

Appendix 4D

For the Half Year ended 31 December 2023

Name of Entity

ABN

INOVIQ Limited

58 009 070 384

Basis of preparation

This report has been based on accounts which have been reviewed by INOVIQ's auditors, Grant Thornton Audit Pty Ltd.

Reporting period

Report for the half year ended 31 December 2023

Comparative period is the half year ended 31 December 2022

Results for announcement to the market

	31 Dec 2023	31 Dec 2022	Change	Change
	\$	\$	\$	%
Revenue from ordinary activities	198,055	164,390	33,665	20%
Other income	652,899	591,736	61,163	10%
Net loss (after tax) for the half year	(3,127,659)	(5,586,561)	2,458,902	(44%)*
Total comprehensive loss for the period attributable to members	(3,069,566)	(5,752,592)	2,683,026	(47%)*

*Improved result

Dividends

No dividends were paid during the current or previous half-year period and no dividends have been declared subsequent to the half year end and up to the date of this report. There are no dividend or distribution reinvestment plans in operation.

Net tangible asset backing per ordinary share

	31 Dec 23 cents	30 Jun 23 cents
Net tangible asset backing per ordinary share	6.6	9.1

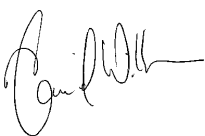
Other disclosures and financial information

For other Appendix 4D disclosures, refer to the Half-year Financial Report for the period ended 31 December 2023 attached.

Review Opinion

Grant Thornton has provided an unqualified review opinion on the attached Half-year Financial Report which included a paragraph noting a material uncertainty related to going concern. For additional information, refer to the review opinion within the attached Half-year Financial Report.

Signed:



David Williams

Chairman

Melbourne

Date: 23 February 2024

For personal use only



**INOVIQ LIMITED
(ASX:IIQ)**

ABN 58 009 070 384

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2023**

For personal use only

CONTENTS

DIRECTORS' REPORT	3
RESULTS OF OPERATIONS	3
REVIEW OF OPERATIONS.....	4
DIRECTORS' DECLARATION.....	9
AUDITOR'S INDEPENDENCE DECLARATION	10
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	12
CONSOLIDATED STATEMENT OF CASH FLOWS.....	13
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	14
NOTES TO THE FINANCIAL STATEMENTS.....	15
INDEPENDENT AUDITOR'S REVIEW REPORT	18

For personal use only

DIRECTORS' REPORT

The Directors of INOVIQ Limited and its controlled entities ("INOVIQ", "the Group", or "the Company") present their report for the half year ended 31 December 2023.

Directors

The names of the Company's Directors in office during the period, and until the date of this report, are as follows. Directors were in office for the entire period unless otherwise stated.

David John Williams	Non-Executive Chairman (appointed 29 November 2023)
Dr Geoffrey James Cumming	Non-Executive Director (Chairman until 29 November 2023)
Robert (Max) Johnston	Non-Executive Director
Philip John Powell	Non-Executive Director

Senior Management

Dr Leeanne Maree Hinch - Chief Executive Officer
 Mark Edwards - Chief Financial Officer & Company Secretary
 Dr Gregory Edward Rice - Chief Scientific Officer

RESULTS OF OPERATIONS

The Group reported a net loss of \$3,127,659 for the half-year ended 31 December 2023 (net loss for the half-year ended 31 December 2022: \$5,586,561).

PRINCIPAL ACTIVITIES

INOVIQ (ASX:IIQ) 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 EXO-NET® pan-exosome capture tool for research purposes and the hTERT test as an adjunct to urine cytology testing for bladder cancer and for use in exosome research. INOVIQ's pipeline includes blood tests in development for the earlier detection and monitoring of ovarian and breast cancers.

HIGHLIGHTS

INOVIQ made significant progress during the half-year to 31 December 2023, and up to the date of this report. The Company secured multiple commercial partnerships for its in-market EXO-NET® research tools, advanced its exosome and SubB2M diagnostics pipeline towards key development milestones, progressed its research-stage exosome therapeutics program, and expanded its Board.

