

## APPENDIX 4E PRELIMINARY FINAL REPORT

### Name of entity

INOVIQ Limited

### ABN

58 009 070 384

### Basis of preparation

This report is based on accounts which are in the process of being audited.

### Reporting period

Current reporting period: 12 months ending 30 June 2022 ("FY22")

Previous corresponding period: 12 months ending 30 June 2021 ("FY21")

### Results for announcement to the market

	FY22	FY21	Change	Change
	\$	\$	\$	%
Revenue from ordinary operations	276,745	468,096	(191,351)	41%
Other income	1,786,130	1,003,957	782,173	78%
Loss before income tax	(8,573,363)	(14,025,685)	(5,452,322)	39%
Total Comprehensive loss for the year	(6,260,268)	(11,110,804)	(4,850,536)	44%

### Dividends

No dividends have been declared in the period under review and no dividends have been proposed for FY22.

### Net tangible asset backing per ordinary share

	FY22 cents	FY21 cents
Net tangible asset backing per ordinary share	17.1	2.2

### Other disclosures and financial information

For other Appendix 4E disclosures, refer to the attached Preliminary Final Report for the year ended 30 June 2022.

Signed:



Dr Geoffrey Cumming  
Chairman  
Melbourne

Date: 30 August 2022



# **PRELIMINARY FINANCIAL REPORT**

**30 June 2022**

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## 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

#### Chief Executive Officer

Dr Leearne Hinch

#### Chief Financial Officer and Company Secretary

Mr Tony Di Pietro

#### Chief Scientific Officer

Dr Gregory Rice

#### Registered Office and Postal Address

23 Normanby Road  
Notting Hill Victoria 3168  
Telephone: +61 3 95487586

#### Share Registry - Australia

Computershare Investor Services Pty Ltd  
452 Johnston Street  
Abbotsford Victoria 3067  
Telephone: 1300 850 505  
Overseas: +61 3 91454000

#### Auditors - Australia

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)

## OPERATIONAL REVIEW

### BUSINESS OVERVIEW

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

INOVIQ raised \$18.4 million, completed a corporate rebrand and successfully repositioned the business to focus on next-generation precision diagnostics during the financial year.

Commercial activities during the year focused on launching the Company's first EXO-NET pan-exosome capture tool for research use, completing evaluations of EXO-NET by key research organisations in Australia and overseas, establishing sales and logistics capability for US market launch of EXO-NET and supporting our hTERT distributors.

Research and development activities during the year focused on progressing the development and transfer of the SubB2M™ data package to contract research organisation (CRO) ResearchDx for optimisation and validation of the SubB2M diagnostics, advancing the manufacturing data for SubB2M with MP Biomedicals, expanding the data package for EXO-NET research tools, evaluating new EXO-NET prototypes and progressing The University of Queensland (UQ) collaboration for development of an exosome-based ovarian cancer screening test.

The Company ended the financial year with a strong cash balance of \$15.4m at 30 June 2022 to support its ongoing strategic and operational requirements.

### HIGHLIGHTS

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

#### Commercial

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

#### Research & Development

##### SubB2M

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

##### EXO-NET

- EXO-NET research program focused on development of new exosome research tools to isolate specific exosome subsets for use in targeted disease applications
- Promising exosome-based ovarian cancer test data released by collaborator University of Queensland (UQ) showing over 90% accuracy for detection of stage I and II ovarian cancer in a 450-sample retrospective case-control study

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

#### **BARD1**

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

#### **Corporate**

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

#### **Financial**

- Cash balance of \$15.4 million at 30 June 2022
- Unaudited net loss after tax of \$6.5 million for the financial year ended 30 June 2022
- Research & Development (R&D) Tax Refund of \$1.3m recognised for the 2021 and 2022 financial years

### **OUTLOOK AND PLANS**

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

INOVIQ thanks shareholders for their ongoing support and looks forward to sharing our progress as we build a leading precision diagnostics company. The Company is strongly positioned with the proprietary technologies, funding and people to advance our multi-product exosome capture tool and precision diagnostics pipeline towards key development and commercialisation milestones in financial year 2023.

