

## OC97 study confirms EXO-NET utility for EV biomarker discovery



### Milestone on path to developing an EV-based ovarian cancer diagnostic

INOVIQ (IIQ) has announced that the Ovarian Cancer 97 (OC97) study has been successfully completed. The multivariate index assay (MIA) showed 92% accuracy in early-stage ovarian cancer, identifying biomarkers in asymptomatic patients at early stages when treatment is more effective. This study, conducted by the Centre for Clinical Research, University of Queensland (UQ), is a key milestone as IIQ collaborates with UQ to develop an extracellular vesicle (EV)-based ovarian cancer screening test, OCRF7.

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. Its cancer diagnostic pipeline includes blood tests in development for earlier detection and monitoring of ovarian, breast and other cancers.

### Study validates EXO-NET's utility

The OC97 study was set up to assess EXO-NET's suitability for use in further developing OCRF7. Key points from the study's results include the following:

- EXO-NET effectively isolates EV biomarkers from plasma
- using 97 plasma samples (ovarian cancer, benign and healthy controls), EXO-NET identified significant differences between EV biomarkers for ovarian cancer vs. healthy samples
- additional biomarkers (microRNA and protein) were found, with a total of 27 informative biomarkers identified for inclusion in OCRF7
- the MIA showed 92% accuracy in detecting ovarian cancer in stages 1 and 2.

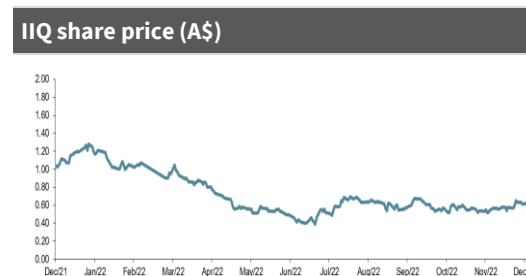
Stock	IIQ.ASX
Price	A\$0.74
Market cap	A\$65 m
Valuation	A\$2.11 (unchanged)

Company data	
Net cash (as at 30 Sept 2022)	\$13.5m
Shares on issue	92.0m

Share price catalysts – 1HCY23	
SubB2M clinical testing – BC and OC monitoring	
Exosome-based OC test development progress	

### Collaboration continuing: validation study up next

UQ has stated that it will continue to use EXO-NET to isolate EVs as it further develops OCRF7. The next step will be an analytical validation study (OC250) to establish whether the technology can perform as well with serum as with plasma. This next study, scheduled to commence in January with results in June 2023, aims to facilitate access to the world's largest ovarian cancer serum biobank.



Source: FactSet.

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UQ has pointed to the scalability of the technology as well as its potential suitability as a first-line test for population screening. IIQ has an exclusive option to licence the intellectual property relating to this ovarian cancer test globally.

### Valuation – retained at A\$2.11/share

We value IIQ at A\$195m or A\$2.11 per share (undiluted), using a risk-adjusted net present value (rNPV) method to discount future cash flows through to 2043, consistent with the expiry life of patent families. Key risks to our valuation: demonstrating efficacy, establishing clinical utility, meeting regulatory requirements.