Commercial

- INOVIQ and **Promega Corporation** signed a global joint marketing agreement for EXO-NET exosome capture technology and Promega Nucleic Acid Purification Systems
- INOVIQ and **ResearchDx** signed a license and supply agreement for INOVIQ's EXO-NET® pan-exosome capture product to provide EXO-NET services in the USA
- Research Agreement with a **European biotechnology**, paying contract research fees to INOVIQ to evaluate EXO-NET for development of a potential exosome diagnostic for a targeted therapy

Research & Development

- Serum equivalence study confirmed EXO-NET isolates exosomes from both plasma and serum samples, enabling access to large ovarian cancer serum biobanks for further development of the **EXO-OC test**
- New data presented on the effectiveness and utility of **EXO-NET** at the Australia and New Zealand Society for Extracellular Vesicles (ANSEV) conference.
- New data presented on high-throughput **EXO-NET** for exosome isolation and biomarker discovery in breast and ovarian cancers at a Promega hosted workshop at the Association for Molecular Pathology (AMP) annual meeting
- SubB2M-based SPR assay** evaluation on Nicoya ALTO instrument for potential risk-assessment test successfully completed
- Breast cancer monitoring study successfully completed showing **SubB2M/CA15-3** detected key breast cancer subtypes, correctly identified 19% more breast cancers than a leading approved CA15-3 test and was effective for monitoring breast cancer

Corporate

- David Williams**, experienced director and investment banker appointed Non-Executive Director and Chairman effective 29 November 2023
- INOVIQ CSO Professor **Gregory Rice** awarded the Joan Hunt Senior Award in Placentology

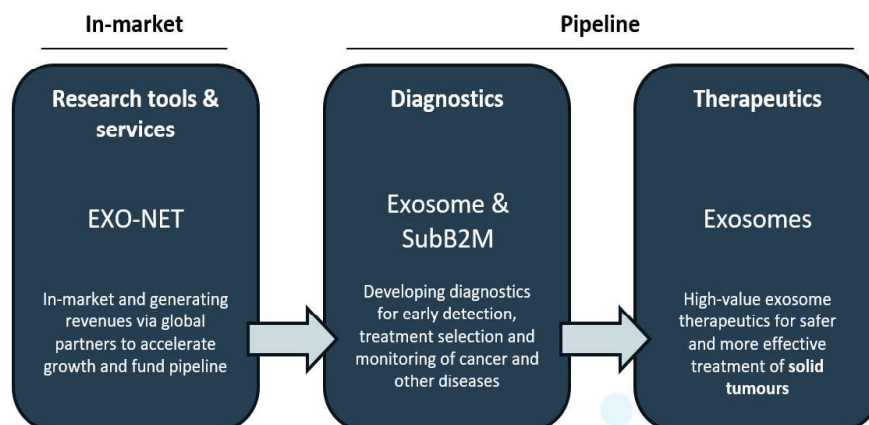
Financial

- Cash of \$5.97 million** at 31 December 2023 to fund operations and pipeline development
- Net loss of \$3.128 million** for the half-year ended 31 December 2023 (decreased loss in the current period driven by reduced legal fees and no further costs relating to settled legal matter in the prior period).

For personal use only

REVIEW OF OPERATIONS

During the past three years, the Board and management have repositioned the Company from a single-asset diagnostics company to a multi-asset biotechnology company **developing next-generation cancer diagnostics and therapeutics to save lives**. INOVIQ has focused on leveraging its core **Exosome and SubB2M technologies** to build a portfolio of **revenue-generating research tools** and a **high-value diagnostics and therapeutics pipeline**.



COMMERCIAL UPDATE

Commercial activities during the period focused on EXO-NET partnering and ongoing conference activities.

EXO-NET® PAN-EXOSOME CAPTURE

EXO-NET pan-exosome capture is a research use only (RUO) tool for isolating exosomes from body fluids for biomarker discovery and diagnostic applications. EXO-NET offers speed, efficiency and scalability advantages over competitor exosome isolation products.

EXO-NET business development and partnering

On 6 July 2023, INOVIQ and [Promega](#) signed a global joint marketing agreement to co-market INOVIQ's EXO-NET exosome capture technology and Promega Nucleic Acid purification systems worldwide. Under the global joint marketing agreement, the two parties 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.

On 5 September 2023, INOVIQ and [ResearchDx](#) signed a license and supply agreement enabling provision of EXO-NET enabled exosome isolation, biomarker discovery and diagnostics development services to biotech and pharma customers in the US.

On 23 December 2023, INOVIQ signed a research collaboration with a **European biotechnology** company to evaluate the feasibility of using EXO-NET to develop an exosome diagnostic for a targeted therapeutic. This is INOVIQ's first fee-paying collaborative agreement to provide EXO-NET services to a biotech partner from its recently upgraded Australian laboratory.

