

ASX: EIQ RELEASE

APRIL 13, 2022

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C MARCH 2022

Highlights

- **Echo IQ makes steady progress towards international commercialisation of maiden solutions**
- **Leadership team enhanced with commencement of Chief Commercial Officer and VP Regulatory Affairs**
- **US Regulatory pathways identified - supported by appointment of specialist advisors**
- **Clinical Studies underway: Anticipated conclusion Q1 FY2023**
- **Strong progress towards HIPAA and SOC2 compliance**
- **Appointment of licensed partner for Intelfuze software**

Sydney: AI and Medical Technology company Echo IQ (the Company) (ASX:EIQ) is pleased to provide this overview of corporate and operational progress for the three-month period ended 31 March 2021.

Progress towards international commercialisation

As shared in the investor presentation released 7 February 2022, the Company has prioritised the US healthcare market for commercial development. The US is a large and highly developed market where treatment for structural heart disease is well-accepted and funded.

Echo IQ has been selectively engaging with hospital groups, cardiologists in private practice and global businesses active in echocardiography screening and reporting to position itself for commercial acceleration pending successful conclusion of its regulatory submissions. The Company has been capturing the voice-of-customer and deepening its understanding of clinical practice workflows across multiple settings in order to maximise future speed of deployment.

Appointment of Chief Commercial Officer

With Echo IQ advancing its commercial plan, the appointment of Deon Strydom as Chief Commercial Officer is an important step in the company's ongoing development. Deon joins Echo IQ from another ASX-listed medical technology company and brings significant experience of the US healthcare market. He has successfully brought a number of new medical innovations to market in the US and other countries.

Deon Strydom said: "It's clear that AI has an enormous role to play in helping bring treatment closer to patients. The opportunity to play a pivotal role in helping Echo IQ achieve precisely that with its potentially transformative technology is one of the key reasons I'm pleased to be joining the company's leadership team."

Appointment of VP Regulatory Affairs

In a further boost to the company's Med-Tech leadership, Echo IQ advises the appointment of Dane Brescacin as VP Regulatory Affairs. Dane brings extensive experience in steering medical solutions to successful certification in a number of regulatory regimes including FDA (US), CE (Europe and Canada) and TGA (Australia). Dane is working closely with US-based specialist advisors as the company pursues its chosen FDA regulatory pathway for its maiden solution, Enhanced Screening Program for Aortic Stenosis (ESP-AS).

Dane Brescacin said: "Regulatory certification for ESP-AS will give users of our products in the US the confidence they seek in deploying novel technologies. Successfully leading Echo IQ on this journey will give users of our solutions the reassurance that our technology is robust, tried and tested."

Maiden Clinical Studies

Echo IQ is pleased to report that the clinical studies announced in late 2021 have passed all ethics approvals, and the Company is now receiving retrospective echocardiographic measurement data from one of the study sites, St. Vincent's Hospital in Melbourne, in line with study protocols. Echo IQ will be applying its risk assessment modelling to this dataset in the coming weeks, and the study is expected to conclude in Q2 2022.

Positive Progress towards HIPAA and SOC 2 Compliance

As Echo IQ develops clear and detailed plans for commercialisation of its solution it has increased its investment in industry-appropriate information security accreditation. US-based healthcare customers will be well-versed in the regulations around the handling of Personal Health Information and Echo IQ is pursuing voluntary compliance to the Health Insurance Health Insurance Portability and Accountability Act (HIPAA). All staff have now completed HIPAA training, and the company is also pursuing compliance under the SOC 2 framework for managing customer data. Echo IQ is working with a specialist partner and is approaching 80% audit-readiness as at the end of March 2022. It anticipates a successful audit in June 2022 with full certification to be achievable in Q3/4 FY2023.

Appointment of Intelfuze Partner

In order to support the Company's strategic focus on the medical technology sector and development of its AI-backed cardiac risk-detection solutions, Echo IQ concluded the appointment of a Canberra-based consultancy to promote and support its strategic augmented-intelligence software Intelfuze. This highly regarded and well-connected consultancy will directly represent Intelfuze in a number of sectors including Defence and Government and will also be incorporating the software into its own bespoke solutions and associated professional services.

Quarterly Financial Summary

Cash receipts for the quarter totalled \$114,000. A significant proportion of the \$525,000 of costs incurred in product manufacturing and operations are expected to be eligible for tax offset under the government's Research & Development tax incentive program. The company maintains a strong financial position with \$1.920 million cash at bank. Subsequent to the end of the quarter 2,000,000 options were exercised for \$60,000 and the Company expects to see a significant number of the 35,050,000 previously issued (\$0.04 and \$0.05) options exercised which could produce up to \$1.4M in cash inflows should they be exercised prior to 30 June 2022. An amount of \$26,000 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.

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 leaded artificial valve manufacturer, and 20,000,000 upon achieving US\$10 million in revenue within 3 years).

Management Commentary

Executive Chair Andrew Grover said: "Echo IQ is making rapid progress towards its strategic priorities. The core of our Enhanced Screening Program for Aortic Stenosis is complete and is undergoing clinical study in a real-world hospital setting. Furthermore we are building out our team, our systems, processes and industry relationships to commercialise our ground-breaking technology.

Our focus remains on supporting enhanced diagnosis of structural heart disease and our data science team is already making advances in the development of risk-detection algorithms for conditions beyond aortic stenosis. We look forward to sharing further news in the weeks and months ahead.

- ENDS -

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

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ABOUT ECHO IQ

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

Appendix 4C

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

Name of entity

EchoIQ Limited

ABN

48 142 901 353

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	114	771
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(525)	(1,793)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(34)	(266)
(f) administration and corporate costs	(214)	(504)
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	(659)	(1,739)
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 (9 months) \$A'000
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 (provide details if material) Extending agreement with National Echo Database Australia	-	(358)
2.6	Net cash from / (used in) investing activities	-	(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	60	220
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	60	220

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,519	3,812
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(659)	(1,739)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(373)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	60	220
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,920	1,920

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	1,920	2,519
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)	1,920	2,519

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

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

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

Current quarter \$A'000
(26)
-

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

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

7. Financing facilities

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

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

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

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.

HWH Software Pty Ltd ANZ overdraft

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(659)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,920
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,920
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3

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: 13 April 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.