INOVIQ expects its SubB2M-based tests for breast and ovarian cancer monitoring to commence clinical studies by December 2022 and be launch ready as laboratory developed tests in the second half of calendar year 2023. The Company also expects to develop new EXO-NET exosome isolation products for research applications, expand EXO-NET collaborations for development of novel exosome-based diagnostic applications and progress development of the exosome-based ovarian cancer screening test with The University of Queensland.

### **FINANCIAL RESULTS**

The Group reported a net loss from operating activities (after income tax) for the year of \$6,514,850 (2021: \$11,150,880) and ended the financial year with a cash balance of \$15,394,847 (2021: \$4,998,564). Cash reserves were boosted by \$18,411,450 of new capital, before expenses, raised via a share placement and share purchase plan completed in August 2021.

The net loss includes the recognition of a non-cash intangible asset impairment loss of \$1,140,275 (2021: \$7,321,047) against the hTERT intangible asset. As required by the Accounting Standard - AASB 136 – Impairment of Assets - INOVIQ has undertaken a review of intangible asset values acquired via the merger with Sienna Cancer Diagnostics Ltd, including Goodwill. Calculations were undertaken to test the carrying values of these assets at 30 June 2022. These calculations were based on management's revised forecasts for hTERT and Molecular NETs product revenues. hTERT revenues continue to be impacted by the COVID-19 pandemic, and as a result have not recovered to pre-pandemic levels. Considering the reduction in revenues over the past 24 months the Board has determined that a non-cash impairment loss of \$1,140,275 be recognised for hTERT.

In the prior reporting period an impairment loss of \$4,431,828 for the Molecular Net intangible asset and \$2,889,219 against Goodwill was recognised.

Product revenues for the hTERT test totalled \$276,745 (2021: \$468,096). Income from other sources was \$1,786,130 (2021: \$1,003,957) including an accrual of \$1,316,437 for the Research and Development Tax Incentive Refund for the 2021 and 2022 financial years (2021: receipt of \$643,542 for the 2020 financial year). The refund for 2021 is expected to be received in the coming months. Grant income contributed \$404,025 (2021: \$317,533), comprising \$368,137 from the BTB Grant supporting the SubB2M breast cancer program and \$35,886 from the Export Market Development Grant. Interest and miscellaneous income added \$65,668 (2021: \$42,882).

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

- employee Expenditure \$1,770,247 (2021: \$1,957,324) including the non-cash share options expense, \$239,651 (2021: \$685,397);
- consulting and legal fees \$1,514,422 (2021: \$624,620) including fees paid to defend the Supreme Court Writ;
- amortisation of intangible assets \$1,677,408 (2021: \$512,400) for the hTERT and Molecular Nets intangible assets; and
- ASX listing and share registry fees of \$213,425 (2021: \$204,308).

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

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

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

- amortisation of intangible assets \$1,677,408 (2021: \$512,400) for the hTERT and Molecular Nets intangible assets and \$34,354 (2021: \$36,735) related to granted patents;
- depreciation of right-of-use assets (required by accounting standard AASB16 – Leases) \$274,998 (2021: \$273,486);
- depreciation of building improvements \$32,247 (2021: \$25,581) and depreciation of plant and equipment \$82,584 (2021: \$61,809);
- share based payments expense of \$239,651 (2021: \$685,397);
- intangible asset and goodwill impairment of \$1,140,275 (2021: \$7,321,047); and
- lease liability interest expense, as required by AASB16, \$81,963 (2021: \$99,204).

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

## LEGAL PROCEEDINGS

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

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

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

## INHERENT RISKS OF INVESTMENT IN BIOTECHNOLOGY COMPANIES

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

Companies such as 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. The Company strongly recommends that professional investment advice be sought prior to individuals making such investments.

## FORWARD-LOOKING STATEMENTS

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

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

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

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

- 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.