During the half-year, the companies worked together to develop a data package for high-throughput (HT) EXO-NET and to support its complete exosome isolation and RNA extraction solution for biomarker discovery and diagnostic development. INOVIQ and Promega jointly engaged with numerous academic key opinion leaders, biotechnology, diagnostic and clinical laboratory companies during the half to discuss the potential use of its HT EXO-NET and RNA extraction solution for exosome isolation, biomarker discovery and diagnostics development.

In January 2024, INOVIQ received its first product order from Promega for US\$20k (approx. A\$30k) that was dispatched and invoiced in February 2024. This agreement and anticipated expansions are expected to be a major driver of future EXO-NET revenues.

EXO-NET promotion

During the half-year, INOVIQ directly engaged with researchers in academia and industry to promote awareness of EXO-NET, its benefits and applications for exosome isolation, biomarker discovery and diagnostic development. INOVIQ attended key scientific conferences and trade events to showcase the speed, efficiency and scalability of using EXO-NET for exosome isolation from various biofluids including plasma, saliva and cell culture media.

INOVIQ presented new data on the effectiveness and utility of its proprietary exosome isolation technology, EXO-NET, at the Annual Meeting of the *Australia and New Zealand Society for Extracellular Vesicles (ANZSEV)* in Adelaide, Australia, 8-10 November 2023. The first poster titled 'High-throughput isolation of extracellular vesicles and associated miRNAs' presented data on the first fully-automated high-throughput system for rapid and reproducible EXO-NET isolation of EVs and downstream RNA extraction on the Promega Maxwell® and Thermo Fisher Scientific KingFisher™ automated instruments. The second poster titled 'A novel engineered protein bead-based matrix for enrichment of tumor derived extracellular vesicles' outlined data from a study that established the effectiveness of TEXO-NET in selectively capturing a subpopulation of EVs enriched with tumor-specific biomarkers.

INOVIQ also attended and presented detailed data at a Promega hosted workshop titled 'Advancing Exosome Research: High-Throughput Capture and mRNA and miRNA detection in Ovarian Cancer' at the *Association for Molecular Pathology (AMP) Annual Meeting & Expo* in Salt Lake City, USA on 14-18 November 2023. The data was from additional validation studies of the HT EXO-NET EV isolation system using INOVIQ's EXO-NET and Promega simplyRNA extraction kit to

For personal use only

showcase the power of HT fully-automated pan-exosome capture and downstream RNA analysis to identify biomarkers associated with breast and ovarian cancer. INOVIQ commercial partners, Promega and ResearchDx, exhibited at AMP and received numerous enquiries about EXO-NET following the presentation and during the conference.

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.

Direct distribution of the hTERT test to US laboratory customers continued with sales revenue consistent with the previous period. hTERT sales revenues are expected to remain flat in future periods due to both the limited market size and increased competition from new product entrants.

INTELLECTUAL PROPERTY (IP) PORTFOLIO

The Group owns or exclusively licenses a broad intellectual property (IP) portfolio of granted patents, patent applications, trade secrets and trademarks protecting its core technologies, products, processes and brands. The Group had 21 granted patents, 16 patents pending and 1 provisional patent application as at 31 December 2023, covering its Molecular NET, SubB2M, BARD1 and hTERT technologies and products across key jurisdictions including the United States, Europe, Asia, and Australia. Trademarks are also registered or pending for INOVIQ and EXO-NET.

RESEARCH AND DEVELOPMENT (R&D) PROGRESS

R&D activities during the reporting period focused on advancing the SubB2M diagnostics pipeline towards key development milestones and progressing the exosome program across its research tools, diagnostics and research-stage therapeutics pipeline.

SUBB2M PROGRAM

SubB2M is an engineered protein that specifically detects the cancer biomarker neu5Gc that is found in multiple human cancers. INOVIQ is developing simple, affordable and more accurate SubB2M-based blood tests for cancer detection and monitoring.

SubB2M immunoassays for breast and ovarian cancer monitoring

INOVIQ previously released excellent data from a 483 sample clinical validation study that demonstrated the **SubB2M/CA15-3 test detected breast cancer across all stages with 81% sensitivity and 93% specificity**, outperforming a leading approved CA15-3 test (ASX: 29 June 2023).

During the half-year, INOVIQ commenced a monitoring study to evaluate its SubB2M/CA15-3 test for monitoring breast cancer. The aim of the study was to demonstrate the performance of INOVIQ's SubB2M/CA15-3 test for detection of breast cancer subtypes and post-treatment monitoring compared with an FDA cleared test (Roche Elecsys CA15-3 II).

On 22 February 2024, INOVIQ announced the successful completion of its monitoring study showing that INOVIQ's test **detected key breast cancer subtypes (HR+, HER2+ and TNBC), correctly identified 19% more breast cancers than a leading approved CA15-3 test and was effective for monitoring breast cancer**.

