

12 March 2021

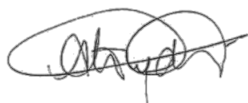
Announcements
National Stock Exchange of Australia
1 Bligh Street
SYDNEY NSW 2000

APPENDIX 3: HALF-YEARLY FINANCIAL REPORT to 31 DECEMBER 2020

In accordance with NSX Listing Rule 6.10, The iQ Group Global Limited (NSX:IQG) announces its Half-yearly Financial Report, for the year ended 31 December 2020.

For and on behalf of the Board of The iQ Group Global Limited.

Aysha Hollingdale



Company Secretary

1. Company details

| | |
|-------------------|--|
| Name of entity: | The iQ Group Global Ltd. |
| ABN: | 26 149 731 644 |
| Reporting period: | For the half-year ended 31 December 2020 |
| Previous period: | For the half-year ended 31 December 2019 |

2. Results for announcement to the market

| | | | | \$ |
|--|------|-----|----|-------------|
| Revenues from ordinary activities | down | 19% | to | 5,774,634 |
| Loss from ordinary activities after tax attributable to the owners of The iQ Group Global Ltd. | down | 39% | to | (8,029,366) |
| Loss for the half-year attributable to the owners of The iQ Group Global Ltd. | down | 34% | to | (7,124,577) |

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss attributable to the owners of the Group after providing for income tax and non-controlling interest amounted to \$7,124,577 (31 December 2019: \$10,864,431).

Refer to the 'Review of operations' section of the Directors' report accompanying this Appendix 3 for further commentary.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | 0.60 | (0.10) |

The net tangible assets includes right-of-use assets and lease liabilities.

4. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Details of associates and joint venture entities

| Name of associate | Reporting entity's percentage holding | |
|-----------------------------|---------------------------------------|-------------------|
| | Reporting period % | Previous period % |
| New Frontier Holdings LLC | 20.00% | 20.00% |
| Nereid Enterprises Pty Ltd. | 20.00% | 20.00% |
| Nereid Enterprises LLC | 20.00% | 20.00% |
| OncoTEX Holdings Inc. | 40.50% | 40.50% |
| OncoTEX Pty Ltd. | 40.50% | 40.50% |
| OncoTEX Inc. | 40.50% | 40.50% |

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report, which contains an emphasis of matter paragraph relating to going concern, is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of The iQ Group Global Ltd. for the half-year ended 31 December 2020 is attached.

8. Signed

Authorised by the Board of Directors.



Signed _____

Date: 12 March 2021

Dr George Syrmalis
Chair
Sydney

The iQ Group Global Ltd.

ABN 26 149 731 644

Interim Report - 31 December 2020

| | |
|-------------------------------|---|
| Directors | Dr George Syrmalis, Chair and Group Chief Executive Officer Con Tsigounis Peter Simpson |
| Company secretary | Aysha Hollingdale |
| Group Chief Executive Officer | Dr George Syrmalis |
| Registered office | Level 9, 85 Castlereagh Street Sydney NSW 2000 |
| Principal place of business | Level 9, 85 Castlereagh Street Sydney NSW 2000 |
| Share register | Boardroom Pty Ltd. Level 12, 225 George Street Sydney NSW 2000 |
| Auditor | UHY Haines Norton Level 11, 1 York Street Sydney NSW 2000 |
| Stock exchange listing | The iQ Group Global Ltd. shares are listed on the National Stock Exchange of Australia (NSX:IQG). |
| Website | www.theiqgroupglobal.com |

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of The iQ Group Global Ltd. (referred to hereafter as 'iQGG' or the 'Company' or the 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of The iQ Group Global Ltd. during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr George Syrmalis
Con Tsigounis
Peter Simpson

Principal activities

During the half-year the principal activity for the Group consisted of the provision of asset management services to listed and unlisted companies in the life science industry.

Review of operations

The iQ Group Global Ltd.'s revenue is generated through two separate activities:

- Provision of commercialisation and research and development services to the multinational Biopharmaceutical companies present in Australia.
- Research and development activity, regulatory and market access services, medical affairs services, pharmacovigilance and other very specialised scientific services.

The Group has been able to still deliver improved net operating results despite the challenging market conditions that continues as a result of COVID-19 pandemic which was not prevalent in the comparative period (half-year ended 31 December 2019).