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>For the year ended 30 June 2022 \$</b>	<b>For the year ended 30 June 2021 \$</b>
<b>REVENUE AND COST OF SALES FROM ORDINARY ACTIVITIES</b>			
Product revenue	1	276,745	468,096
Cost of sales		(56,446)	(64,045)
<b>GROSS PROFIT</b>		<b>220,299</b>	<b>404,051</b>
<b>OTHER INCOME</b>			
Research and Development Tax Incentive refund	2	1,316,437	643,542
Grant income	2	404,025	317,533
Interest and miscellaneous income	2	65,668	42,882
<b>TOTAL OTHER INCOME</b>		<b>1,786,130</b>	<b>1,003,957</b>
<b>OPERATING EXPENDITURES</b>			
Impairment of Intangibles	7	(1,140,275)	(7,321,047)
General and Administration	3	(5,855,103)	(4,390,832)
Research and Development	3	(3,035,963)	(3,415,240)
Sales and Marketing	3	(548,451)	(306,574)
<b>TOTAL OPERATING EXPENDITURES</b>		<b>(10,579,792)</b>	<b>(15,433,693)</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(8,573,363)</b>	<b>(14,025,685)</b>
Income tax credit/(expense)	4	2,058,513	2,874,805
<b>LOSS AFTER INCOME TAX</b>		<b>(6,514,850)</b>	<b>(11,150,880)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be subsequently reclassified to operating result</i>			
Foreign currency translation		254,582	40,076
<b>OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR, NET OF TAX</b>		<b>254,582</b>	<b>40,076</b>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO THE MEMBERS OF INOVIQ LIMITED</b>		<b>(6,260,268)</b>	<b>(11,110,804)</b>
<b>LOSS PER SHARE:</b>		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(7.17)	(14.43)
Diluted loss per share		(7.17)	(14.43)

The accompanying notes form part of these financial statements.



	Notes	Consolidated Group	
		As at 30 June 2022 \$	As at 30 June 2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		15,394,847	4,998,564
Trade and other receivables	5	1,705,853	219,567
Inventories		13,429	47,503
Prepayments		352,656	382,891
<b>TOTAL CURRENT ASSETS</b>		<b>17,466,785</b>	<b>5,648,525</b>
<b>NON-CURRENT ASSETS</b>			
Building improvements, plant, and equipment	6	780,307	585,344
Intangible assets	7	12,316,123	15,115,462
Goodwill	7	11,030,560	11,030,560
Right-of-use assets	8	866,811	1,141,809
<b>TOTAL NON-CURRENT ASSETS</b>		<b>24,993,801</b>	<b>27,873,175</b>
<b>TOTAL ASSETS</b>		<b>42,460,586</b>	<b>33,521,700</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,046,251	762,142
Lease liability	10	357,032	346,634
Provisions	11(a)	392,413	350,362
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,795,696</b>	<b>1,459,138</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	10	641,656	917,503
Provisions	11(b)	49,270	29,816
Deferred tax liability	4(c)	-	2,058,513
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>690,926</b>	<b>3,005,832</b>
<b>TOTAL LIABILITIES</b>		<b>2,486,622</b>	<b>4,464,970</b>
<b>NET ASSETS</b>		<b>39,973,964</b>	<b>29,056,730</b>
Issued capital	12	69,053,379	51,832,009
Distribution reserve		(309,421)	(309,421)
Share based payment reserve		1,458,171	1,511,691
Foreign exchange translation reserve		(51,766)	(22,829)
Accumulated losses		(30,176,399)	(23,954,720)
<b>TOTAL EQUITY</b>		<b>39,973,964</b>	<b>29,056,730</b>

The accompanying notes form part of these financial statements.