These study results further evidence the clinical validity of INOVIQ's SubB2M/CA15-3 test for monitoring breast cancer. INOVIQ will now present its data package to potential partners and key opinion leaders to secure a laboratory partner in the US to commercialise the test. INOVIQ will also sponsor a larger in-clinical trial to gain further data to substantiate the performance of its test for monitoring breast cancer and to facilitate clinical adoption.

Analytical validation studies of the **SubB2M/CA125 test** also progressed later in the half. Access to suitable ovarian cancer samples was delayed, with INOVIQ now expected to report these results in Q1 CY24.

SubB2M Surface Plasmon Resonance (SPR) test for cancer risk-assessment

INOVIQ previously signed a contract research agreement with Nicoya Lifesciences Inc to evaluate a SubB2M-based SPR test on the Alto™ Digital SPR instrument (ASX: 13 October 2022). The project aimed to demonstrate discrimination of the SPR test between cancer and cancer-free blood samples. Combining the SubB2M technology on the Alto could provide a highly sensitive test for detecting cancer biomarkers in blood.

This feasibility study, performed by Nicoya, tested blood samples from women with late-stage breast cancer and normal healthy women. In December 2023, the study was finalised with results demonstrating that the SPR test could discriminate between cancer and healthy control samples. The SubB2M SPR test measurement was up to 3-fold greater in breast cancer compared to normal healthy controls. These initial results hold promise for developing a SPR-based multi-cancer risk assessment test, given SubB2M detects neu5Gc released from multiple cancers including breast, ovarian, prostate, melanoma and others.

EXOSOME PROGRAM

Exosomes (or small extracellular vesicles, sEVs) are released by all cells and perform key roles in intercellular communication, immune regulation and disease progression. They carry molecular cargo including DNA, RNAs, proteins and lipids that act as cell messengers or biomarkers of disease. Exosomes have enormous potential in applications for research, diagnosis, and treatment of cancer, cardiovascular, inflammatory, neurodegenerative, and other diseases.

For personal use only

Exosome research tools

EXO-NET® is INOVIQ's proprietary immuno-affinity capture technology designed for high-throughput isolation of exosomes in diagnostic applications. Comprising a multi-layered matrix of capture antibodies coated onto magnetic beads, EXO-NET enables fast, efficient and scalable exosome isolation, outperforming competitor products.

EXO-NET can be customised to isolate sub-populations of exosomes for specific disease areas. INOVIQ is developing NEURO-NET for isolation of brain-derived exosomes for use in neurological conditions. The Company plans to use its NEURO-NET product for both its own and partnered development of exosome diagnostics for neurological diseases.

During the half-year, INOVIQ advanced its NEURO-NET program with antibody performance studies and initial validation studies showing effectiveness in capturing brain-derived exosomes from both Alzheimer's Disease and Parkinson's Disease blood samples.

Exosome diagnostics

Exosome diagnostics are multi-marker liquid biopsies with potential uses in early detection, risk assessment, therapeutic selection and monitoring of multiple diseases. There is a clear development path for exosome diagnostics with products already available as laboratory developed tests, reimbursed, included in clinical guidelines, and having received FDA breakthrough device designation (e.g. Bio-Techne's ExoDx Prostate Test).

INOVIQ is harnessing the power of exosomes to develop its own and partnered next-generation diagnostics for early detection, therapeutic selection, and treatment monitoring in cancer and neurodegenerative diseases.

The EXO-Ovarian Cancer Screening test (**EXO-OC**) is an exosome multi-marker blood test in development for early detection of ovarian cancer in asymptomatic high-risk women. On 9 August 2023, positive results were released from an equivalence study performed by its collaborator, the University of Queensland (UQ), to evaluate exosome-based biomarkers and performance of the EXO-OC test algorithm in 250 paired plasma and serum samples. The study confirmed that EXO-NET isolates exosomes from both plasma and serum samples, enabling access to large ovarian cancer serum biobanks for further development of the EXO-OC test. EXO-NET was used for exosome isolation to enable initial biomarker discovery and translation of this novel exosome test from bench-to-clinic to help save women's lives.

