

APPENDIX 4C & QUARTERLY BUSINESS UPDATE

Period Ended 30 September 2022

- SubB2M-based Surface Plasmon Resonance (SPR) test to be developed with Nicoya on the Alto™ Digital SPR instrument
- Contract sales force appointed via agreement with Percorso Life Sciences to accelerate sales of EXO-NET research tools in USA
- U.S. Patents granted for SubB2M and hTERT technologies
- SubB2M immunohistochemistry (IHC) research study detected melanoma with 91% sensitivity
- Mark Edwards appointed Chief Financial Officer (CFO) and Company Secretary, effective 2 November 2022, succeeding Tony Di Pietro
- Cash balance of \$13.5m as at 30 September 2022; R&D tax incentive refund of \$865k received post quarter end

Melbourne, Australia, 28 October 2022: INOVIQ Limited (ASX:IIQ) (INOVIQ or the **Company**) today released its Appendix 4C and Quarterly Business Update for the quarter ended 30 September 2022 (Q1 FY23).

1 COMMERCIAL UPDATE

1.1 EXO-NET® RUO EXOSOME CAPTURE TOOLS

EXO-NET RUO is a pan-exosome capture tool for the isolation of exosomes from body fluids including plasma, urine, and saliva. EXO-NET offers speed, purity, and yield advantages over existing exosome isolation products.

During the quarter Percorso Life Sciences (Pennsylvania, USA) was appointed to provide sales, inventory, logistics and warehousing services for the commercial roll out of EXO-NET®.

The sales team will cover the key east-coast, west-coast and mid-west US regions, and target academia and biopharma customers in its sales and marketing of EXO-NET research tools. Since their appointment, INOVIQ has worked with Percorso to develop marketing and training materials and to upskill Percorso staff to detail the product attributes.

The global exosome research market was valued at US\$144 million in 2021 and is expected to reach US\$661 million by 2026, growing at a CAGR of 35.6%.¹ North America is the largest geographic segment representing 41.5% of the market followed by Europe at 20%. The Kits and Reagents product segment in which INOVIQ's EXO-NET research tools fit, was valued at US\$71 million in 2021 and is forecast to reach US\$311 million by 2026.

1.2 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.

Two orders for hTERT were received during the September 2022 quarter. Receipts from customers, \$87k, as reported in the Appendix 4C represent orders from June and August 2022. The cash receivable from the second order received in the September quarter will be received in the December quarter.

1.3 PATENTS GRANTED FOR SUBB2M AND HTERT PROGRAMS

During the quarter INOVIQ announced the grant of two U.S. patents, one for the SubB2M technology and the other for hTERT.

Patent no. 11,371,033 entitled 'Subtilase cytotoxin B subunit mutant' was issued by the United States Patent and Trademark Office, enforcing intellectual property protection in the USA for the SubB2M technology until the date of expiry in 2038. This patent provides intellectual property protection in the key US market where the SubB2M tests are planned to be first commercialised.

Patent no. 11,391,738 entitled 'Method of detecting cancer', a continuation of US patent 10,338,072, was issued by the United States Patent and Trademark Office, providing additional coverage for our hTERT assay for telomerase-based detection of cancers other than bladder cancer (such as thyroid and breast cancer) until 2035.

2 RESEARCH AND DEVELOPMENT (R&D) UPDATE

2.1 SUBB2M PROGRAM

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

On 1 July 2022, INOVIQ reported that the performance of the SubB2M-CA15.3 assay for detection of breast cancer had been successfully replicated by ResearchDx. The SubB2M-CA15.3 assay underwent further optimisation and validation during the quarter in readiness to commence clinical testing for breast cancer monitoring.

INOVIQ also reported results from its melanoma IHC study during the quarter. The study conducted on 144 tissue samples demonstrated that the SubB2M staining score was significantly greater in malignant and metastatic samples when compared to benign ($p < 0.003$ and $p < 0.03$, respectively). The SubB2M IHC test correctly classified 91% of malignant and metastatic melanoma tissue samples.

On 13 October 2022, INOVIQ announced it had signed a contract research agreement with Nicoya Lifesciences Inc to transfer, develop and evaluate a SubB2M-based Surface Plasmon Resonance (SPR) test on Nicoya's Alto™ Digital SPR instrument. Nicoya had previously conducted an initial feasibility study that determined INOVIQ's SubB2M-based SPR test was compatible with the Alto instrument.

Nicoya, a Canadian-based biotechnology company, has commercialised Alto, the world's first digital, high-throughput, benchtop SPR instrument for the highly sensitive detection of analytes such as proteins, antibodies, nucleic acids, and sugars. The Alto instrument has revolutionized SPR sample analysis using digital microfluidics and nanotechnology biosensors that are integrated into a disposable microwell plate, making it compatible for high throughput diagnostics in a clinical laboratory.

