receivables                    | 170,962                        | 344,341                        |
|                                      | 1,193,007                      | 1,705,853                      |

### 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 2023 as the Directors remain unsure as to what amount, if any, will eventually be recovered from this debtor. All remaining receivables are current and not considered at risk of non-collection.

## 9 BUILDING IMPROVEMENTS, PLANT AND EQUIPMENT

|                                          | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|------------------------------------------|--------------------------------|--------------------------------|
| Building improvements – at cost          | 191,247                        | 185,181                        |
| Accumulated depreciation                 | (90,981)                       | (57,827)                       |
|                                          | 100,266                        | 127,354                        |
| Office furniture and equipment – at cost | 116,160                        | 87,883                         |
| Accumulated depreciation                 | (45,475)                       | (39,512)                       |
|                                          | 70,685                         | 48,371                         |
| Research equipment – at cost             | 869,064                        | 740,328                        |
| Accumulated depreciation                 | (178,170)                      | (135,746)                      |
|                                          | 690,894                        | 604,582                        |
|                                          | 861,845                        | 780,307                        |

### Movement in Carrying Amounts

|                                      | Building<br>Improvements<br>\$ | Office<br>Equipment<br>\$ | Research<br>Equipment<br>\$ | Total<br>\$ |
|--------------------------------------|--------------------------------|---------------------------|-----------------------------|-------------|
| Balance at the beginning of the year | 127,354                        | 48,371                    | 604,582                     | 780,307     |
| Additions                            | 6,066                          | 49,690                    | 195,121                     | 250,877     |
| Disposals at cost                    | –                              | (21,834)                  | (87,190)                    | (109,024)   |
| Depreciation                         | (33,154)                       | (26,982)                  | (93,635)                    | (153,771)   |
| Disposals (Depreciation)             | –                              | 21,221                    | 55,500                      | 76,721      |
| Effect of FX translation             | –                              | 219                       | 16,516                      | 16,735      |
| Balance at the end of the year       | 100,266                        | 70,685                    | 690,894                     | 861,845     |

# Notes to the Financial Statements

for the year ended 30 June 2023

## 10 INTANGIBLE ASSETS AND GOODWILL

|                                            | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|--------------------------------------------|--------------------------------|--------------------------------|
| <b>INTELLECTUAL PROPERTY</b>               |                                |                                |
| Patents – at cost                          | 275,536                        | 381,313                        |
| Accumulated amortisation                   | (40,013)                       | (73,585)                       |
|                                            | 235,523                        | 307,728                        |
| Trademarks at cost                         | 40,287                         | 37,039                         |
| <b>Purchased intellectual property</b>     |                                |                                |
| hTERT                                      | 2,896,772                      | 2,896,772                      |
| Accumulated amortisation                   | (804,061)                      | (749,272)                      |
| Accumulated impairment                     | (1,790,842)                    | (1,790,842)                    |
|                                            | 301,869                        | 356,658                        |
| Molecular NETS                             | 15,686,495                     | 15,686,495                     |
| Accumulated amortisation                   | (2,330,680)                    | (1,440,536)                    |
| Accumulated impairment                     | (4,431,828)                    | (4,431,828)                    |
|                                            | 8,923,987                      | 9,814,131                      |
| SubB2M                                     | 1,150,000                      | 1,150,000                      |
| <i>Per Statement of Financial Position</i> | 10,651,666                     | 11,665,556                     |
| <b>Goodwill on acquisition</b>             |                                |                                |
| Goodwill on acquisition of Sienna          | 13,919,779                     | 13,919,779                     |
| Accumulated impairment                     | (13,919,779)                   | (13,919,779)                   |
| <i>Per Statement of Financial Position</i> | –                              | –                              |
|                                            | 10,651,666                     | 11,665,556                     |

### Class of Intangible Asset

### Amortisation Rate

Patents

6.4% – 9.5% straight line

hTERT

15.36% straight line

Molecular NETS

9.07% straight line

SubB2M asset useful life and resulting amortisation is still to be determined.