During the half, INOVIQ worked with UQ to source samples for further development and validation of the EXO-OC Test. INOVIQ expects UQ will commence a biomarker validation study in H1 CY24 to evaluate performance of the EXO-OC test to discriminate ovarian cancer across all stages, with the study expected to complete within 12 months. INOVIQ has an Option to license the development and commercialisation of the EXO-OC test upon successful biomarker validation (ASX: 1 April 2022). Successful completion of the biomarker validation study and signing of the licence is expected to be followed by Analytical and Clinical validation studies in CY25, which would then progress to an Investigational Device Application (IDA) to undertake a clinical study in high-risk ovarian cancer individuals in CY26.

Exosome therapeutics

Exosomes hold enormous promise for development as high-value therapeutics including drug-loaded exosomes (to deliver small molecules and RNAs) and engineered exosomes to target and treat cancer, neurodegenerative, cardiovascular, inflammatory, infectious and other diseases.

INOVIQ has leveraged its proprietary exosome platform, in-house capabilities and expertise in exosome science to commence its first in-house exosome therapeutics program using immune cell-derived exosomes that are engineered with receptors to target and treat solid tumours. Exosome therapeutics may offer potential manufacturing, stability, safety and efficacy advantages over cell therapies for the treatment of solid tumours.

During the half-year, INOVIQ expanded the data package supporting its proprietary EXO-ACE™ technology for large-scale isolation of exosomes in therapeutic applications, showing high recovery and purity of its therapeutic exosomes. It also performed initial *in vitro* studies to evaluate the efficacy of its immune cell-derived exosomes in breast cancer, showing over 75% killing activity in breast cancer cells. In January 2024, INOVIQ gained a licence from the Office of the Gene Technology Regulator (OGTR) to enable on-site engineering of exosome-producing cell lines to target and treat cancer.

CORPORATE UPDATES**BOARD CHANGES AND EXPANSION**

David Williams was appointed Non-Executive Director and Chairman of INOVIQ on 29 November 2023. David succeeded Dr Geoffrey Cumming who continues to serve on the Board as a Non-Executive Director.

David Williams *B.Ec(Hons), M.Ec, FAICD* is an experienced Director and investment banker with a track record in business development, mergers and acquisitions and capital raising. He has experience advising ASX-listed companies in the food, medical device and pharmaceutical sectors. Mr Williams is currently Chairman of PolyNovo (ASX:PNV), Chairman of RMA Global (ASX:RMY) and is Managing Director of corporate advisory firm Kidder Williams.

EVENTS AND AWARDS

On 6 September 2023, INOVIQ's Chief Scientific Officer Professor Gregory Rice presented the opening address at the International Federation of Placenta Associations (IFPA) Meeting 2023, in Rotorua New Zealand. The address entitled '*Extracellular vesicle signalling and pregnancy - engineering the opportunities*', discussed the potential of extracellular vesicle (EV) signalling to transform understanding of maternal-fetal communication and afford new opportunities for non-invasive prenatal testing and therapeutic intervention. Professor Rice's invited presentation comes as part of his receipt of

the Joan Hunt Senior Award in Placentology. The award represents the highest distinction of the international placental research community and recognizes those who have made a significant contribution to the understanding of placental and reproductive functions in general.

On 20 September 2023, INOVIQ CEO Dr Leearne Hinch presented at the 2023 ASX Small & Mid Cap Conference, providing a detailed overview of recent progress and upcoming milestones for the Company. The annual Conference provides investors a unique opportunity to hear from emerging leaders across a broad range of ASX-listed small and mid-cap companies.

STRENGTHENED CAPABILITIES TO TAKE ADVANTAGE OF HIGH-GROWTH EXOSOME MARKET

During the half-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.

OPERATING RESULTS

INOVIQ reported a net loss of \$3,127,659 for the half-year (\$5,586,561 for the half-year ended 31 December 2022). The Group ended the reporting period with a cash balance of \$5,973,553 (30 June 2023: \$7,812,511). Cash operating expenditures decreased to \$2,901,454 (2022: \$4,570,507), with this largely attributed to legal and settlement costs incurred in the prior period.

REVENUE

A total of \$503,007 for the refund of the Research and Development Tax Incentive was recognised at 31 December 2023, being an estimate of the claim for the six-month period to 31 December 2023. Product revenue increases can be attributed to increased EXO-NET sales.

OPERATING EXPENDITURE

General and administration expenditures for the reporting period totalled \$2,402,069 (2022: \$4,414,950), with the decrease in expenditure the result of prior period legal and settlement costs totalling \$2,217,267.

Research and development expenditure to progress the Company's key technology programs, including direct expenditure on R&D employees, for the period was \$1,241,378 (2022: \$1,626,216).

Sales and marketing expenditure for the six months to 31 December 2023 was \$318,433 (2022: \$277,355).

