APPENDIX 4C & QUARTERLY BUSINESS UPDATE
Period Ended 31 December 2022

- **INOVIQ kicked off EXO-NET sales campaign in the US and reverted to a direct distribution model for hTERT sales in the US**
- **Contract Research Agreement signed with Nicoya to develop SubB2M-based Surface Plasmon Resonance (SPR) test on the Alto™ Digital SPR instrument**
- **Commenced BC95 clinical study to evaluate SubB2M-CA15.3 assay at ResearchDx, with initial data showing discrimination of both early- and late-stage breast cancer from healthy controls**
- **EXO-NET® feasibility study by The University of Queensland confirms the utility of EXO-NET for isolating Extracellular Vesicle (EV) biomarkers and development of an EV-based ovarian cancer screening test**
- **EXO-NET R&D and manufacturing centralised to upgraded Melbourne laboratory to streamline R&D activities and expand production capacity**
- **INOVIQ settled legal proceeding related to BARD1 performance shares**
- **R&D tax incentive refund of $866k received**
- **Cash balance of $11.9m as at 31 December 2022**

Melbourne, Australia, 31 January 2023: INOVIQ Limited (ASX:IIQ) (**INOVIQ** or the **Company**) today released its Appendix 4C and Quarterly Business Update for the quarter ended 31 December 2022 (Q2 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.

INOVIQ engaged Percorso Life Sciences to provide US-based contract sales and logistics services for its products. During the quarter, the US contract sales team implemented its first EXO-NET sales and marketing campaign, targeting over 1,000 researchers involved in extracellular vesicle (EV) research. There was strong initial interest from potential customers in using EXO-NET for multiple EV-based applications and this interest is now being followed up with meetings. The campaign is expected to deliver US-based EXO-NET revenue in first half calendar year 2023.

To further drive sales and provide technical support to US customers and the contract sales team an experienced Field Application Specialist (Specialist) commenced with the Company on 9 January 2023. The Specialist has a large Academic and Industry network and is already initiating calls to secure sales of EXO-NET® RUO Exosome Capture tools. The Specialist will be attending a major research meeting in Texas in February which will be attended by academia and research institutes.

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.

On 23 November 2022, INOVIQ announced it would revert to a direct distribution model for hTERT in the US from January 2023, selling hTERT directly to laboratory customers. This is expected to enable a more cost effective and reliable service to laboratory customers, as well as improve product revenues and gross margins.

Percorso is now providing warehousing and logistics services to deliver hTERT direct to INOVIQ's US customers. A final hTERT order was received from StatLab in December 2022, and the first two direct customer orders were received in January 2023.

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 13 October 2022 INOVIQ announced it had signed a contract research agreement with Canadian biotechnology company, Nicoya Lifesciences Inc, to transfer, develop and evaluate a SubB2M-based Surface Plasmon Resonance (SPR) test on Nicoya's Alto™ Digital SPR instrument. Alto is the world's first digital, high-throughput, benchtop SPR instrument, which has revolutionised SPR sample analysis by using digital microfluidics and nanotechnology biosensors that are integrated into a disposable microwell plate, making it compatible for high throughput diagnostics in a clinical laboratory.

The SubB2M-based SPR test measures Neu5Gc, and 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.[1] The SubB2M-based SPR test will initially be developed as a cancer risk assessment test for potential inclusion in a general health panel.

The initial work program under the agreement to demonstrate effective discrimination between cancer and cancer-free blood samples on the Alto instrument progressed during the quarter and is on-track for completion by end May 2023.

INOVIQ also reported progress on its SubB2M-CA15.3 assay development program at ResearchDx, with the commencement of the breast cancer clinical study (BC95) to evaluate the performance of SubB2M-CA15.3 by cancer stage. Interim data from this study indicated that both early- and late-stage breast cancer samples were discriminated from cancer-free (controls) samples. The SubB2M-CA15.3 assay is being developed to aid in monitoring breast cancer recurrence. The next steps are to establish reproducibility of the assay and accuracy in a larger cross-sectional study, followed by a longitudinal breast cancer study.

2.2 EXO-NET PROGRAM

Exosomes are small 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.

On 13 December 2022 INOVIQ announced that the Ovarian Cancer 97 study (OC97) had been completed by the Centre for Clinical Research, The University of Queensland (UQ). The results confirmed the utility of EXO-NET for EV biomarker discovery and development of an EV-based ovarian cancer screening test with over 90% accuracy for the detection of early-stage ovarian cancer.