## 10 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

| 2023 Movement                         | Goodwill<br>\$ | Patents<br>\$  | Trademarks<br>\$ | hTERT<br>\$    | Molecular<br>NETS<br>\$ | SubB2M<br>\$     | Total<br>\$       |
|---------------------------------------|----------------|----------------|------------------|----------------|-------------------------|------------------|-------------------|
| Balance at the beginning of the year  | –              | 307,728        | 37,039           | 356,658        | 9,814,131               | 1,150,000        | 11,665,556        |
| Additions                             | –              | 57,137         | 3,248            | –              | –                       | –                | 60,385            |
| Amortisation                          | –              | (20,030)       | –                | (54,789)       | (890,144)               | –                | (964,963)         |
| Impairment                            | –              | (123,925)      | –                | –              | –                       | –                | (123,925)         |
| Effect of FX translation              | –              | 14,613         | –                | –              | –                       | –                | 14,613            |
| <b>Balance at the end of the year</b> | <b>–</b>       | <b>235,523</b> | <b>40,287</b>    | <b>301,869</b> | <b>8,923,987</b>        | <b>1,150,000</b> | <b>10,651,666</b> |

| 2022 Movement                         | Goodwill<br>\$ | Patents<br>\$  | Trademarks<br>\$ | hTERT<br>\$    | Molecular<br>NETS<br>\$ | SubB2M<br>\$     | Total<br>\$       |
|---------------------------------------|----------------|----------------|------------------|----------------|-------------------------|------------------|-------------------|
| 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             |
| <b>Balance at the end of the year</b> | <b>–</b>       | <b>307,728</b> | <b>37,039</b>    | <b>356,658</b> | <b>9,814,131</b>        | <b>1,150,000</b> | <b>11,665,556</b> |

### \* Impairment Testing and Key Assumptions

The Group's intangible asset and goodwill impairment testing policies are described in Note 2 (xi) and (xii).

Discounted cash flow models (hTERT) or replacement cost assessments are produced when testing assets for impairment. The DCF model is based upon management estimates of future revenues, corporate tax rates, growth rates as well as discount rates. Forecasted gross margins from product sales anticipates growth from market penetration and the evolution of products.

**hTERT** – the recoverable amount of the hTERT asset was determined using a Value In Use methodology that involved the estimating of future cash flows over a 5-year period. A Value In Use methodology was appropriate as the revenues and costs could be reliably estimated. Management allowed for sales estimates over a 5-year period, declining by 10% each year from FY25–FY28. No impairment of the hTERT asset was recognised in the current financial year. For the financial year ended 30 June 2022, INOVIQ recognised a non-cash impairment loss of \$1,790,842 for the hTERT asset, the result of a reduction in forecast revenue.

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

| Intangible Asset | Valuation Method | Years of Cash Flow Projection* | Discount Rate % |
|------------------|------------------|--------------------------------|-----------------|
| hTERT            | Value In Use     | 5                              | 20%             |

<sup>^</sup> Forecast revenue includes a gradual decline in revenues from years 2–5. Product revenue is supported by patents in key markets during this period.

**Molecular NETs** – management determined the recoverable amount of Molecular NETs technology in the current year using the replacement cost method due to the inability to reliably estimate future cash flows as the technology is still undergoing development. The cost approach reflects the amount that would be required currently to replace the service capacity of an asset less any wastage, obsolescence and costs of disposal. Management consequently determined that no impairment exists. The assumptions used in the calculation of replacement cost resulted in an excess of fair value less cost of disposal over the carrying amount of 10.53%.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 10 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

**SubB2M** - which is in the research phase and therefore pre-revenue, was assessed for impairment using the replacement cost method. The cost approach reflects the amount that would be required currently to replace the service capacity of an asset less any wastage, obsolescence and costs of disposal. Management determined that no impairment was present at balance date. The assumptions used in the calculation of replacement cost resulted in an excess of fair value less cost of disposal over the carrying amount of 69.27%.

**GOODWILL** - In the 30 June 2022 financial year 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 was recognised.

## 11 RIGHT OF USE ASSETS

|                              | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|------------------------------|--------------------------------|--------------------------------|
| Right-of-use Asset – at cost | 1,510,256                      | 1,510,256                      |
| Accumulated depreciation     | (918,443)                      | (643,445)                      |
|                              | 591,813                        | 866,811                        |

At the date of this report INOVIQ had two 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. The two leases are for separate properties 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.