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 and regulatory processes are designed to evaluate the safety and effectiveness of a medical device prior to marketing approval and commercialisation, and a significant proportion of medical devices fail one or both of these criteria. Other risks include uncertainty of patent protection and other proprietary rights, whether patent applications and issued patents will offer adequate protection against new entrants with competing technologies, the obtaining of necessary regulatory authority approvals and difficulties caused by 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. INOVIQ strongly recommends that professional investment advice be sought prior to individuals making such investments.

FORWARD-LOOKING STATEMENTS

This Half Year Financial Report contains forward-looking statements regarding the Company's business and the technical and commercial potential of its technologies, pipeline products and in-market products. 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 must 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 Half Year Financial 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 this report and 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.

For personal use only

SIGNIFICANT EVENTS AFTER BALANCE DATE

The following announcements were made via the ASX announcements platform post period end:

- On 22 February 2024, INOVIQ announced that its Breast cancer monitoring study was successfully completed detecting 19% more breast cancer cases and establishing equivalence of SubB2M/CA15-3 for monitoring breast cancer treatment response compared to leading existing CA15-3 test.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected or may significantly affect:

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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on Page 10 and forms part of the Director's Report for the half year ended 31 December 2023.

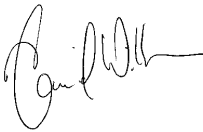
OUTLOOK AND PLANS

INOVIQ remains focused on its vision to be a leading biotechnology company developing next-generation diagnostics and therapeutics to improve patient health outcomes and save lives. The Company's priorities over the next 12-months are to advance its lead SubB2M diagnostics towards commercialisation, expand its EXO-NET exosome isolation tools for neurological applications, accelerate development of its exosome diagnostic pipeline, and grow revenues from EXO-NET product sales and partnering of its exosome technologies.

The Company expects to report key data readouts across its clinical-stage SubB2M diagnostic programs, and research-stage exosome diagnostic and therapeutic programs, as well as commercial progress for EXO-NET sales and partnering over the next 12 months.

INOVIQ is now strongly positioned with disruptive technology, a multi-product pipeline, commercial partners validating its technology, and an experienced leadership team to execute on strategy, deliver key milestones and grow shareholder value over the next 12 months. INOVIQ thanks shareholders for their ongoing support and looks forward to keeping you informed on our progress.

Signed in accordance with a resolution of the Directors.



Mr David Williams
Non-Executive Chairman

23 February 2024

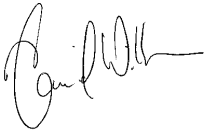
For personal use only

DIRECTORS' DECLARATION

In the opinion of the Directors:

- (a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of financial position of the Group as at 31 December 2023 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr David Williams
Non-Executive Chairman

23 February 2024

For personal use only

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 review of INOVIQ Limited for the half-year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 23 February 2024

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	NOTE	For the six months ended 31 December 2023 \$	For the six months ended 31 December 2022 \$
REVENUE AND COST OF SALES FROM ORDINARY ACTIVITIES			
Product revenue	6	198,055	164,390
Cost of sales		(16,733)	(24,166)
GROSS PROFIT		181,322	140,224
OTHER INCOME			
Research and development tax incentive refund		503,007	374,276
Grant income		-	33,530
Interest and miscellaneous income		149,892	183,930
TOTAL OTHER INCOME		652,899	591,736
OPERATING EXPENDITURES			
General and administration		(2,402,069)	(4,414,950)
Research and development		(1,241,378)	(1,626,216)
Sales and marketing		(318,433)	(277,355)
TOTAL OPERATING EXPENDITURES		(3,961,880)	(6,318,521)
LOSS BEFORE INCOME TAX			
		(3,127,659)	(5,586,561)
Income tax credit		-	-
NET LOSS FOR THE HALF-YEAR		(3,127,659)	(5,586,561)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		58,093	(166,031)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE MEMBERS OF INOVIQ LIMITED			
		(3,069,566)	(5,752,592)
Basic and diluted loss per share (cents per share), for the half-year attributable to members of INOVIQ Limited	9	(3.40)	(6.07)