This was the first milestone achieved in the collaboration with The University of Queensland to develop a world-first EV ovarian cancer screening test. The next step is an analytical validation study (OC250) to establish equivalence of the EV-based ovarian cancer test in plasma compared to serum from the same cohort of patients. If substantial equivalence between serum and plasma is established, it will facilitate access to the world's largest ovarian cancer serum biobank. This will be critically important for future clinical studies. INOVIQ holds the exclusive Option to license rights to the development and commercialisation of the EV-based ovarian cancer test in development to improve women's health outcomes and help save lives.

EXO-NET research, development and manufacturing was centralised from INOVIQ's US site to its upgraded Melbourne laboratory during the quarter to streamline R&D activities, expand production capacity and increase access to the Australian Government's Research and Development Tax Incentive scheme.

INOVIQ's Melbourne laboratory was upgraded to an exosome core facility to enable high-throughput sample processing, exosome isolation, characterisation and downstream analysis to provide a turn-key biomarker discovery-to-diagnostic solution for INOVIQ's internal and partnered EV-based R&D programs.

3 CORPORATE UPDATE

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

INOVIQ's Annual General Meeting was held Monday 28 November 2022 with all resolutions successfully passed.

On 2 November 2022, Mark Edwards joined INOVIQ as Chief Financial Officer and Company Secretary.

INOVIQ CEO Dr Leearne Hinch presented at the AusBioInvest Conference on 28 October 2022, as well as the Bell Potter Healthcare Conference on 10 November 2022 and the MST Access Diagnostics Forum on 6 December 2022. Copies of the presentations from these events are available through the www.inoviq.com website.

4 FINANCIAL UPDATE

With its strong cash balance of $11.9m as at 31 December 2022, the Company continues to be funded to support its strategic and operational requirements.

Operating cash receipts during the quarter included:

- $118k of receipts from customers during the quarter (September 2022 quarter - $87k);
- INOVIQ received $866k from the 2021 financial year R&D Tax Incentive submission;

- Received a $24k Export Market Development Grant; and
- Received $74k of bank interest, the increase attributed to rising interest rates (September 2022 quarter - $51k).

Net cash used in operating activities for the quarter was $1.5m with the main outflows being:

- Research and Development (R&D) expenditure of $674k (September 2022 quarter - $866k);
- Non-R&D staff costs of $489k (September 2022 quarter - $435k); and
- Administration, corporate and leased asset costs of $1,370k, an increase from the $723k recorded in the prior quarter, largely due to the payment of legal fees.

The $1m lump sum payment associated with the settlement of the legal proceeding has been paid in January 2023 and therefore will represent a cash outflow in the March 2023 quarter.

Authorised for release by the Company Secretary, Mark Edwards.

- 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] 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	**Quarter ended ("current quarter")**
58 009 070 384	31 December 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	118	205
1.2	Payments for		
	(a) research and development (*including allocated staff costs)*	(674)	(1,540)
	(b) advertising and marketing	(62)	(126)
	(c) product manufacturing and operating costs	(20)	(31)
	(d) staff costs (*other than R&D staff)*	(489)	(924)
	(e) administration and corporate costs	(1,297)	(1,949)
	(f) leased assets	(73)	(144)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	74	125
1.5	Interest and other costs of finance paid	(16)	(34)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	890	890
1.8	Other (*BTB Grant)*	-	157
1.9	**Net cash from / (used in) operating activities**	**(1,549)**	**(3,371)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	(50)	(81)
	(j) investments	-	-
	(k) intellectual property	(18)	(18)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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**	**(68)**	**(99)**

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	13,542	15,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,549)	(3,371)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(99)
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**	**11,925**	**11,925**

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	1,404	521
5.2	Call deposits	10,521	13,021
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)**	**11,925**	**13,542**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	62
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments in 6.1 relate to Director fees and superannuation paid during the quarter.

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

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)	(1,549)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	11,925
8.3	Unused finance facilities available at quarter end (Item 7.5)	20
8.4	Total available funding (Item 8.2 + Item 8.3)	11,945
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	7.7

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: 31 January 2023

Authorised by: By the Board of Directors

Authorised for release by Company Secretary – Mark Edwards
(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.