**For the year ended 30 June 2022**

	Issued Capital \$	Accumulated losses \$	Distribution Reserve \$	Foreign Currency Translation reserve \$	Share Based Payments Reserve \$	Total Equity \$
<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	-	(6,514,850)	-	-	-	(6,514,850)
Other comprehensive income	-	-	-	(28,937)	-	(28,937)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(6,514,850)</b>	<b>-</b>	<b>(28,937)</b>	<b>-</b>	<b>(6,543,787)</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>(30,176,399)</b>	<b>(309,421)</b>	<b>(51,766)</b>	<b>1,458,171</b>	<b>39,973,964</b>

**For the year ended 30 June 2021**

	Issued Capital \$	Accumulated losses \$	Distribution Reserve \$	Foreign Currency Translation reserve \$	Share Based Payments Reserve \$	Total Equity \$
<b>At 1 July 2020</b>	<b>19,286,885</b>	<b>(12,828,179)</b>	<b>(309,421)</b>	<b>(62,905)</b>	<b>388,734</b>	<b>6,475,114</b>
Loss for the year	-	(11,150,880)	-	-	-	(11,150,880)
Other comprehensive income	-	-	-	40,076	-	40,076
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(11,150,880)</b>	<b>-</b>	<b>40,076</b>	<b>-</b>	<b>(11,110,804)</b>
Value of options issued to Sienna Option holders	-	-	-	-	461,899	461,899
Share based payments	-	24,339	-	-	661,058	685,397
Issue of ordinary shares on exercise of options	286,479	-	-	-	-	286,479
Issue of shares to Sienna Cancer Diagnostics Ltd shareholders as part of the Scheme of Arrangement	32,258,645	-	-	-	-	32,258,645
<b>At 30 June 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>

The accompanying notes form part of these financial statements.

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

*The accompanying notes form part of these financial statements.*

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
<b>1. PRODUCT INCOME</b>		
Product revenue – hTERT – at a point in time	273,897	468,096*
Product revenue – Molecular NETs – at a point in time	2,848	-
	<b>276,745</b>	<b>468,096</b>
* The comparative period represents sales of vials of the Company's hTERT product from the date of the acquisition of Sienna Cancer Diagnostics, 28 July 2020.		
<b>2. OTHER INCOME</b>		
Research and Development Incentive refund**	1,316,437	643,542
Grants income	404,025	317,533
Interest and miscellaneous income	65,668	42,882
	<b>1,786,130</b>	<b>1,003,957</b>
*Grant income comprises \$368,137 in BTB grant income (2021: \$59,133) and \$35,886 (2021: \$100,000) from the Export Market Development Grant (EMDG). The prior year also included \$133,400 from the federal government's Cash Flow Boost and Jobkeeper programs and \$25,000 in COVID-19 support payments from the Victorian government.		
** When management is able to calculate a reasonable estimate of the Research and Development Tax Incentive refund likely to be received for a financial year, that amount is recognised in the financial year to which the refund relates. When a reasonable estimate cannot be determined, income from the refund is recognised when it is received.		
<b>3. OPERATING EXPENDITURES</b>		
<b>General and Administration</b>		
Employee Expenditure		
- Staff wages and superannuation	1,143,194	930,770
- Directors' fees	254,786	265,393
- Contractor fees	15,568	25,815
- Other employment expenses	356,699	735,346
	<b>1,770,247</b>	<b>1,957,324</b>
Administrative Costs		
- Business Combination expenses*	-	219,712
- Consulting and legal fees	1,514,422	624,620
- ASX listing and transaction fees plus share registry fees	213,426	204,308
- Short term lease expenditure	81,963	99,204
- Other administration expenses	381,060	560,881
	<b>2,190,871</b>	<b>1,708,725</b>
Depreciation and amortisation		
- Amortisation of acquired intangible asset - hTERT	389,066	360,206
- Amortisation of acquired intangible asset – Molecular Nets	1,288,342	152,194
- Amortisation of granted patents	34,354	36,735
- Depreciation of building improvements	24,102	22,143
- Depreciation of right-of-use assets – AASB 16 Leases	137,499	136,743
- Depreciation of plant and equipment	20,622	16,762
	<b>1,893,985</b>	<b>724,783</b>
Per Consolidated Statement of Comprehensive Income	<b>5,855,103</b>	<b>4,390,832</b>