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 | Lease Term End   | Annual Increases | Further Terms |
|-------------------------------------------|-------------------|------------------|------------------|---------------|
| 11 Howleys Rd,<br>Notting Hill, Victoria  | 1 December 2019   | 30 November 2024 | 3%               | 2 x 5 years*  |
| 23 Normanby Rd,<br>Notting Hill, Victoria | 7 June 2020       | 6 June 2025      | 3%               | 1 x 1 year#   |

\* 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

## 12 TRADE AND OTHER PAYABLES

|                          | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|--------------------------|--------------------------------|--------------------------------|
| Trade and other payables | 466,993                        | 1,019,842                      |
| Accruals                 | 320,803                        | 26,409                         |
|                          | 787,796                        | 1,046,251                      |

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

### 13 LEASE LIABILITY

|                                              | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|----------------------------------------------|--------------------------------|--------------------------------|
| <b>Current</b>                               |                                |                                |
| Lease liability                              | 362,347                        | 357,032                        |
| <b>Non-current</b>                           |                                |                                |
| Lease liability                              | 368,365                        | 641,656                        |
| <b>Maturity analysis</b>                     |                                |                                |
| Less than 12 months                          | 362,347                        | 357,032                        |
| Greater than 12 months and less than 5 years | 368,365                        | 641,656                        |
| Greater than 5 years                         | -                              | -                              |
|                                              | <b>730,712</b>                 | <b>998,688</b>                 |

### 14 PROVISIONS

|                    | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|--------------------|--------------------------------|--------------------------------|
| <b>Current</b>     |                                |                                |
| Annual Leave       | 299,496                        | 312,640                        |
| Long Service Leave | 68,265                         | 79,773                         |
|                    | <b>367,761</b>                 | <b>392,413</b>                 |
| <b>Non-current</b> |                                |                                |
| Long Service Leave | 7,152                          | 49,270                         |

### 15 ISSUED CAPITAL

|                                                       | As at<br>30 June 2023<br>\$ |                   | As at<br>30 June 2022<br>\$ |             |
|-------------------------------------------------------|-----------------------------|-------------------|-----------------------------|-------------|
| <b>(a) Issued and paid-up capital</b>                 |                             |                   |                             |             |
| Ordinary shares (net of issue costs)                  |                             | 69,053,379        |                             | 69,053,379  |
|                                                       | <b>Number of<br/>shares</b> | <b>\$</b>         | <b>Number of<br/>shares</b> | <b>\$</b>   |
| <b>At the beginning of the period</b>                 | <b>92,018,702</b>           | <b>69,053,379</b> | 80,056,715                  | 51,832,009  |
| 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                           | -           |
| Issue of shares on conversion of options              | -                           | -                 | 83,778                      | 50,266      |
| <b>At the end of the period</b>                       | <b>92,018,702</b>           | <b>69,053,379</b> | 92,018,702                  | 69,053,379  |

# Notes to the Financial Statements

for the year ended 30 June 2023

## 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<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|-------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Distribution reserve*                                                                           | –                              | (309,421)                      |
| Share based payment reserve                                                                     | 1,679,616                      | 1,458,171                      |
| Foreign currency translation reserve                                                            | (45,076)                       | (51,766)                       |
|                                                                                                 | 1,634,540                      | 1,096,984                      |
| Foreign currency translation reserve **                                                         |                                |                                |
| Balance at beginning of year                                                                    | (51,766)                       | (22,829)                       |
| Reclassification adjustment to income statement on disposal of subsidiary                       | 213,035                        | –                              |
| Foreign currency translation                                                                    | (206,345)                      | (28,937)                       |
| Balance at the end of the year                                                                  | (45,076)                       | (51,766)                       |
| Share based payment reserve***                                                                  |                                |                                |
| Balance at beginning of year                                                                    | 1,458,171                      | 1,511,691                      |
| – Reversal of option expense for forfeited options that had not vested                          | (53,573)                       | (94,431)                       |
| – Value of vested options that lapsed without being exercised transferred to accumulated losses | (63,666)                       | (154,253)                      |
| – Value of exercised options transferred to accumulated losses                                  | –                              | (138,918)                      |
| – Fair value of options granted                                                                 | 338,684                        | 334,082                        |
| Balance at end of year                                                                          | 1,679,616                      | 1,458,171                      |

\* 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). During the current period the reserve was transferred to retained earnings after the disposal of BARD1AG SA.