# Financials

## Exhibit 1: Summary financials

INOVIQ LTD IIQ						IIQ-AU
Year end 30 June, AUD unless otherwise noted						
<b>MARKET DATA</b>						
Price	\$	0.74				
52 week high / low	\$	0.39-1.4				
Valuation	\$	2.11				
Market capitalisation	\$m	68.1				
Shares on issue (basic)	m	92.0				
Options / rights	m	9.3				
Other equity	m	0.0				
Shares on issue (diluted)	m	101.4				
<b>12-MONTH SHARE PRICE PERFORMANCE (A\$)</b>						
<b>INVESTMENT FUNDAMENTALS</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
Reported NPAT	\$m	(3.3)	(11.2)	(18.2)	(10.2)	(9.6)
Underlying NPAT	\$m	(3.3)	(11.2)	(18.2)	(10.2)	(9.6)
Reported EPS (diluted)	c	(0.2)	(14.4)	(20.0)	(11.1)	(10.4)
Underlying EPS (diluted)	c	(0.2)	(14.4)	(20.0)	(11.1)	(10.4)
Growth	%		5947.8%	38.8%	-44.7%	-5.9%
Underlying PER	x	nm	nm	nm	nm	nm
Operating cash flow per share	c	(0.2)	(6.8)	(6.7)	(9.1)	(9.7)
Free cash flow per share	c	(0.2)	(3.0)	(7.1)	(9.1)	(9.7)
Price to free cash flow per share	x	nm	nm	nm	nm	nm
FCF Yield	%	nm	nm	nm	nm	nm
Dividend	c	0.0	0.0	0.0	0.0	0.0
Payout	%	0.0%	0.0%	0.0%	0.0%	0.0%
Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Franking	%	0.0%	0.0%	0.0%	0.0%	0.0%
Enterprise value	\$m	60.8	64.4	53.7	62.1	61.0
EV/EBITDA	x	(18.7)	(4.9)	(3.0)	(6.5)	(6.8)
EV/EBIT	x	(18.7)	(4.6)	(2.7)	(6.1)	(6.4)
Price to book (NAV)	x	2.2	2.3	2.4	3.6	3.5
Price to NTA	x	2.2	23.4	4.1	8.6	7.6
<b>KEY RATIOS</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
EBITDA margin	%	nm	nm	nm	nm	nm
EBIT margin	%	nm	nm	nm	nm	nm
NPAT margin	%	nm	nm	nm	nm	nm
ROE	%	nm	nm	nm	nm	nm
ROA	%	nm	nm	nm	nm	nm
Net tangible assets per share	\$	0.3	0.0	0.2	0.1	0.1
Book value per share	\$	0.3	0.3	0.3	0.2	0.2
Net debt/(cash)	\$m	(7.3)	(3.7)	(14.4)	(6.0)	(7.1)
Interest cover/ (EBIT/net interest)	x	nm	nm	nm	nm	nm
Gearing (net debt/EBITDA)	x	nm	nm	nm	nm	nm
Leverage (net debt/(net debt + equity))	x	nm	nm	nm	nm	nm
<b>DUPONT ANALYSIS</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
Net Profit Margin	%	nm	nm	nm	nm	nm
Asset Turnover	x	-	0.0	0.0	0.1	0.6
Return on Assets	%	nm	nm	nm	nm	nm
Leverage	x	1.1	1.2	1.1	1.1	1.1
Return on Equity	%	nm	nm	nm	nm	nm
<b>KEY PERFORMANCE INDICATORS</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
SubB2M					0.2	3.8
SubB2M					0.1	3.5
EXO-NET Research Use Only					1.1	4.5
EXO-NET DX (Clinical)					0.0	0.0
hTert			0.5	0.28	0.3	0.3
<b>HALF YEARLY DATA</b>						
		2H21	1H22	2H22	1H23	2H23
Product revenue	\$m	0.3	0.1	0.2	0.1	0.1
Operating expenses	\$m	(11.9)	(4.4)	(17.9)	(6.0)	(6.0)
EBITDA	\$m	(9.9)	(3.3)	(14.9)	(5.1)	(5.1)
EBIT	\$m	(10.8)	(3.3)	(17.0)	(5.1)	(5.1)
PBT	\$m	(10.8)	(3.3)	(17.0)	(5.1)	(5.1)