Key highlights in this financial period include:

- Improvement in the loss after tax by \$5.1 million to \$8.0 million for the six months to 31 December 2020 when compared to this time last year (31 December 2019: \$13.1 million);
- Savings in overheads of \$0.6 million from COVID-19 cost reduction strategies (continuing from FY20) when compared to this time last year; and
- Significant increase in the cash position by \$27.1 million to \$28.4 million (30 June 2020: \$1.3 million), mainly attributable to the successful initial public offering ('IPO') of the Group's controlled entity, GBS Inc., that was listed onto the NASDAQ (US Exchange) in December 2020.

Key operational milestones include:

- Given the events of this year with the ongoing COVID-19 pandemic, Life Science Biosensor Diagnostics Pty Ltd ('LSBD'), (the Biosensor company) has collaborated with Harvard's Wyss Institute to develop a COV-2 real time diagnostic test. Any commercial benefits stemming from this collaboration will flow to the LSBD commercial entities, GBS Inc. and BiosensX Inc.
- The Biosensor development team has grown significantly, both here and in the USA and our research and development capability now extends beyond The Centre for Organic Electronics at The University of Newcastle to American research and development institutions.
- The initial test being developed from the Biosensor Diagnostic Platform is the Saliva Glucose Biosensor, a glucose test for people living with diabetes intended to replace finger-pick blood testing. Future tests now being incorporated within the development program include several new point of care diagnostic test portfolios for layman and professional use. These include:
 - o Biochemistry
 - o Immunology
 - o Tumor markers
 - o Endocrinology
 - o Communicable diseases
 - o Nucleic acids
- Infrastructure has been established for the impending launch of the Saliva Glucose Biosensor into the Asia Pacific region (APAC) and North America. The APAC region consists of 37 countries, including Australia, New Zealand, Japan, China, Singapore, and Malaysia, as well as other smaller countries, addressing approximately 164 million people living with diabetes.

Significant changes in the state of affairs

The Group successfully listed one of its controlled entities on the NASDAQ, GBS Inc. (NASDAQ: GBS) on 24 December 2020. The results of GBS Inc. continues to be reported as part of the Group's consolidated figures for the financial half-year.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Dr George Syrmalis
Chair

12 March 2021
Sydney

**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

To the Directors of IQ Group Global Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2020, there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of IQ Group Global Limited.

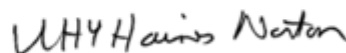


Mark Nicholaeff

Partner

Sydney

Dated: 12 March 2021



UHY Haines Norton

Chartered Accountants

| | |
|--|----|
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The iQ Group Global Ltd.
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

| | | Consolidated 31 December 2020 | 31 December 2019 |
|---|------|----------------------------------|---------------------|
| | Note | \$ | \$ |
| Revenue | 4 | 5,774,634 | 7,151,797 |
| Cost of sales | | (5,286,261) | (5,827,009) |
| Gross profit | | 488,373 | 1,324,788 |
| Share of profits/(losses) of associates accounted for using the equity method | | (281,175) | 568,012 |
| Other income | 5 | 4,279,522 | 81,740 |
| Interest revenue calculated using the effective interest method | | 5,652 | 178 |
| Employee benefits expense | | (4,866,557) | (4,733,340) |
| Overhead sharing costs | | (410,191) | (1,468,591) |
| Depreciation and amortisation expense | | (448,379) | (342,908) |
| Consultancy fees | | (512,472) | (2,072,150) |
| Other expenses | 6 | (3,826,509) | (5,255,254) |
| Finance costs | | (2,457,630) | (1,233,189) |
| Loss before income tax benefit | | (8,029,366) | (13,130,714) |
| Income tax benefit | | - | 35,718 |
| Loss after income tax benefit for the half-year | | (8,029,366) | (13,094,996) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | 2,404,625 | 19,709 |
| Other comprehensive income for the half-year, net of tax | | 2,404,625 | 19,709 |
| Total comprehensive loss for the half-year | | <u>(5,624,741)</u> | <u>(13,075,287)</u> |
| Loss for the half-year is attributable to: | | | |
| Non-controlling interest | | (904,789) | (2,230,565) |
| Owners of The iQ Group Global Ltd. | | (7,124,577) | (10,864,431) |
| | | <u>(8,029,366)</u> | <u>(13,094,996)</u> |
| Total comprehensive loss for the half-year is attributable to: | | | |
| Non-controlling interest | | 766,635 | (2,224,585) |
| Owners of The iQ Group Global Ltd. | | (6,391,376) | (10,850,702) |
| | | <u>(5,624,741)</u> | <u>(13,075,287)</u> |
| | | Cents | Cents |
| Basic earnings per share | 7 | (4.37) | (6.67) |
| Diluted earnings per share | 7 | (4.37) | (6.67) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The iQ Group Global Ltd.
Consolidated statement of financial position
As at 31 December 2020