\*\* 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<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|----------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Balance at the beginning of the year                                             | (41,857,526)                   | (23,954,720)                   |
| Value of vested options that lapsed without being exercised                      | 63,666                         | 154,253                        |
| Value of exercised options                                                       | -                              | 138,918                        |
| Transfer of distribution reserve to accumulated losses on disposal of subsidiary | (309,421)                      | -                              |
| Net loss after income tax                                                        | (8,969,241)                    | (18,195,977)                   |
|                                                                                  | <b>(51,072,522)</b>            | <b>(41,857,526)</b>            |

## 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<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Net Loss used in calculating basic and diluted loss per share                                                           | (8,969,241)                                    | (18,195,977)                                   |
| Weighted average number of ordinary shares for basic loss per share                                                     | 92,018,702                                     | 90,857,933                                     |
| Effect of dilution:                                                                                                     |                                                |                                                |
| Share options and performance shares*                                                                                   | -                                              | -                                              |
| Weighted average number of ordinary shares adjusted for the effect of dilution                                          | 92,018,702                                     | 90,857,933                                     |
| Basic and diluted loss per share (cents per share) for the year attributable to members of INOVIQ Life Sciences Limited | <b>(9.75)</b>                                  | <b>(20.03)</b>                                 |

\* At 30 June 2023 the Company had on issue 3,944,682 options under INOVIQ's Incentive Option Plan (2022: 3,427,023) 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 \$157,518 (2022: \$273,897) was received from this customer during reporting period. This customer was the previous distributor of the Group's hTERT product. Since 1 January 2023, the group now sells hTERT direct to its customers. Other income recorded in the reporting period was sourced in Australia.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 19 SEGMENT INFORMATION (CONTINUED)

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

|                          | As at<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|--------------------------|--------------------------------|--------------------------------|
| Australia (domicile)     | 11,548,097                     | 12,574,009                     |
| United States of America | 557,227                        | 622,429                        |
| Switzerland              | –                              | 116,236                        |
| <b>Total</b>             | <b>12,105,324</b>              | <b>13,312,674</b>              |

## 20 DIRECTORS & KEY MANAGEMENT PERSONNEL

|                                                               | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|---------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>(a) Compensation by Category: Key Management Personnel</b> |                                                |                                                |
| Short-term employee benefits                                  | 1,275,498                                      | 1,253,303                                      |
| Post-employment benefits                                      | 98,752                                         | 95,407                                         |
| Share based payments                                          | 325,945                                        | 304,260                                        |
| Other long-term benefits                                      | 17,039                                         | 20,238                                         |
|                                                               | <b>1,717,234</b>                               | <b>1,673,208</b>                               |

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, resigned 13 December 2022)
- Dr Leeearne Hinch (appointed 7 November 2016)
- Dr Gregory Rice (appointed 20 September 2021)
- Mr Mark Edwards (appointed 2 November 2022)
- Mr Tony Di Pietro (appointed 28 July 2020, resigned 11 November 2022)

### (b) Options granted to Key Management Personnel

During the 2023 financial year:

- 500,000 options were issued to CEO, Dr Leeearne Hinch, under the Company's Incentive Option Plan;
- 150,000 options were issued to CSO, Mr Mark Edwards, 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 2023 (2022: nil).

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

There were no consulting fees paid to KMP's during the financial year.

## 21 SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2023:

| 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    |
| 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    | Vested  | 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    |
| 166,667           | \$1.13              | 14-Apr-21    | Vested  | 14-Apr-21   | 30-Apr-25   | Yes        | 1 & 4    |
| 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    | Vested  | 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    |
| 50,000            | \$0.82              | 2-Nov-22     | Granted | 2-Nov-23    | 2-Nov-26    | Yes        | 1 & 3    |
| 50,000            | \$0.82              | 2-Nov-22     | Granted | 2-Nov-24    | 2-Nov-26    | Yes        | 1 & 3    |
| 50,000            | \$0.82              | 2-Nov-22     | Granted | 2-Nov-25    | 2-Nov-26    | Yes        | 1 & 3    |
| 166,667           | \$1.08              | 15-Dec-22    | Granted | 15-Dec-23   | 15-Dec-26   | Yes        | 1 & 3    |
| 166,667           | \$1.08              | 15-Dec-22    | Granted | 15-Dec-24   | 15-Dec-26   | Yes        | 1 & 3    |
| 166,666           | \$1.08              | 15-Dec-22    | Granted | 15-Dec-25   | 15-Dec-26   | Yes        | 1 & 3    |

### 3,944,682 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 |
|-----------|--------|-----------|--------|-----------|-----------|----|---|

### 9,854,647 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 Leeearne 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.

ESOP options are not subject to performance conditions however are subject to continuation of employment, except in the event of forced resignation due to illness/death or retirement where the Board may exercise discretion to allow unvested options to continue onto expiry.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 21 SHARE-BASED PAYMENTS (CONTINUED)

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.