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

3. OPERATING EXPENDITURES (CONTINUED)

**Research and Development**

Employee Expenditure

- Staff wages and superannuation
- Contractor fees
- Other employment expenses

For the year  
ended  
30 June 2022  
\$

For the year  
ended  
30 June 2021  
\$

1,127,998	1,538,248
42,551	26,515
84,647	71,193
1,255,196	1,635,956

R&D Expenditure

- External R&D
- Laboratory operations

779,156	765,861
794,005	828,195

Per Consolidated Statement of Comprehensive Income

1,573,161	1,594,056
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Depreciation and amortisation

- Depreciation of building improvements
- Depreciation of right-of-use assets – AASB 16 Leases
- Depreciation of plant and equipment

8,145	3,438
137,499	136,743
61,962	45,047
207,606	185,228

Per Consolidated Statement of Comprehensive Income

3,035,963	3,415,240
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**Sales and Marketing**

Employee Expenditure

- Staff wages and superannuation
- Contractor fees
- Other employment expenses

364,726	212,611
32,547	48,229
40,493	16,406
437,766	277,246

Other business development related expenditure

110,685	29,328
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Per Consolidated Statement of Comprehensive Income

548,451	306,574
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#### 4. INCOME TAX

	For the year ended 30 June 2022 \$	For the year ended 30 June 2021 \$
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- (a) Major components of income tax credit for the periods presented are:

##### Statement of comprehensive income

Current income tax charge		-	-
Deferred income tax credit – current year*	4(b) & 4(c)	744,699	175,876
Deferred income tax credit – carried forward losses*	4(c)	609,393	1,462,872
Income tax credit - Amortisation of hTERT and Molecular NETs	4(c)	419,352	128,100
Income tax credit - Impairment of acquired intangible asset – hTERT (2021: Molecular NETs)	4(c)	285,069	1,107,957
Income tax credit reported in the Statement of Comprehensive Income		<b>2,058,513</b>	<b>2,874,805</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 2022 and 30 June 2021 is as follows:

Accounting loss before tax		(8,565,181)	(14,025,684)
At statutory income tax rate of 25% (2021: 26%)		(2,141,295)	(3,646,678)
Adjustments due to permanent and timing differences		692,925	2,630,703
Deferred tax assets not brought to account		1,448,370	1,015,975
Tax asset brought to account	4(a)	744,699	175,876
Deferred income tax credit – carried forward losses*	4(c)	609,393	1,462,872
Income tax credit-Amortisation of hTERT and Molecular NETs	4(c)	419,352	128,100
Income tax credit-Impairment of acquired intangible asset-Molecular NETs	4(c)	285,069	1,107,957
Income tax credit reported in the Statement of Comprehensive Income		<b>2,058,513</b>	<b>2,874,805</b>

Estimated temporary differences total \$166,930 as at 30 June 2022 (2021: \$160,474). Estimated total tax losses not brought to account total \$3,377,249 at 30 June 2022 (2021: \$4,234,576). Total estimated tax losses include the carried forward tax losses reported in the wholly owned subsidiary Sienna Cancer Diagnostics Ltd and subsidiary corporate tax returns lodged with the Australian Taxation Office up to 28 July 2020. It should be noted that tax losses incurred by foreign subsidiaries BARD1AG S.A. and INOVIQ Inc. (formerly Sienna Cancer Diagnostics Inc.) are not included in estimated tax losses not brought to account. It is not probable that the Group will be in a position to utilise these tax losses in future.

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

- 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.