The SubB2M-based SPR test measures Neu5Gc and will initially be developed as a cancer risk assessment test for potential inclusion in a general health panel. Increased Neu5Gc levels in the blood may provide an early warning that an individual requires follow-up investigation for the presence of cancer such as breast, ovarian, prostate, melanoma, and others.²

2.2 EXO-NET PROGRAM

Exosomes are extracellular vesicles (EVs) released by cells and contain DNA, RNAs, proteins and lipids. Exosomal biomarkers have important applications in the research, diagnosis, and treatment of cancer, cardiometabolic, inflammatory, neurodegenerative, and other diseases. EXO-NET is INOVIQ's proprietary multi-layered matrix of capture antibodies coated onto magnetic beads to enable the efficient isolation of exosomes with speed, yield and purity advantages.

INOVIQ continued to progress its in-house product development program and collaborations to expand the data package and product pipeline for its EXO-NET exosome isolation tools during the quarter.

Work also progressed on The University of Queensland (UQ) collaboration to develop an exosome-based ovarian cancer screening test. Data from the study to confirm the performance of the current 7 exosome-associated biomarkers and identify other informative biomarkers using EXO-NET is expected to be reported in the December quarter. UQ is then expected to use EXO-NET in the further development of the exosome-based ovarian cancer test, under its \$2.7m Medical Research Future Fund (MRFF) grant. INOVIQ has an exclusive worldwide option to license UQ's intellectual property for the development and commercialisation of the exosome-based ovarian cancer screening test.

3 CORPORATE UPDATE

On 6 October 2022, it was announced that Mark Edwards, would join INOVIQ as Chief Financial Officer and Company Secretary, effective 2 November 2022, succeeding Tony Di Pietro.

The Company is attending the AusBiotech conference in Perth from 26-28 October, with Dr Learne Hinch presenting as part of the AusBioInvest stream.

INOVIQ's Annual General Meeting (AGM) is scheduled to be held Monday 28 November 2022 at the Melbourne office of the company's auditors, Grant Thornton. The notice of meeting was lodged with the ASX on 27 October 2022 and distributed to shareholders on the same day. We look forward to meeting our shareholders in person on the day.

The Walker and Irminger legal proceedings against the Company remain before the Supreme Court of Victoria. INOVIQ continues to dispute the basis of the Claim. The proceeding is listed for trial in February 2023.

4 FINANCIAL UPDATE

With its strong cash balance of \$13.5m as at 30 September 2022, the Company continues to be well-funded to support its strategic and operational requirements.

Operating cash receipts during the quarter included:

- the final payment from the Biomedical Translation Bridge (BTB) grant program, \$157k, which supported the development of SubB2M-based liquid biopsy tests to detect and monitor breast cancer;
- an increase in bank interest, \$51k, in-line with increasing interest rates (June 2022 quarter \$19k); and
- \$87k of receipts from customers were recorded during the quarter, representing sales recorded in June and August 2022 (June 2022 quarter \$163k).

Net cash used in operating activities for the quarter was \$1.8m with the main expenses being:

- Research and Development (R&D) expenditure of \$866k (June 2022 quarter \$807k);
- Non-R&D staff costs of \$435k (June 2022 quarter \$448k);

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- Administration and corporate costs of \$729k, an increase from \$419k recorded in the prior quarter, largely due to the payment of legal fees and 2022 FY audit and accounting fees; and
- Patent fees of \$12k (June 2022 quarter \$166k).

Post quarter-end INOVIQ received \$865,625 from the R&D Tax Incentive claim for the 2021 financial year. The amount received represents 43.5% of the Company's eligible R&D expenditure for the 2021 financial year.

Authorised by the Company Secretary, Tony Di Pietro.

- ENDS -

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ABOUT INOVIQ LTD

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

FORWARD LOOKING STATEMENTS

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may', 'should', 'expect', 'anticipate', 'estimate', 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward-looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. The Company does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

¹ Markets&Markets, 2022. Exosome Research Market - Global Forecast to 2026

² Internal Griffith University SPR and INOVIQ IHC data

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

INOVIQ LIMITED

ABN

58 009 070 384

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	87	87
1.2 Payments for		
(a) research and development (<i>including allocated staff costs</i>)	(866)	(866)
(b) patent fees	(12)	(12)
(c) advertising and marketing	(64)	(64)
(d) product manufacturing and operating costs	(11)	(11)
(e) staff costs (<i>other than R&D staff</i>)	(435)	(435)
(f) administration and corporate costs	(729)	(729)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	51	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (<i>BTB Grant</i>)	157	157
1.9 Net cash from / (used in) operating activities	(1,822)	(1,822)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(31)	(31)
(j) investments	-	-
(k) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(l) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	(31)	(31)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,395	15,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,822)	(1,822)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31)	(31)
4.4	Net cash from capital raising (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13,542	13,542

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	521	374
5.2	Call deposits	13,021	15,021
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,542	15,395

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

62

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	20	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** 20

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Relates to the corporate credit card facility with the National Australia Bank.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,822)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	13,542
8.3 Unused finance facilities available at quarter end (Item 7.5)	20
8.4 Total available funding (Item 8.2 + Item 8.3)	13,562
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2022

Authorised by: By the Board of Directors

Authorised for release by Company Secretary – Tony Di Pietro
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.