| | | Consolidated | |
|---|-------------|-------------------------|---------------------|
| | Note | 31 December 2020 | 30 June 2020 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 28,388,954 | 1,331,382 |
| Term deposit | | 406,328 | 406,328 |
| Trade and other receivables | 8 | 9,586,830 | 9,352,430 |
| Prepayments | | 179,578 | 103,206 |
| Total current assets | | <u>38,561,690</u> | <u>11,193,346</u> |
| Non-current assets | | | |
| Investment in associates and joint venture | | 449,228 | 523,465 |
| Property, plant and equipment | 9 | 181,699 | 224,749 |
| Right-of-use assets | | 2,142,868 | 2,481,214 |
| Intangible assets | 10 | 1,495,281 | 1,563,965 |
| Total non-current assets | | <u>4,269,076</u> | <u>4,793,393</u> |
| Total assets | | <u>42,830,766</u> | <u>15,986,739</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 15,354,454 | 12,091,026 |
| Contract liabilities | | 39,149 | 78,297 |
| Borrowings | 12 | 17,745,730 | 11,572,143 |
| Lease liabilities | 13 | 635,096 | 593,560 |
| Derivative financial instruments | 14 | - | 1,202,837 |
| Provision for income tax | | - | 52,758 |
| Employee benefits | | 1,431,178 | 1,851,639 |
| Total current liabilities | | <u>35,205,607</u> | <u>27,442,260</u> |
| Non-current liabilities | | | |
| Borrowings | 12 | 3,297,049 | 11,162,056 |
| Lease liabilities | 13 | 1,564,231 | 2,017,009 |
| Employee benefits | | 290,908 | 189,709 |
| Total non-current liabilities | | <u>5,152,188</u> | <u>13,368,774</u> |
| Total liabilities | | <u>40,357,795</u> | <u>40,811,034</u> |
| Net assets/(liabilities) | | <u>2,472,971</u> | <u>(24,824,295)</u> |
| Equity | | | |
| Contributed equity | | 49,713,510 | 41,359,943 |
| Reserves | 16 | 6,593,375 | 640,949 |
| Accumulated losses | | (73,901,990) | (66,777,413) |
| Equity attributable to the owners of The iQ Group Global Ltd. | | (17,595,105) | (24,776,521) |
| Non-controlling interest | | 20,068,076 | (47,774) |
| Total equity | | <u>2,472,971</u> | <u>(24,824,295)</u> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

The iQ Group Global Ltd.
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

| Consolidated | Contributed equity \$ | Reserves \$ | Accumulated losses \$ | Non-controlling interest \$ | Total equity \$ |
|--|--------------------------|----------------|--------------------------|--------------------------------|---------------------|
| Balance at 1 July 2019 | 38,880,054 | 232,937 | (47,271,185) | 1,580,510 | (6,577,684) |
| Adjustment for change in accounting policy of intangibles | - | - | (229,912) | - | (229,912) |
| Balance at 1 July 2019 - restated | 38,880,054 | 232,937 | (47,501,097) | 1,580,510 | (6,807,596) |
| Loss after income tax benefit for the half-year | - | - | (10,864,431) | (2,230,565) | (13,094,996) |
| Other comprehensive income for the half-year, net of tax | - | 13,729 | - | 5,980 | 19,709 |
| Total comprehensive income/(loss) for the half-year | - | 13,729 | (10,864,431) | (2,224,585) | (13,075,287) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Contributed equity | 1,790,844 | - | - | 1,047,969 | 2,838,813 |
| Capital raising costs | (105,837) | - | - | (61,932) | (167,769) |
| Share-based payments | - | 243,967 | - | - | 243,967 |
| Balance at 31 December 2019 | <u>40,565,061</u> | <u>490,633</u> | <u>(58,365,528)</u> | <u>341,962</u> | <u>(16,967,872)</u> |