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

Value of assets acquired on business combination with Sienna		4,933,318	4,933,318
Amortisation of hTERT and Molecular NETs	4(a)	(547,452)	(128,100)
Impairment of acquired intangible assets – hTERT & Molecular NETs	4(a)	(1,393,026)	(1,107,957)
Deferred income tax credit – current year	4(a) & 4(b)	(744,699)	(175,876)
Deferred income tax credit – carried forward losses	4(a)	(2,248,141)	(1,462,872)
Per Statement of Financial Position		<b>-</b>	<b>2,058,513</b>

**5. TRADE AND OTHER RECEIVABLES**

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

**Credit Risk**

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

**6. BUILDING IMPROVEMENTS, PLANT AND EQUIPMENT**

Building Improvements – at cost	185,181	185,181
Accumulated depreciation	(57,827)	(25,580)
	<u>127,354</u>	<u>159,601</u>
Office equipment – at cost	87,883	63,359
Accumulated depreciation	(39,512)	(16,753)
	<u>48,371</u>	<u>46,606</u>
Research equipment – at cost	740,328	424,000
Accumulated depreciation	(135,746)	(44,863)
	<u>604,582</u>	<u>379,137</u>
	<u><b>780,307</b></u>	<u><b>585,344</b></u>

**Movement in Carrying Amounts**

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

7. INTANGIBLE ASSETS AND GOODWILL

	As at 30 June 2022 \$	As at 30 June 2021 \$
<b>INTELLECTUAL PROPERTY</b>		
Patents – at cost	381,313	351,246
Accumulated amortisation	(73,585)	(36,720)
	<u>307,728</u>	<u>314,526</u>
Trademarks at cost	<u>37,039</u>	<u>11,897</u>
<b>Purchased intellectual property</b>		
hTERT	2,896,772	2,896,772
Accumulated amortisation	(749,272)	(360,206)
Accumulated impairment	(1,140,275)	-
	<u>1,007,225</u>	<u>2,536,566</u>
Molecular NETS	15,686,495	15,686,495
Accumulated amortisation	(1,440,536)	(152,194)
Accumulated impairment	(4,431,828)	(4,431,828)
	<u>9,814,131</u>	<u>11,102,473</u>
SubB2M	<u>1,150,000</u>	<u>1,150,000</u>
<i>Per Statement of Financial Position</i>	<b><u>12,316,123</u></b>	<b><u>15,115,462</u></b>
<b>Goodwill on acquisition</b>		
Goodwill on acquisition of Sienna	13,919,779	13,919,779
Accumulated impairment	(2,889,219)	(2,889,219)
<i>Per Statement of Financial Position</i>	<b><u>11,030,560</u></b>	<b><u>11,030,560</u></b>

	Patents \$	Trademarks \$	hTERT \$	Molecular NETS \$	SubB2M \$	Total \$
Balance at the beginning of the year	314,526	11,897	2,536,566	11,102,473	1,150,000	15,115,462
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	-	-	(1,140,275)	-	-	(1,140,275)
Effect of FX translation	7,850	-	-	-	-	7,850
Balance at the end of the year	<u>307,728</u>	<u>37,039</u>	<u>1,007,225</u>	<u>9,814,131</u>	<u>1,150,000</u>	<u>12,316,123</u>



## 8. RIGHT OF USE ASSETS

Right-of-use Asset – at cost  
Accumulated depreciation

As at 30 June 2022 \$	As at 30 June 2021 \$
1,510,256	1,510,256
(643,445)	(368,447)
<b>866,811</b>	<b>1,141,809</b>

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

The following table provides a summary of the leases that represent the balance of the Right-of-use assets and Lease liability (see note 10) on the Statement of Financial Position:

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

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

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

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

## 9. TRADE AND OTHER PAYABLES

Trade and other payables	1,019,842	604,915
Accruals	26,409	157,227
	<b>1,046,251</b>	<b>762,142</b>

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

## 10. LEASE LIABILITY

### CURRENT

Lease liability

<b>357,032</b>	<b>346,634</b>
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### NON-CURRENT

Lease liability

<b>641,656</b>	<b>917,503</b>
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### Maturity analysis

Less than 12 months

357,032	346,634
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Greater than 12 months and less than 5 years

641,656	917,503
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Greater than 5 years