Movement in the number of share options on issue:

|                                          | 2023              |                                      | 2022              |                                      |
|------------------------------------------|-------------------|--------------------------------------|-------------------|--------------------------------------|
|                                          | Number of Options | Weighted Average Exercise Price (\$) | Number of Options | Weighted Average Exercise Price (\$) |
| <b>Total Options</b>                     |                   |                                      |                   |                                      |
| Outstanding at the beginning of the year | 9,336,978         | \$1.257                              | 1,668,145         | \$1.412                              |
| Granted                                  | 650,000*          | \$1.020                              | 8,109,965*        | \$2.388                              |
| Forfeited                                | (63,000)          | \$1.264                              | (184,311)         | \$0.610                              |
| Exercised                                | -                 | -                                    | (83,778)          | \$0.600                              |
| Expired                                  | (69,331)          | \$1.440                              | (173,043)         | \$2.813                              |
| Outstanding at year-end                  | 9,854,647*        | \$2.161                              | 9,336,978*        | \$2.229                              |
| Exercisable at year-end                  | 7,104,647*        | \$2.131                              | 7,076,311*        | \$2.136                              |

\* 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 650,000 (2021: 2,200,000), while no employee share options were exercised (2022: 83,778) and 132,331 either expired or were forfeited during the financial year (2022: 357,354).

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                 | \$0.82 and \$1.08         |
| Underlying share prices         | Between \$0.52 and \$0.69 |
| Days to expiration              | 1,221 to 1,264            |
| Days to vesting                 | 125 to 899                |
| Expected share price volatility | Between 85% and 109%      |
| Risk free interest rate         | Between 3.26% and 3.50%   |

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 2023 \$ | For the year ended 30 June 2022 \$ |
|-------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Reversal of option expense for forfeited options that had not vested <sup>(i)</sup> | (53,573)                           | (104,013)                          |
| Options grant expense for options issued during the year <sup>(ii)</sup>            | 338,684                            | 335,480                            |
|                                                                                     | 285,111                            | 231,467                            |

<sup>(i)</sup> Reversal of option expense for forfeited options that had not vested 63,000 options lapsed without vesting during the financial year (2022: 184,311).

<sup>(ii)</sup> Options grant expense for options issued during the year

## 21 SHARE-BASED PAYMENTS (CONTINUED)

During the 2023 financial year, the Company issued 650,000 options under INOVIQ's Incentive Option Plan. 500,000 of these were issued to the CEO, Dr Leearne Hinch, under the Company's Incentive Option Plan, in consideration for services provided by Dr Hinch in her role as CEO. The remaining 150,000 options were issued to the CFO/Company Secretary Mr Mark Edwards in consideration for services provided.

## 22 AUDITOR'S REMUNERATION

|                                                                                                                                                        | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Amounts received or due and receivable by the Company's auditors<br>Grant Thornton for:                                                                |                                                |                                                |
| - Auditing the statutory financial report of the Parent company of the Group and<br>auditing the statutory financial reports of any controlled entity. | 122,460                                        | 107,431                                        |
|                                                                                                                                                        | 122,460                                        | 107,431                                        |

## 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<br>Incorporation | Equity Interest held % |              |
|-------------------------------------------------------|-----------------------------|------------------------|--------------|
|                                                       |                             | 30 June 2023           | 30 June 2022 |
| Sienna Cancer Diagnostics Limited                     | Australia                   | 100                    | 100          |
| INOVIQ Inc. (formerly Sienna Cancer Diagnostics Inc.) | U.S.A.                      | 100                    | 100          |
| BARD1AG SA                                            | Switzerland                 | -                      | 100          |

BARD1AG SA was disposed of during the current period. Refer Note 29 for additional information.

## 25 EVENTS SUBSEQUENT TO BALANCE DATE

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

- On 6 July 2023, the Company announced that it and Promega signed a global joint marketing agreement for INOVIQ's EXO-NET exosome capture technology and Promega Nucleic Acid purification systems; and
- On 9 August 2023, the Company announced results of its Ovarian Cancer Serum equivalence study, showing EXO-NET successfully isolated extracellular vesicles (EVs) from both plasma and serum samples, with variability in results noted for long-term biobanked plasma and serum samples.