| Consolidated | Contributed equity \$ | Reserves \$ | Accumulated losses \$ | Non-controlling interest \$ | Total equity \$ |
|--|--------------------------|------------------|--------------------------|--------------------------------|--------------------|
| Balance at 1 July 2020 | 41,359,943 | 640,949 | (66,777,413) | (47,774) | (24,824,295) |
| Loss after income tax expense for the half-year | - | - | (7,124,577) | (904,789) | (8,029,366) |
| Other comprehensive income for the half-year, net of tax | - | 733,201 | - | 1,671,424 | 2,404,625 |
| Total comprehensive income/(loss) for the half-year | - | 733,201 | (7,124,577) | 766,635 | (5,624,741) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Contributed equity | 9,878,222 | - | - | 23,003,342 | 32,881,564 |
| Capital raising costs | (1,524,655) | - | - | (3,654,127) | (5,178,782) |
| Share-based payments | - | 99,916 | - | - | 99,916 |
| Issue of warrants | - | 5,119,309 | - | - | 5,119,309 |
| Balance at 31 December 2020 | <u>49,713,510</u> | <u>6,593,375</u> | <u>(73,901,990)</u> | <u>20,068,076</u> | <u>2,472,971</u> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

The iQ Group Global Ltd.
Consolidated statement of cash flows
For the half-year ended 31 December 2020



| | Consolidated | |
|---|--------------------------|-------------------------|
| | 31 December 2020 | 31 December 2019 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 11,612,206 | 8,098,964 |
| Payments to suppliers and employees | (13,757,268) | (19,814,559) |
| Proceeds from government grants | 1,851,370 | - |
| Interest received | 5,652 | 178 |
| Interest paid | (121,532) | (132,723) |
| | <u>(409,572)</u> | <u>(11,848,140)</u> |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | - | (15,628) |
| Investment in associates | (47,370) | (56,021) |
| Payment for term deposit | - | (406,328) |
| | <u>(47,370)</u> | <u>(477,977)</u> |
| Cash flows from financing activities | | |
| Proceeds from contributed equity (preference shares - net of capital raising costs) | 6,002,716 | 1,538,386 |
| Proceeds from contributed equity (net of capital raising costs) | 23,351,934 | - |
| (Payments)/proceeds relating to corporate bonds (net of repayments and transaction costs) | (2,666,189) | 11,887,961 |
| Borrowings from related parties | 1,360,000 | - |
| Payments relating to lease liabilities | (294,159) | (60,107) |
| Payments relating to convertible notes | (239,040) | (717,086) |
| | <u>27,515,262</u> | <u>12,649,154</u> |
| Net cash from financing activities | | |
| | <u>27,515,262</u> | <u>12,649,154</u> |
| Net increase in cash and cash equivalents | <u>27,058,320</u> | <u>323,037</u> |
| Cash and cash equivalents at the beginning of the financial half-year | 1,331,382 | 503,603 |
| Effects of exchange rate changes on cash and cash equivalents | (748) | 35 |
| | <u>28,388,954</u> | <u>826,675</u> |
| Cash and cash equivalents at the end of the financial half-year | | |
| | <u><u>28,388,954</u></u> | <u><u>826,675</u></u> |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover The iQ Group Global Ltd. as a consolidated entity consisting of The iQ Group Global Ltd. ('iQGG', or the 'Company' or the 'parent entity') and the entities it controlled (together the 'Group') at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is The iQ Group Global Ltd.'s functional and presentation currency.

The iQ Group Global Ltd. is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9, 85 Castlereagh Street
Sydney, NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 March 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Reclassification of comparatives

Comparatives have been realigned where necessary, to agree with the current year presentation. This included reclassifications between consultancy fees and other expenses within the consolidated statement of profit or loss. There were also reclassifications within note 6, other expenses, as part of realigning comparatives with the current year presentation. In both these reclassifications, there was no change in the total loss or net assets/(liabilities).

New or amended Accounting Standards and Interpretations adopted

The Group 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the interim financial statements, the Group incurred a comprehensive loss of \$5,624,741 for the half-year ended 31 December 2020 (31 December 2019: \$13,075,287). As at that date, the Group had net current assets of \$3,356,083, net assets of \$2,472,971 and net operating cash outflows of \$409,572 (30 June 2020: net current liabilities of \$16,248,914, net liabilities of \$24,824,295 and net operating cash outflows of \$11,848,140). The loss and operating net cash outflows do prima facie give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

Note 2. Significant accounting policies (continued)

However, the Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after considering the following factors:

- The Group's business model is based upon generating returns by acquiring early-stage life science IP and with its specialist in-house knowledge and developing the acquired IP in to diagnostic or therapeutic bioscience assets. Accordingly, profits are generated by an increase in the value of the assets as they are developed and reach clinical milestones. Expenditure on improving these assets is expensed. The value of these assets cannot be recognised in the financial statements until they are realised. Given the stage of development and increase in value of these assets, management expects the entities that hold these assets to be able to pay to the Group appropriate amounts by way of:
 - o License fees on the use of these assets;
 - o Research & development contributions; and
 - o Reimbursement of the Group's overheads and resources to the extent that they have been utilised by these entities.
- As demonstrated previously, the outflows and funding of the development of these assets will be funded by continued capital raisings in relation to projects in which the Company is involved in, continued revenue from providing specialist health services based on the Medical Affairs Service agreement, and the related party pass through agreements.

The Directors consider the above factors are sufficient to cover the Group's expected total outflows for the 12 month period following the signing of the financial report.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments: 1) contract sales and marketing services to external customers; and 2) shared services provided to related parties. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors and Chief Executive Officer (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on a monthly basis.

Major customers

On an individual basis, three customers represent more than 10% of the H1 FY21 revenue. Total revenue from these major customers amounts to \$4,169,003 (72.20%) of total revenue (H1 FY20: \$4,847,700; 67.78%).

Operating segment information

The following segment information is provided to the CODM.

Consolidated

| | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|---------------------------------------|-------------------|-------------------|
| Revenue | | |
| Contract sales and marketing services | 5,601,195 | 5,992,538 |
| Shared services | 173,439 | 1,159,259 |
| Total revenue | 5,774,634 | 7,151,797 |
| Gross profit | | |
| Contract sales and marketing services | 314,934 | 165,529 |
| Shared services | 173,439 | 1,159,259 |
| Total gross profit | 488,373 | 1,324,788 |

Information on segment net assets is not provided to the CODM.

Note 3. Operating segments (continued)

Geographical information

The majority of the Group's revenue is derived from Australia.

Note 4. Revenue

| | Consolidated 31 December 2020 \$ | 31 December 2019 \$ |
|------------------------------------|--|------------------------|
| Contract and service fee revenue | 5,601,195 | 5,992,538 |
| Office and shared services revenue | 173,439 | 1,159,259 |
| Total revenue | <u>5,774,634</u> | <u>7,151,797</u> |

Disaggregation of revenue

| | Consolidated 31 December 2020 | 31 December 2019 |
|---------------------------------------|----------------------------------|------------------|
| Contract sales and marketing services | 5,601,195 | 5,992,538 |
| Shared services | 173,439 | 1,159,259 |
| Total revenue | <u>5,774,634</u> | <u>7,151,797</u> |

Timing of revenue recognition

All revenue is recognised over a period of time.

Note 5. Other income

| | Consolidated 31 December 2020 \$ | 31 December 2019 \$ |
|-------------------|--|------------------------|
| Government grants | 2,189,900 | - |
| Other | 2,089,622 | 81,740 |
| Other income | <u>4,279,522</u> | <u>81,740</u> |

Government grants

During the half-year, the Group received \$1,989,900 from JobKeeper support payments from the Australian Government which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. In addition the Group received a \$200,000 as part of its 'Boosting Cash Flow for Employers' scheme in response to the COVID-19 pandemic.

Note 6. Other expenses

| | Consolidated | |
|-----------------------------|-------------------------|-------------------------|
| | 31 December 2020 | 31 December 2019 |
| | \$ | \$ |
| Accounting and legal fees | 321,551 | 297,574 |
| Advertising and marketing | 156,813 | 318,370 |
| Legal and consultancy fees | 1,186,239 | 207,792 |
| Insurance | 68,274 | 65,546 |
| Travel and accommodation | 2,100 | 451,393 |
| Exchange and listing fees | 235,332 | 310,123 |
| Occupancy fees | 167,042 | 55,357 |
| Development costs write-off | - | 1,966,175 |
| Subscription and licenses | 180,446 | 108,801 |
| Recruitment | 11,749 | 66,094 |
| Office and administration | 115,366 | 299,767 |
| Research and development | 515,796 | 722,818 |
| Expected credit loss | 127,559 | - |
| Net foreign exchange loss | 389,953 | 4,377 |
| Other | 348,289 | 381,067 |
| | <u>3,826,509</u> | <u>5,255,254</u> |

Refer to 'Reclassification of comparatives' in note 2.

