

ASX: EIQ RELEASE

JULY 19, 2022

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C JUNE 2022

Highlights:

- Echo IQ achieved a number of significant milestones towards commercialisation
- Company formed Scientific Advisory Board of industry-leading experts with inaugural in person meeting at ASE2022 conference
- Increasing exposure for the research underpinning Echo IQ's solution including acceptance as Late Breaking Science at ESC2022
- Product development continues at pace with working prototype and dashboard in pilot
- Successful sale of Prometheus Information Pty. Ltd.

Management Commentary

Executive Chair Andrew Grover said: "This quarter saw rapid progress towards the delivery of a commercially-significant offering under Echo IQ. We know that underdiagnosis of aortic stenosis in particular, and structural heart disease more broadly, is a major healthcare challenge. That's why we are working hard to bring innovative AI-backed solutions to market as fast as we safely can. We now have a working product prototype that can successfully run probability assessments and identify all in-guideline cases of aortic stenosis. This is an important milestone in a development journey that has seen strong progress since the acquisition of Echo IQ.

Our recently-created Scientific Advisory Board includes some of the leading figures at the nexus of cardiology, echocardiography and structural heart solutions from practice, research and academia. We convened the inaugural meeting with this influential and highly supportive team for the first time in person at the globally-important American Society of Echocardiography (ASE) conference in Seattle, USA. Progress towards FDA clearance, as well as huge strides towards HIPAA and SOC2 compliance, have also been achieved in this pivotal quarter for Echo IQ. The Company has also been advised that it has been included in the final 16 organisations (reduced from 300) selected by a leading US healthcare innovation hub for potential commercialisation funding and access to clinical pilots.

Looking ahead, we remain utterly focussed on delivering a best-in-class product that aims to help close the diagnosis gap for a number of treatable conditions. Providing an ever-greater number of people the basis for access to life-extending and enhancing treatments, irrespective of their background or circumstances is now clearly within sight."

Public Profile

Echo IQ Chief Medical Advisor delivered plenary address at WCE 2022

Echo IQ's Chief Medical Advisor, Professor David Playford was invited to give the keynote address at the World Congress of Echocardiography (WCE) held in Adelaide May 6-8. This important speech on "The changing role and future of echocardiography" included the potential for AI to transform diagnostic capability in cardiology, using Echo IQ's maiden solution as an example of this new direction in healthcare. WCE 2022 is one of the world's foremost conferences on the cardiology calendar and

included sessions led by some of the sector's most high-profile cardiologists and researchers, including Echo IQ's Chief Strategy and Research Officer, Professor Geoff Strange, who led an expert panel discussion on "Mild to moderate tricuspid regurgitation – perspectives from big data."

Late Breaking Science acceptance at ESC Congress in Barcelona

The research and findings underpinning the Company's latest AI algorithm have been accepted for presentation as Late Breaking Science at the European Society of Cardiology (ESC), one of the world's leading cardiology conferences, being held in Barcelona from August 26-28 2022. Echo IQ's Chief Strategy and Research Officer, also of the University of Sydney, will be presenting "AI-enhanced detection of aortic stenosis." The event is attended by several thousand of the most dynamic and connected cardiologists, leading Medical Technology corporates and industry innovators. The work being presented was conducted and compiled in conjunction with Echo IQ's Chief Medical Advisor, Professor David Playford, the Company's Technical Director Rakesh Patel, and Data Scientist Dr. Andrew Watts. Acceptance as late-breaking science at globally significant scientific conferences is difficult to secure, and is testament to the level of innovation Echo IQ is bringing to this sector. The presentation will be followed by a Press Conference expected to be attended by many of the world's leading medical journalists.

Product Innovation and Development

Working Product

The last quarter saw the Company achieve rapid and significant progress towards the successful completion of its maiden product development roadmap. Echo IQ is now able to demonstrate a working dashboard that delivers a fast probability assessment for aortic stenosis using uploaded echocardiographic measurements. This product version, as being taken through FDA clearance, gives users a dual view of risk that combines Echo IQ's proprietary AI-backed phenotype identification tool with diagnostic guidelines checks calibrated to local market settings. This solution also allows users to track historical views (to better see how a patient's condition has evolved over time) as well as the ability to understand exactly which cardiac measurements are supporting the final assessment.

Beyond Aortic Stenosis

Aortic stenosis is the disease being addressed by the Company's initial product; however, it is increasingly apparent that the Echo IQ objective of using new technologies and data science to enhance cardiac diagnostics can be applied to a range of structural heart conditions. The Company's exclusive AI-access to the world-leading NEDA database of echocardiographic measurement data linked to mortality, as well as the depth and range of medical and technical expertise within (and accessible to) the organisation give it the ideal foundation from which to develop additional solutions in structural heart health. Initial development focus is on heart failure (comprising systolic and diastolic dysfunction) where treatment options for those individuals identified as suffering from the condition include pharmaceutical regimens over a sustained period. Echo IQ is currently fast-tracking a number of structural heart conditions for solutions development.

Investment in Quality Processes

HIPAA AND SOC2 Compliance

The US's Health Insurance Portability and Accountability Act (HIPAA) sets the standard for sensitive patient data protection. Companies that deal with protected health information (PHI) must have physical, network, and process security measures in place and follow them to ensure HIPAA Compliance. Echo IQ has prioritised HIPAA compliance in light of its commercial focus on the US and the importance of demonstrating data security to prospective customers. Echo IQ estimates that it is now approaching 90% audit-readiness towards this important milestone.