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 2023

## 26 PARENT ENTITY

|                                               | For the year<br>ended<br>30 June<br>2023<br>\$ | For the year<br>ended<br>30 June<br>2022<br>\$ |
|-----------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Information relating to INOVIQ Limited</b> |                                                |                                                |
| Current assets                                | <b>8,825,891</b>                               | 16,806,333                                     |
| Non-current assets                            | <b>37,047,702</b>                              | 39,828,867                                     |
| <b>Total assets</b>                           | <b>45,873,593</b>                              | 56,635,200                                     |
| Current liabilities                           | <b>673,757</b>                                 | 487,629                                        |
| Non-current liabilities                       | <b>58,712</b>                                  | 38,121                                         |
| <b>Total liabilities</b>                      | <b>732,469</b>                                 | 525,750                                        |
| Issued capital                                | <b>131,152,944</b>                             | 131,152,944                                    |
| Accumulated losses                            | <b>(87,691,436)</b>                            | (76,501,665)                                   |
| Share based payment reserve                   | <b>1,679,616</b>                               | 1,458,171                                      |
| <b>Total shareholders' equity</b>             | <b>45,141,124</b>                              | 56,109,450                                     |
| Loss of the parent entity                     | <b>(11,253,437)</b>                            | (2,926,557)                                    |
| Total comprehensive loss of the parent entity | <b>(11,253,437)</b>                            | (2,926,557)                                    |

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.

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (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 2023<br>\$     | 30 June 2022<br>\$ | 30 June 2023<br>\$   | 30 June 2022<br>\$ | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
| <b>(i) Financial Assets</b>        |                        |                    |                      |                    |                    |                    |
| Cash and cash equivalents          | 7,812,511              | 15,394,847         | -                    | -                  | 7,812,511          | 15,394,847         |
| Trade and other receivables        | -                      | -                  | 1,193,007            | 1,705,853          | 1,193,007          | 1,705,853          |
| <b>Total financial assets</b>      | <b>7,812,511</b>       | <b>15,394,847</b>  | <b>1,193,007</b>     | <b>1,705,853</b>   | <b>9,005,518</b>   | <b>17,100,700</b>  |
| <b>(ii) Financial Liabilities</b>  |                        |                    |                      |                    |                    |                    |
| Trade and other payables           | -                      | -                  | 787,796              | 1,046,251          | 787,796            | 1,046,251          |
| <b>Total financial liabilities</b> | <b>-</b>               | <b>-</b>           | <b>787,796</b>       | <b>1,046,251</b>   | <b>787,796</b>     | <b>1,046,251</b>   |

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 an approximate estimation of 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 2023, cash was deposited with two financial institutions, including one large Australian bank and a U.S. bank account maintained with a Canadian bank.

At 30 June 2023, 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. All liabilities are contractually due and payable in the next six months.

# Notes to the Financial Statements

for the year ended 30 June 2023

## 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (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 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<br>30 June<br>2023<br>\$ | As at<br>30 June<br>2022<br>\$ |
|------------------------------|--------------------------------|--------------------------------|
| <b>Financial assets</b>      |                                |                                |
| Cash and cash equivalents    | 55,229                         | 66,908                         |
| Trade and other receivables  | 49,813                         | 59,379                         |
| Total financial assets       | 105,042                        | 126,287                        |
| <b>Financial liabilities</b> |                                |                                |
| Trade and other payables     | 8,853                          | 321,436                        |
| Total financial liabilities  | 8,853                          | 321,436                        |

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

USD/AUD: 1.5009 (2022: 1.4504)

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 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.
- 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 2023.

## 29 SIGNIFICANT EVENTS AND TRANSACTIONS

### Disposal of Subsidiary

As announced to the market on the 28 November 2022, INOVIQ reached a settlement regarding the legal proceedings against it. The settlement included a payment of \$1,000,000 to the plaintiffs which was accrued as at 31 December 2022 and subsequently paid in January 2023. The settlement terms also included an agreement to transfer the Intellectual Property associated with the BARD1 Lung Cancer Test which was held within the Group's wholly owned Swiss subsidiary, BARD1AG SA. Accordingly, INOVIQ handed control of this entity to the plaintiffs by transferring the shares in the subsidiary on 19 December 2022 and ceased consolidation at this point in time.

As a result of the deconsolidation of BARD1AG SA a number of income statement impacts arose in addition to the \$1m settlement payment noted above, including

- The transfer of the BARD1AG specific component of the Foreign Currency Translation Reserve to the income statement for the 6 months ending 31 December. This resulted in an additional expense item being booked in the current period for \$213,035; and
- A loss on deconsolidation of \$124,764 representing the net asset position of the entity immediately prior to control being passed to the plaintiffs. This amount primarily related to the written down value of the Patents.

## 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 2023 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 2023.