Note 7. Earnings per share

| | Consolidated | |
|---|-------------------------|-------------------------|
| | 31 December 2020 | 31 December 2019 |
| | \$ | \$ |
| Loss after income tax | (8,029,366) | (13,094,996) |
| Non-controlling interest | 904,789 | 2,230,565 |
| Loss after income tax attributable to the owners of The iQ Group Global Ltd. | <u>(7,124,577)</u> | <u>(10,864,431)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 162,891,592 | 162,891,592 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 162,891,592 | 162,891,592 |
| | Cents | Cents |
| Basic earnings per share | (4.37) | (6.67) |
| Diluted earnings per share | (4.37) | (6.67) |

As at 31 December 2020 and 31 December 2019, there were no options and performance rights over ordinary shares excluded from the calculation of the weighted average number of ordinary shares used in calculating diluted earnings per share due to being anti-dilutive in nature.

Note 8. Trade and other receivables

| | Consolidated | |
|--|---------------------|------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| <i>Current assets</i> | | |
| Trade receivables | 1,192,745 | 1,635,650 |
| Other receivables | 321,372 | 2,848,023 |
| Related party receivables | 8,298,722 | 4,967,207 |
| Less: Allowance for expected credit loss | (226,009) | (98,450) |
| | <u>9,586,830</u> | <u>9,352,430</u> |

Allowance for expected credit losses

The Group has recognised a loss of \$127,559 (31 December 2019: \$nil) in profit or loss in respect of the expected credit losses for the year ended 31 December 2020.

Note 9. Property, plant and equipment

| | Consolidated | |
|--|---------------------|----------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Leasehold improvements - at cost | 105,509 | 105,509 |
| Less: Accumulated depreciation | (24,026) | (19,895) |
| | <u>81,483</u> | <u>85,614</u> |
| Plant and equipment - at cost | 343,065 | 348,221 |
| Less: Accumulated depreciation | (290,505) | (263,533) |
| | <u>52,560</u> | <u>84,688</u> |
| Furniture, fixtures and fittings - at cost | 98,442 | 98,442 |
| Less: Accumulated depreciation | (50,786) | (43,995) |
| | <u>47,656</u> | <u>54,447</u> |
| | <u>181,699</u> | <u>224,749</u> |

Note 10. Intangible assets

| | Consolidated | |
|------------------------------------|---------------------|------------------|
| | 31 December 2020 | 30 June 2020 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Acquired IP - at cost | 1,871,615 | 1,871,615 |
| Less: Accumulated amortisation | (409,843) | (349,866) |
| | <u>1,461,772</u> | <u>1,521,749</u> |
| Website and software - at cost | 163,810 | 163,810 |
| Less: Accumulated amortisation | (130,301) | (121,594) |
| | <u>33,509</u> | <u>42,216</u> |
| | <u>1,495,281</u> | <u>1,563,965</u> |

Note 11. Trade and other payables

| | Consolidated | |
|--------------------------------------|---------------------|---------------------|
| | 31 December | 30 June 2020 |
| | 2020 | 2020 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Trade payables | 3,282,885 | 2,750,116 |
| Related party payables | 3,769,066 | 3,243,378 |
| Sundry payables and accrued expenses | 8,302,503 | 6,097,532 |
| | <u>15,354,454</u> | <u>12,091,026</u> |

At 31 December 2020, sundry payables and accrued expenses included \$8,092,004 (30 June 2020: \$5,764,518) due to the Australian Tax Office.

Note 12. Borrowings

| | Consolidated | |
|---------------------------------|---------------------|---------------------|
| | 31 December | 30 June 2020 |
| | 2020 | 2020 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Bond held with related parties* | 6,621,330 | 1,022,993 |
| Convertible notes** | - | 6,170,364 |
| Corporate bonds*** | 11,124,400 | 4,378,786 |
| | <u>17,745,730</u> | <u>11,572,143</u> |
| <i>Non-current liabilities</i> | | |
| Convertible notes | 332,159 | - |
| Corporate bonds*** | 2,964,890 | 11,162,056 |
| | <u>3,297,049</u> | <u>11,162,056</u> |
| | <u>21,042,779</u> | <u>22,734,199</u> |

* Bonds held with related parties are at coupon rates of 9-18% and maturities within 12 months. Refer to note 19 for details.

** Convertible notes are at a coupon rate of 7% per annum and scheduled to mature on 31 December 2020. Convertible notes included a mandatory conversion feature into the ordinary shares of GBS Inc., a controlled entity of the Group, upon completion of its Initial Public Offering ('IPO') in December 2020.