Reported NPAT	\$m	(7.9)	(2.7)	(15.5)	(5.1)	(5.1)
<b>PROFIT AND LOSS</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
Product revenue	\$m	0.0	0.5	0.3	1.6	12.1
income	\$m	0.6	1.0	1.8	1.5	2.3
Operating expenses	\$m	(3.9)	(15.5)	(22.3)	(11.9)	(12.2)
EBITDA	\$m	(3.3)	(13.1)	(18.2)	(9.5)	(9.0)
Depreciation & Amortisation	\$m	0.0	(0.9)	(2.1)	(0.7)	(0.6)
EBIT	\$m	(3.3)	(14.0)	(20.3)	(10.2)	(9.6)
Interest expense	\$m	0.0	(0.1)	(0.1)	(0.1)	(0.1)
Pretax Profit	\$m	(3.3)	(14.0)	(20.3)	(10.2)	(9.6)
Tax expense	\$m	0.0	2.9	2.1	0.0	0.0
Reported NPAT	\$m	(3.3)	(11.2)	(18.2)	(10.2)	(9.6)
Weighted average diluted shares	m	1,363.4	77.3	90.9	92.0	92.0
<b>GROWTH PROFILE</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
Revenue	%	nm	nm	(40.9)	5.0	5.0
EBITDA	%	89.5	303.1	38.4	(47.5)	(6.0)
EBIT	%	89.5	331.1	44.4	(49.7)	(5.9)
Reported NPAT	%	89.5	242.7	63.2	(44.0)	(5.9)
<b>BALANCE SHEET</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
Cash	\$m	7.3	5.0	15.4	7.0	8.1
Receivables	\$m	0.0	0.2	1.7	0.2	0.2
Other	\$m	0.0	0.4	0.4	0.4	0.4
Current assets	\$m	7.4	5.6	17.5	7.7	8.7
PPE	\$m	0.0	0.6	0.8	0.7	0.7
Intangible assets	\$m	0.0	15.1	11.7	11.1	10.5
Goodwill	\$m	0.0	11.0	0.0	0.0	0.0
Other	\$m	0.0	1.1	0.9	1.8	1.7
Non current assets	\$m	0.0	27.9	13.3	13.6	13.0
Total assets	\$m	7.4	33.5	30.8	21.2	21.7
Trade and other payables	\$m	0.8	0.8	1.0	0.8	0.8
Lease liabilities	\$m	0.0	0.3	0.4	0.4	0.4
Other	\$m	0.1	0.4	0.4	0.4	0.4
Current liabilities	\$m	0.9	1.5	1.8	1.5	1.5
Lease liabilities	\$m	0.0	0.9	0.6	0.6	0.6
Other liability	\$m	0.0	2.1	0.0	0.0	0.0
Non current liabilities	\$m	0.0	3.0	0.7	0.7	0.7
Total liabilities	\$m	0.9	4.5	2.5	2.2	2.2
Net assets	\$m	6.5	29.1	28.3	19.0	19.5
Share capital	\$m	19.3	51.8	69.1	70.3	80.3
Retained earnings	\$m	(12.8)	(24.0)	(41.9)	(52.3)	(61.9)
Other	\$m	0.0	1.2	1.1	1.1	1.1
Total equity	\$m	6.5	29.1	28.3	19.0	19.5
<b>CASH FLOW</b>						
		FY20A	FY21A	FY22A	FY23E	FY24E
Net loss for period	\$m	(3.3)	(11.2)	(18.2)	(10.2)	(9.6)
Depreciation & Amortisation	\$m	0.0	(0.9)	(2.1)	(0.7)	(0.6)
Changes in working capital	\$m	0.4	(0.4)	(1.1)	1.2	0.0
Other	\$m	0.3	7.2	15.3	1.3	1.3
Operating cash flow	\$m	(2.5)	(5.3)	(6.1)	(8.4)	(9.0)
Payments for PPE	\$m	0.0	(0.8)	(0.4)	0.0	0.0
Other	\$m	0.0	3.8	0.0	0.0	0.0
Investing cash flow	\$m	0.0	3.0	(0.4)	0.0	0.0
Equity	\$m	2.5	0.3	18.5	0.0	10.0
Lease liability payments	\$m	0.0	(0.3)	(0.3)	0.0	0.0
Other	\$m	(0.2)	0.0	(1.2)	0.0	0.0
Financing cash flow	\$m	2.3	(0.0)	16.9	0.0	10.0
Cash year end	\$m	7.3	5.0	15.4	7.0	8.1
Free cash flow	\$m	(2.5)	(2.3)	(6.5)	(8.4)	(9.0)

Source: MST Access.

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