For personal use only

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	NOTE	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		5,973,553	7,812,511
Trade and other receivables		641,302	1,193,007
Inventories		14,566	17,815
Prepayments		306,431	380,161
TOTAL CURRENT ASSETS		6,935,852	9,403,494
NON-CURRENT ASSETS			
Building improvements, plant, and equipment		838,187	861,845
Intangible assets		10,178,037	10,651,666
Right-of-use assets		453,559	591,813
Goodwill	10	-	-
TOTAL NON-CURRENT ASSETS		11,469,783	12,105,324
TOTAL ASSETS		18,405,635	21,508,818
CURRENT LIABILITIES			
Trade and other payables		745,647	787,796
Provisions		330,087	362,347
Lease liability		327,151	367,761
TOTAL CURRENT LIABILITIES		1,402,885	1,517,904
NON-CURRENT LIABILITIES			
Lease liability		244,289	368,365
Provisions		14,023	7,152
Deferred tax liability		-	-
TOTAL NON-CURRENT LIABILITIES		258,312	375,517
TOTAL LIABILITIES		1,661,197	1,893,421
NET ASSETS		16,744,438	19,615,397
EQUITY			
Issued capital	11	69,053,379	69,053,379
Distribution reserve		-	-
Share based payment reserve		1,166,968	1,679,616
Foreign exchange translation reserve		13,017	(45,076)
Accumulated losses		(53,488,926)	(51,072,522)
TOTAL EQUITY		16,744,438	19,615,397

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	For the six months ended 31 December 2023 \$	For the six months ended 31 December 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from product income	279,954	204,998
Payments to suppliers and employees	(2,901,454)	(4,570,507)
Interest paid	(23,189)	(33,668)
Interest received	159,944	125,351
Grant and other income	-	181,865
Research and development tax incentive	949,502	865,625
Net cash used in operating activities	(1,535,243)	(3,226,336)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangibles	(13,500)	(17,983)
Purchase of property, plant, and equipment	(129,935)	(81,358)
Net cash used in investing activities	(143,435)	(99,341)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(159,272)	(143,943)
Net cash from/(used in) financing activities	(159,272)	(143,943)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,837,950)	(3,469,620)
Cash and cash equivalents at the beginning of the period	7,812,511	15,394,847
Effects of exchange rate changes on balance of cash held in foreign currencies	(1,008)	63
Cash and cash equivalents at the end of the period	5,973,553	11,925,290

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the half year ended 31 December 2023**

	Issued Capital \$	Accumulated Losses \$	Distribution Reserve \$	Foreign Currency Translation Reserve \$	Share Based Payment Reserve \$	Total Equity \$
Balance at beginning of period	69,053,379	(51,072,522)	-	(45,076)	1,679,616	19,615,397
Loss for the period	-	(3,127,659)	-	-	-	(3,127,659)
Other comprehensive income	-	-	-	58,093	-	58,093
Total comprehensive loss for the period	-	(3,127,659)	-	58,093	-	(3,069,566)
Reclassification adjustment to income statement on disposal of subsidiary	-	-	-	-	-	-
Transfer of expired share-based payments to accumulated losses	-	711,255	-	-	(711,255)	-
Share based payments for the period	-	-	-	-	198,607	198,607
Value of options that did not meet vesting conditions	-	-	-	-	-	-
Balance at End of Period	69,053,379	(53,488,926)	-	13,017	1,166,968	16,744,438

For the half year ended 31 December 2022

	Issued Capital \$	Accumulated Losses \$	Distribution Reserve \$	Foreign Currency Translation Reserve \$	Share Based Payment Reserve \$	Total Equity \$
Balance at beginning of period	69,053,379	(41,857,526)	(309,421)	(51,766)	1,458,171	28,292,837
Loss for the period	-	(5,586,561)	-	-	-	(5,586,561)
Other comprehensive income	-	-	-	(166,031)	-	(166,031)
Total comprehensive loss for the period	-	(5,586,561)	-	(166,031)	-	(5,752,592)
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 for the period	-	-	-	-	194,440	194,440
Value of options that did not meet vesting conditions	-	-	-	-	(53,573)	(53,573)
Balance at End of Period	69,053,379	(47,753,508)	-	(4,762)	1,599,038	22,894,147

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: CORPORATE INFORMATION AND NATURE OF OPERATIONS

The financial report of INOVIQ Limited for the half year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 23 February 2024.

INOVIQ is developing and commercialising next-generation exosome products and precision diagnostics to improve the diagnosis and treatment of cancer and other diseases.

INOVIQ Limited is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly listed on the Australian Securities Exchange. The registered address is 23 Normanby Road, Notting Hill VIC 3168.

NOTE 2: BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH IFRS

The Interim Financial Statements are for the six months ended 31 December 2023 and are presented in Australian dollars (AUD), which is the functional currency of the parent company.

This general purpose condensed financial report for the half year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half year report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is recommended that the half year financial report be read in conjunction with the annual report for the period ended 30 June 2023 and considered together with any public announcements made by INOVIQ Limited during the half year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules.