This declaration is made in accordance with a resolution of the Board of Directors signed on 30 August 2023.



**Dr Geoff Cumming**  
Non-Executive Chairman

Dated 30 August 2023

# Corporate Governance Statement

---

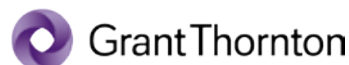
## OVERVIEW

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 2023. 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



**Grant Thornton Audit Pty Ltd**  
 Level 22 Tower 5  
 Collins Square  
 727 Collins Street  
 Melbourne VIC 3008  
 GPO Box 4736  
 Melbourne VIC 3001  
 T +61 3 8320 2222

## 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 of the consolidated statement of comprehensive income, the consolidated statement of financial position as at 30 June 2023, the consolidated statement of changes in equity and the 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 2023 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.

[www.grantthornton.com.au](http://www.grantthornton.com.au)  
 ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

### Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of \$8,969,241 during the year ended 30 June 2023, and as of that date, the Group had net cash outflows from operations of \$7,024,574. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

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

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carrying value of intangible assets - refer to note 2 (e) (xi) and note 10</b> <p>At 30 June 2023, the carrying amount of intangible assets were \$301,869 for the hTERT asset; \$8,923,987 for the NETs asset and \$1,150,000 for the SubB2M asset.</p> <p>In accordance with AASB 136 <i>Impairment of Assets</i>, management has performed impairment testing on these assets.</p> <p>This as a key audit matter due to the significant judgements and estimation uncertainty in determining the recoverable amount of these assets.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Updating our understanding of management's processes and controls for assessment of impairment and assessing management's identification of cash generating units (CGUs);</li> <li>• Reviewing management's assessment of impairment indicators;</li> <li>• Obtaining management's impairment calculations and evaluating the methodology and assumptions against the requirements of AASB 136 <i>Impairment of Assets</i> and AASB 13 <i>Fair Value</i>, including: <ul style="list-style-type: none"> <li>– testing the mathematical accuracy of the calculations;</li> <li>– Challenging the appropriateness of the assumptions used in the models;</li> <li>– Validating appropriateness of management's analysis of the recoverable amount; and</li> </ul> </li> <li>• Evaluating the adequacy of disclosures in the financial statements.</li> </ul> |

# Independent Auditor's Report

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

For the year ended 30 June 2023, the Group recorded a research and development (R&D) tax incentive refund of \$1,094,879 in the consolidated statement of comprehensive income.

The Group was assisted by a specialist with the review of the eligibility of expenses and with the lodgement of the research and development tax incentive claim.

This is a key audit matter because there is inherent subjectivity involved in the Group's judgements in relation to the recalculation of the R&D tax incentive refund with several assumptions made in determining the eligibility of the claimable expenses.

Our procedures included, amongst others:

- Evaluating the competence, capabilities and qualification of management's expert to review the calculation;
- Reviewing 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 R&D 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 R&D 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 2023, 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](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 29 to 33 of the Directors' report for the year ended 30 June 2023.

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

#### Responsibilities

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance  
Melbourne, 30 August 2023

## 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 30 August 2023 and is required by the ASX Listing Rules. At the close of trading on 30 August 2023, the Company's share price was \$0.70. 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 30 August 2023:

- 92,018,702 fully paid ordinary shares
- 3,944,682 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 2023.

### Ordinary Shares

#### Range of Units as of 30 August 2023

| Range            | Total holders | Units             | % Units       |
|------------------|---------------|-------------------|---------------|
| 1 - 1,000        | 2,502         | 1,131,696         | 1.23          |
| 1,001 - 5,000    | 1,932         | 4,872,886         | 5.30          |
| 5,001 - 10,000   | 633           | 4,811,440         | 5.23          |
| 10,001 - 100,000 | 855           | 26,336,798        | 28.62         |
| 100,001 Over     | 123           | 54,865,882        | 59.62         |
| <b>Rounding</b>  |               |                   | 0.00          |
| <b>Total</b>     | <b>6,045</b>  | <b>92,018,702</b> | <b>100.00</b> |

### Unmarketable Parcels

|                                                               | Minimum Parcel Size | Holders | Units   |
|---------------------------------------------------------------|---------------------|---------|---------|
| Minimum \$ 500.00 parcel divided by \$0.70 per ordinary share | 715                 | 1,911   | 589,882 |