*** Corporate bonds are at coupon rates of 7-20% per annum and with maturities between 6-36 months.

Note 13. Lease liabilities

| | Consolidated | |
|--------------------------------|---------------------------|--------------------|
| | 31 December 2020 \$ | 30 June 2020 \$ |
| <i>Current liabilities</i> | | |
| Lease liability | 635,096 | 593,560 |
| <i>Non-current liabilities</i> | | |
| Lease liability | 1,564,231 | 2,017,009 |
| | <u>2,199,327</u> | <u>2,610,569</u> |

Note 14. Derivative financial instruments

| | Consolidated | |
|----------------------------|---------------------------|--------------------|
| | 31 December 2020 \$ | 30 June 2020 \$ |
| <i>Current liabilities</i> | | |
| Convertible note options | - | 1,202,837 |

Refer to note 18 for further information on fair value measurement.

The Group's subsidiary GBS (APAC) Pty Ltd ('GBS APAC') issued convertible notes with a face value of \$6,816,075, scheduled to mature on 31 December 2020. Of this amount, \$1,202,837 was classified as a derivative financial instrument as the notes benefit from a 15% discount on the IPO from the date of GBS APAC's (or its nominee entity's) admission on an approved stock exchange.

During the half-year ended 31 December 2020, the parent of GBS APAC, GBS Inc. (nominee's entity) completed its IPO on a US Exchange (NASDAQ). The discount feature has been absorbed by GBS Inc. on the mandatory conversion of the convertible notes into ordinary shares.

Note 15. Share capital

| | Number of shares* | Company \$ |
|---|----------------------|-------------------|
| Ordinary shares on issue at 31 December 2020 and 30 June 2020 | <u>162,891,592</u> | <u>18,097,559</u> |

* The share capital relates to the parent Company, The iQ Group Global Ltd, therefore does not agree directly to the statement of financial position.

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 16. Reserves

| | Consolidated | |
|------------------------------|---------------------------|--------------------|
| | 31 December 2020 \$ | 30 June 2020 \$ |
| Foreign currency reserve | 774,823 | 41,622 |
| Share-based payments reserve | 556,638 | 456,722 |
| Options reserve | 142,605 | 142,605 |
| Warrants reserve | 5,119,309 | - |
| | <u>6,593,375</u> | <u>640,949</u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Warrants reserve

The reserve is used to recognise the value of the outstanding warrants issued to shareholders of GBS Inc. (NASDAQ: GBS), a controlled entity of the Group listed on the NASDAQ. The warrants were issued during the financial half-year at completion of GBS Inc.'s IPO on 24 December 2020.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

| Consolidated | Foreign currency \$ | Share-based payments \$ | Options \$ | Warrants \$ | Total \$ |
|------------------------------|---------------------------|-------------------------------|----------------|------------------|------------------|
| Balance at 1 July 2020 | 41,622 | 456,722 | 142,605 | - | 640,949 |
| Foreign currency translation | 733,201 | - | - | - | 733,201 |
| Share-based payment | - | 99,916 | - | - | 99,916 |
| Issue of warrants | - | - | - | 5,119,309 | 5,119,309 |
| | <u>774,823</u> | <u>556,638</u> | <u>142,605</u> | <u>5,119,309</u> | <u>6,593,375</u> |
| Balance at 31 December 2020 | <u>774,823</u> | <u>556,638</u> | <u>142,605</u> | <u>5,119,309</u> | <u>6,593,375</u> |

Note 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--|---------------|---------------|---------------|-------------|
| Consolidated - 31 December 2020 | | | | |
| <i>Liabilities</i> | | | | |
| Derivative convertible note options | - | - | - | - |
| Total liabilities | - | - | - | - |
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Consolidated - 30 June 2020 | | | | |
| <i>Liabilities</i> | | | | |
| Derivative convertible note options | - | - | 1,202,837 | 1,202,837 |
| Total liabilities | - | - | 1,202,837 | 1,202,837 |

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 19. Related party transactions

Parent entity

The iQ Group Global Ltd. is the parent and ultimate parent of the Group.