Going Concern

For the half year ended 31 December 2023, the Company incurred a loss after income tax of \$3,127,659 (2022: \$5,586,561). Net cash outflow from operations was \$1,535,243 (2022: \$3,226,336).

The Company expects to continue to incur losses and cash outflows for the foreseeable future as it advances its ongoing research and development programs across its research tools, diagnostics and therapeutics pipeline, maintains its intellectual property portfolio, expands its scientific and commercial team, and increases commercial and partnering activities for its EXO-NET technology and SubB2M tests. The Company had \$5,973,553 cash and cash equivalents as at 31 December 2023. The Directors' share the view that based upon outflow of cash for operations for the half 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 30 June 2023.

NOTE 4: NEW STANDARDS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 5: ESTIMATES AND JUDGEMENTS

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023.

NOTE 6: PRODUCT INCOME

	31 Dec 2023	31 Dec 2022
	\$	\$
Product Revenue – at a point in time	198,055	164,390

NOTE 7: SIGNIFICANT EVENTS AND TRANSACTIONS**OPTION ISSUES**

David Williams was appointed Chairman of INOVIQ Limited on 29 November 2023. As part of his appointment he was issued with 6,450,000 IIQ share options with the issue approved at the 2023 AGM.

Further details regarding the issue and its valuation for accounting purposes will be included in the 30 June 2024 Annual Report.

375,000 share options were also issued to Key Management Personnel and employees during the current period.

NOTE 8: SHARE BASED PAYMENTS

	For the six months ended 31 Dec 2023 \$	For the six months ended 31 Dec 2022 \$
Share based payment transactions recognised as operating expenses in the statement of comprehensive income during the financial periods were as follows:		
Option expense for existing options on issue	198,607	194,440
Reversal of option grant expense (i)	-	(53,573)
	<u>198,607</u>	<u>140,867</u>

The value of options issued during the reporting periods have been calculated using a modified binomial or a Monte Carlo option pricing model.

(i) Reversal of option grant expense

The amount recorded as a credit to share options expense for the reporting period represents those employee options that did not meet vesting conditions. The amount was reported in the prior period as a share options expense.

NOTE 9: LOSS PER SHARE

	For the six months ended 31 Dec 2023 \$	For the six months ended 31 Dec 2022 \$
The following reflects the income and share data used in the calculations of basic and diluted loss per share:		
Loss used in calculating basic and diluted earnings per share	<u>(3,127,659)</u>	<u>(5,586,561)</u>
Weighted average number of ordinary shares used in calculating basic loss per share	92,018,702	92,018,702
Basic and diluted loss per share (cents)	<u>(3.40)</u>	<u>(6.07)</u>

NOTE 10: GOODWILL

	31 Dec 2023 \$	30 June 2023 \$
Goodwill on acquisition of Sienna	13,919,779	13,919,779
Accumulated impairment	<u>(13,919,779)</u>	<u>(13,919,779)</u>
	<u>-</u>	<u>-</u>

For personal use only

NOTE 11: ISSUED CAPITAL

	31 Dec 2023	30 June 2023
	\$	\$
Issued capital	69,053,379	69,053,379
	69,053,379	69,053,379

	For the six months ended 31 Dec 2023		For the year ended 30 June 2023	
	Number of Shares	\$	Number of Shares	\$
At beginning of period	92,018,702	69,053,379	92,018,702	69,053,379
At the end of the period	92,018,702	69,053,379	92,018,702	69,053,379

NOTE 12: 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 (the US operations now consist of sales-based team members since the R&D and manufacturing operations were transferred back to the Group's Melbourne base during the prior period).

NOTE 13: SIGNIFICANT EVENTS AFTER BALANCE DATE

The following announcements were made via the ASX announcement platform post period end:

- On 22 February 2024, INOVIQ announced that its Breast cancer monitoring study was successfully completed detecting 19% more breast cancer cases and establishing equivalence of SubB2M/CA15-3 for monitoring breast cancer treatment response compared to leading existing CA15-3 test.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected or may significantly affect:

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

NOTE 14: CONTINGENT LIABILITIES

The Group has the following contingent liabilities at 31 December 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 its NET's molecular 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 NET product revenue milestones;
- INOVIQ 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.

Independent Auditor's Review Report

To the Members of INOVIQ Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of INOVIQ Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of INOVIQ Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a loss after income tax of \$3,127,659 during the half-year ended 31 December 2023 and net cash outflow from operating activities was \$1,535,243. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 23 February 2024