## TOP 20 SHAREHOLDERS AS OF 30 AUGUST 2023

| Rank                                                        | Name                                                                     | Units             | % Units      |
|-------------------------------------------------------------|--------------------------------------------------------------------------|-------------------|--------------|
| 1                                                           | THE TRUST COMPANY AUSTRALIA LIMITED <MOF A/C>                            | 6,457,000         | 7.02         |
| 2                                                           | DR IRMGARD IRMINGER-FINGER                                               | 3,445,829         | 3.74         |
| 3                                                           | LAWN VIEWS PTY LTD <ANGELA WILLIAMS FAMILY A/C>                          | 2,676,924         | 2.91         |
| 4                                                           | THE TRUST COMPANY (AUSTRALIA) LIMITED <MBF A/C>                          | 2,248,333         | 2.44         |
| 5                                                           | MOGGS CREEK PTY LTD <MOGGS CREEK SUPER A/C>                              | 2,209,747         | 2.40         |
| 6                                                           | LESAMOURAI PTY LTD                                                       | 2,000,000         | 2.17         |
| 7                                                           | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>               | 1,956,453         | 2.13         |
| 8                                                           | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                                | 1,508,353         | 1.64         |
| 9                                                           | MR PETER WILLIAM ROGERS + MS ALIDA JOHANNA CLARK<br><R&C SUPER FUND A/C> | 1,217,245         | 1.32         |
| 10                                                          | TRAOJ PTY LTD <TRAOJ A/C>                                                | 1,102,933         | 1.20         |
| 11                                                          | SUPERGUN PTY LTD <BRICKLANDING SUPER FUND A/C>                           | 1,030,000         | 1.12         |
| 12                                                          | MR NATHAN RYAN WAGNER                                                    | 1,010,562         | 1.10         |
| 13                                                          | MR ADAM GARRIGAN                                                         | 1,000,000         | 1.09         |
| 14                                                          | DAVID NEATE                                                              | 902,257           | 0.98         |
| 15                                                          | TROVEX PTY LTD                                                           | 820,000           | 0.89         |
| 16                                                          | DR RUSSELL KAY HANCOCK                                                   | 750,000           | 0.82         |
| 17                                                          | CITICORP NOMINEES PTY LIMITED                                            | 717,669           | 0.78         |
| 18                                                          | B & M LAWS SUPER FUND PTY LTD <B & M LAWS SUPER FUND A/C>                | 600,000           | 0.65         |
| 19                                                          | LL&P PTY LTD <THE ANDREW SOLOMONS S/F A/C>                               | 584,095           | 0.63         |
| 20                                                          | P R PERRY NOMINEES PTY LTD <DONESK FAMILY A/C>                           | 561,000           | 0.61         |
| <b>Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b> |                                                                          | <b>32,798,400</b> | <b>35.64</b> |

The portion of shares held by the 20 largest shareholders in the Company is 35.64%.

### Listed Options

5,909,065 Listed options expired on 24 August 2023.

### Unlisted Options

At 30 August 2023 unlisted options were held by 15 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 30 August 2023

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        | 13,082,057 | 14.22   |
| 2    | LAWN VIEWS PTY LTD / MOGGS CREEK PTY LTD | 4,886,671  | 5.31    |

# Corporate Directory

---

ASX Code: IIQ

## DIRECTORS

|                          |                                                    |
|--------------------------|----------------------------------------------------|
| Dr Geoffrey Cumming      | Non-Executive Chairman                             |
| Mr Robert (Max) Johnston | Non-Executive Director                             |
| Mr Philip Powell         | Non-Executive Director                             |
| Prof. Allan Cripps       | Non-Executive Director (resigned 13 December 2022) |

## CHIEF EXECUTIVE OFFICER

Dr Leeearne Hinch

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr Mark Edwards (appointed 2 November 2022)  
Mr Tony Di Pietro (resigned 11 November 2022)

## CHIEF SCIENTIFIC OFFICER

Dr Gregory Rice

## REGISTERED OFFICE AND POSTAL ADDRESS

23 Normanby Road  
Notting Hill Victoria 3168  
Telephone: +613 95487586

## SHARE REGISTRY

### Computershare Investor Services Pty Ltd

452 Johnston Street  
Abbotsford Victoria 3067  
Telephone: 1300 850 505  
Overseas: +613 91454000

## AUDITORS

### Grant Thornton Audit Pty Ltd

727 Collins Street  
Melbourne Victoria 3008

## SOLICITORS

### Minter Ellison

Level 20, Collins Arch  
447 Collins Street  
Melbourne Victoria 3000

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