-	-
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<b>998,688</b>	<b>1,264,137</b>
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	As at 30 June 2022 \$	As at 30 June 2021 \$
<b>11. PROVISIONS</b>		
(a) <b>Current</b>		
Annual leave	312,640	202,902
Long service leave	79,773	147,460
	<b>392,413</b>	<b>350,362</b>
(b) <b>Non-current</b>		
Long service leave	<b>49,270</b>	<b>29,816</b>

## 12. ISSUED CAPITAL

### Issued and paid up capital

	As at 30 June 2022 \$	As at 30 June 2021 \$
Ordinary shares (net of issue costs)	<b>69,053,379</b>	<b>51,832,009</b>
	<b>Number of shares</b>	<b>Number of shares</b>
	<b>\$</b>	<b>\$</b>
<b>At the beginning of the period</b>	80,056,715	51,832,009
Issue of shares to Sienna shareholders	-	1,027,345,358
Issue of shares—Share Placement & Share Purchase Plan	11,878,205	18,411,450
Less: Transaction costs	-	(1,240,346)
Shares issued to Performance Shareholders	4	-
Share consolidation – 1 for 30 securities held	-	(2,314,712,612)
Issue of shares on conversion of options	83,778	50,266
<b>At the end of the period</b>	<b>92,018,702</b>	<b>80,056,715</b>

## 13. 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 operating segment, Geneva, Switzerland, where operations ceased in February 2021.

Product revenues reported for the financial year were sourced from foreign countries, specifically the United States and South Korea. More than 10% of product revenue is sourced from one customer in the United States, a total of \$273,898 (2021: \$445,320) was received from this customer during reporting period. Other income recorded in the reporting period was sourced in Australia.

The Group's non-current assets (other than goodwill on acquisition and right-of-use assets) are located in the following geographic regions:

	As at 30 June 2022 \$	As at 30 June 2021 \$
Australia (domicile)	12,357,765	15,222,908
United States of America	622,429	386,195
Switzerland	-	91,703
<b>Total</b>	<b>12,980,194</b>	<b>15,700,806</b>

#### 14. CONTINGENT ASSET AND LIABILITIES

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

- On 24 February 2021, INOVIQ announced that Tony Walker and former director and Founding Scientist of the Company, Dr Irminger-Finger, had commenced legal proceedings against the Company in the Supreme Court of Victoria. INOVIQ advised that it would defend the proceedings and file a comprehensive defence.
- On 4 June 2021, INOVIQ announced an update on the legal proceedings. The Company received from the Plaintiffs particulars, and proposed means of calculation, of their alleged loss and damages relating to the Claim and was reviewing it with its legal advisers. Although the calculations derive a potentially very significant amount of claimed loss and damage by the Plaintiffs, any such claim will ultimately turn on the evidence and the outcome of the legal proceedings at trial. The Company continues to dispute the basis of the Claim and has filed with the Supreme Court of Victoria a comprehensive defence.
- Sienna Cancer Diagnostics Limited, a wholly owned subsidiary of INOVIQ Limited, has a contingent liability in the form of milestone payments to Sevident Inc. shareholders, the entity from which Sienna purchased the Molecular Net capture platform technology in April 2019. Sevident Inc. shareholders are entitled to receive up to a value of US\$1.5 million in scrip (or cash) upon the realisation of future Molecular Net product revenue milestones;
- In previous financial statements, the Company has noted it guaranteed the payment of a royalty by Saulyak Limited Liability, based on gold output from the Saulyak Gold Project which was disposed of by the Company on 10 July 2007. Subsequent to the end of this financial year, the Company has confirmed that the company to whom the guarantee was given has been placed in liquidation and as a result, the obligations of the Company in respect of the guarantee have ceased. The Company has confirmed with the Liquidators and the owner of the company with the benefit of the guarantee, that neither they, nor any successor to the company, has any claim on the Company. Accordingly, the contingent liability has ceased, and no further disclosure is required in future financial statements of the Company;
- INOVIQ Limited has contingent liabilities in the form of the milestone payments detailed below, under the SubB2M Technology Licence Agreement with The University of Adelaide:

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

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

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