The Group transacted with the following related companies.

| Related party | Relationship |
|--------------------------------------|--|
| iQX Limited and controlled entities | Common directorship and key management personnel |
| iQ3Corp Ltd. and controlled entities | Common directorship and key management personnel |
| New Frontier Holdings LLC | An associate with common directorship and key management personnel |
| Nereid Enterprises LLC | An associate with common directorship and key management personnel |
| Nereid Enterprises Pty Ltd. | An associate with common directorship and key management personnel |
| OncoTEX Holdings Inc. | An associate with common directorship and key management personnel |
| OncoTEX Inc. | An associate with common directorship and key management personnel |
| OncoTEX Pty Ltd. | An associate with common directorship and key management personnel |
| Ethical Bioscience Investments Fund | An associate with common directorship and key management personnel |
| Pty Ltd ('EBI')* | Joint venture |

* The Group has a 50% interest in EBI. EBI offers various fixed term debt instruments for investors looking to invest across the global bioscience sector. This is a joint venture with the iQX Limited, a related party of the Group.

Note 19. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

| | Consolidated 31 December 2020 \$ | 31 December 2019 \$ |
|--|--|------------------------|
| Revenue: | | |
| Shared services fees received from related parties | 173,439 | 1,159,259 |
| Other income: | | |
| Rental recharges | 250,215 | - |
| Expenses: | | |
| Consulting fees paid to related parties | 512,472 | 1,468,591 |
| Payment of shared services fees to related parties | 410,191 | 2,794,968 |
| Interest paid | 311,387 | - |

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | Consolidated 31 December 2020 \$ | 30 June 2020 \$ |
|--|--|--------------------|
| Current receivables: | | |
| Trade receivable accounts with related parties | 8,298,722 | 4,967,207 |
| Current payables: | | |
| Trade payable accounts with related parties | 3,769,066 | 3,243,378 |

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated 31 December 2020 \$ | 30 June 2020 \$ |
|--------------------------------|--|--------------------|
| Current borrowings: | | |
| Bond held with related parties | 6,621,330 | 1,022,993 |

Bond held with related party iQX Limited with a coupon rate of 9% per annum and matures in June 2021.

The Group also entered into the following bond facility agreements:

- On 1 August 2020, bond facility agreement of approximately \$1.5 million with EBI. The facility has a simple interest rate of 18% and expires on 1 August 2021;
- On 1 August 2020, bond facility agreement of approximately \$2.4 million with EBI. The facility has a simple interest rate of 18% and expires on 1 August 2021; and
- On 1 November 2020, bond facility agreement of approximately \$4.2 million with EBI. The facility has a simple interest rate of 18% and expires on 31 October 2021.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates unless otherwise stated.

Note 20. Contingent liabilities

The Group is defending proceedings brought by Disrupt Group Holding Pty Ltd ('Disrupt') in the Supreme Court of New South Wales ('Court'). Disrupt alleges that members of the IQ Group Global breached obligations of confidence in executing a transaction with University of Newcastle dating back to 2016. The information usually required by AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the proceedings. The Directors believe that the proceeding is unmeritorious and are currently defending this in Court.

Note 21. Events after the reporting period

At the Annual General Meeting held on 29 January 2021, the shareholders approved the issue of ordinary shares under the Group's Employee Share Scheme to the following Directors:

- 1,224,000 ordinary shares to Dr George Symmalis; and
- 340,000 ordinary shares to Con Tsigounis.

GBS Inc. warrants that were issued as part of the IPO on NASDAQ were exercised by GBS Inc. investors subsequent to year end. This involved investors acquiring ordinary shares in GBS Inc. upon exercise of the warrants resulting in the dilution of Life Science Biosensor Diagnostics Pty Ltd's ('LSBD') holding. As of the date of this report, LSBD (a subsidiary of the Group) holds voting rights via ordinary shares equating to a 48.7% interest in GBS Inc. (As at 31 December 2020, LSBD held a 54.4% interest in GBS Inc.). In accordance with the requirements of AASB 10 *Consolidated Financial Statements*, management has performed an assessment and is of the view that GBS Inc. will remain a controlled entity of the Group.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Dr George Syrmalis
Chair

12 March 2021
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of IQ Group Global Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of IQ Group Global Limited ("the Group"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory notes, 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 half-year financial report of IQ Group Global Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Groups financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Group incurred a net loss of \$5,624,741 during the half-year ended 31 December 2020 and, as of that date, the Group had net operating cash outflows of \$409,572. 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 Group 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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 2020 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IQ Group Global Limited during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

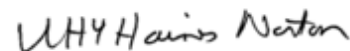


Mark Nicholaeff

Partner

Sydney

Date: 12 March 2021



UHY Haines Norton

Chartered Accountants