SOC2 compliance ensures that companies manage customer data in a secure fashion whilst adhering to the highest standard of privacy and integrity. Echo IQ is undertaking voluntary SOC 2 compliance, which is often valued by businesses considering SaaS providers, and will be audited by a leading 3rd-party consultancy. The Company estimates that it is also approaching 90% audit-readiness in this area.

Patent Application Lodged

Ongoing protection of the Company's intellectual property has been identified as a strategic priority. Echo IQ has now filed a provisional application for patent protection of its AI-assisted echocardiography innovation. Additional applications protecting future solutions development are planned.

Regulatory Progress

The company is pleased to advise that its preferred regulatory pathway for FDA clearance, under the 510k classification, remains on track. Extensive preparation work, conducted in conjunction with the Company's regulatory consultants, (a leading international advisory with experience in securing FDA certification for developers of SAAS solutions), has identified relevant predicate solutions for the purpose of this expedited pathway.

Echo IQ expects a pre-submission hearing to be the next important FDA milestone, followed by full submission later this year. Clearance is expected in the first half of next year.

Clinical Study Update

The Company is pleased to advise that the clinical studies previously announced have now commenced. Whilst many clinical studies in Australia have been subject to ongoing delay as the hospital sector has been focussed on managing Covid-19 admissions as well as essential surgery, Echo IQ can confirm that it has now been asked to run its aortic stenosis probability assessments on large datasets of historical patient records from St. Vincent's Hospitals in Melbourne and Sydney. The Echo IQ AI solution is being used to identify where guideline diagnostic thresholds and/or high probability phenotypes are detected. The next part of the study will be to determine concordance or discordance with the hospital's original observations.

Scientific Advisory Board

As previously announced, Echo IQ has appointed a scientific advisory board with international influence and recognised expertise in the fields of echocardiography, sonography, and cardiology. The first face to face meeting of this renowned body of experts was convened at the American Society of Echocardiography, held in Seattle, Washington in June 2022. This all-day session, led by Echo IQ's Chief Medical Advisor, Professor David Playford also included the Company's Executive Chair, Chief Commercial Officer and Chief Strategy and Research Officer. A number of projects resulting from this event are already underway.

Financial Results

Sale of Prometheus Information Pty. Limited concluded successfully

As previously reported, Echo IQ successfully completed the sale of Prometheus Information Pty. Ltd, the Company's health fund analytics solution. This business unit was sold for the total consideration of \$600,000 to experienced leaders in the technology sector who intend to develop this business further. Part of the consideration (\$180,000) is reflected in the current quarter, with the remainder to be reflected in the September quarter's accounts.

Quarterly Financial Summary

Cash receipts for the quarter totalled \$362,000, an increase of \$248,000 over the preceding period. Operating cash flow was affected by expenditure related to travel to and participation in the ASE 2022 conference, including gathering the international Scientific Advisory Board. This is not expected to be a frequent or regular expense. Small increases in corporate costs associated with the disposal of the Prometheus business unit and the timing of some advisory charges also affected overall cash flow. The quarter saw cash inflows of \$1,327,000 related to proceeds from the exercise of options, in line with previous announcements.

The company maintains a sound financial position with \$2.405 million cash at bank and is well placed to execute its strategic plans. An amount of \$234,000 was paid to related parties during the period, as disclosed in the annexed Appendix 4C. This amount includes director salaries, fees and superannuation, inclusive of GST.

As part of a periodic remuneration review, the fees of Executive Chair Andrew Grover (pursuant to a consultancy services agreement) and Non-Executive Director Stephen Picton were increased to \$20,000 per month and \$3,750 per month respectively. All other terms of their engagements remain the same.

The Company did not, in this quarter, issue any of the deferred milestone performance shares linked to the purchase of Alerte Echo IQ Pty Ltd., (being 15,000,000 upon Echo IQ achieving US\$5 million in revenue within 3 years linked to a leading artificial valve manufacturer, and 20,000,000 upon achieving US\$10 million in revenue within 3 years).

- ENDS -

Authorised for release by the Board of Directors of Echo IQ Limited.

Media Enquiries:

Philip Woolff, Chief Operating Officer

philip.woolff@echoiq.ai / marketing@echoiq.ai / +61 (0)490 030 620

Investor Enquiries:

Andrew Grover, Executive Chair

Andrew.grover@echoiq.ai / investors@echoiq.ai

ABOUT ECHO IQ

Echo IQ uses AI-driven technology and proprietary software to improve decision making in Cardiology. The company is based in Sydney, Australia.

Appendix 4C

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

Name of entity

EcholQ Limited

ABN

48 142 901 353

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	362	1,313
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(858)	(2,651)
(c) advertising and marketing	(8)	(8)
(d) leased assets	-	-
(e) staff costs	(34)	(266)
(f) administration and corporate costs	(405)	(671)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	53
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,022)	(2,581)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(15)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	180	-
	(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 (provide details if material) Extending agreement with National Echo Database Australia	-	(358)
2.6	Net cash from / (used in) investing activities	180	(373)

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	1,327	1,547
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	1,327	1,547

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,920	3,812
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,022)	(2,581)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	180	(373)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,327	1,547
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,405	2,405

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	2,405	1,920
5.2	Call deposits	-	-
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)	2,405	1,920

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

Includes director salaries, fees and superannuation, inclusive of GST.

Current quarter \$A'000
(234)
-

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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

-

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.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(1,022)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

2,405

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

2,405

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

2.4

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

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: *not applicable*

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: *not applicable*

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: *not applicable*

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: 19 July 2022

Authorised by: The Board
(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.