



**Echo IQ Limited
And Controlled Entities**

ABN: 48 142 901 353

**CONSOLIDATED INTERIM FINANCIAL REPORT
For the Half Year Ended 31 December 2022**

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Corporate Directory

Directors

Andrew Grover	Executive Chairman
Steven Formica	Non-Executive Director
Stephen Picton	Non-Executive Director

Joint Company Secretaries

Jessamyn Lyons
Adam Uren

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Registered Office

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Perth WA 6000

Website & Email

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Share Registry*

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Perth WA 6000
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Facsimile: +61 3 9473 2500
Email: web.queries@computershare.com.au

Auditors

PKF Perth
Level 5, Havelock Street
West Perth WA 6005

Securities Exchange

Australian Securities Exchange [ASX: EIQ]

Incorporation

Incorporated in Australia as a public company limited by shares.
ACN: 142 901 353
ABN: 48 142 901 353

**This entity is included for information purposes only and has not been involved in the preparation of this interim report.*

Directors' Report

The Directors present the financial report of the Consolidated Entity for the six months ended 31 December 2022, together with the review report thereon. The Consolidated Entity consists of EchoIQ Limited (the Company) and the entities it controlled at the end of or during the half-year ended 31 December 2022.

Directors

The names of Directors who held office during or since the end of the period:

Andrew Grover Executive Chairman

Andrew has 26 years' experience in management, business development, sales & marketing, administration and technology across a diverse range of industries. As a founder and investor in numerous innovative companies, Andrew's businesses have been featured in BRW Fast 100 and Deloitte's Fast 50 over several years. Andrew has had several successful exits and has consulted to medium and top 100 companies. Andrew was also CEO of an executive recruitment agency which was acquired by an ASX listed company.

Andrew has served as a Director since 24 May 2019.

Andrew has no former or other current ASX listed directorships.

Steven Formica Non-Executive Director

Steven brings to the Group practical management and business development experience. He's been a successful businessman and operations manager for over 31 years in several privately held business ventures including manufacturing, construction, landscape contracting, property development and integrated wholesale and retail businesses. More recently he's been a successful investor and non-executive director in mineral resource companies.

Steven has served as a Director since 2 July 2018.

Steven is also currently Chairman of Ragnar Metals Ltd (RAG) and a Non-Executive Director of Albion Resources Ltd (ALB). In the past 3 years, he has been a director of Jade Gas Holdings Ltd (JGH) (formerly High Grade Metals Limited), and Bowen Coking Coal Ltd (BCB).

Stephen Picton Non-Executive Director

Steve holds a Bachelor of Science in technology and a Master of Science (Business) from London Business School and is both a Chartered Engineer and a Member of The Institute of Company Directors. He is also a Sloan Fellow which was awarded to him in 1993 by the Sloan Foundation as part of the joint MIT, Stanford and LBS programme. He has over 26 years' experience in the technology industry having held senior positions in British Telecom (BT) and AAPT prior to him forming gotalk and relaunching LBNCo.

Steve has served as a Director since 20 October 2021

Steve is also currently a Non-Executive Director of Flexiroam Ltd (FRX).

Joint Company Secretaries

Jessamyn Lyons has held office as Company Secretary since her appointment on 22 October 2021. Jessamyn is a Chartered Secretary, a Fellow of the Governance Institute of Australia and holds a Bachelor of Commerce from the University of Western Australia with majors in Investment Finance, Corporate Finance and Marketing. Jess is a highly experienced Company Secretary and has held positions with Macquarie Bank, UBS (London) and Patersons.

Jess also currently holds positions as Company Secretary of the following ASX listed companies: Dreadnought Resources Ltd (DRE), Jindalee Resources Ltd (JRL) (Joint) and Ragnar Metals Ltd (RAG).

Adam Uren has held office as Joint Company Secretary since his appointment on 10 November 2022. Adam has 8 years' experience in the stockbroking and financial services industry having previously worked at Canaccord Genuity (formerly Patersons Securities). Adam is currently a Corporate Advisor at Nexia Perth which recently acquired Everest Corporate where Adam had been working with a portfolio of listed companies assisting them with their corporate governance and compliance requirements.

Adam has no former or other current ASX listed Company Secretary roles.

Directors' Report

Review of Results and Operations

Group Overview

The principal activity of the Group is the development and application of artificial intelligence for the cardiac diagnostics sector.

Results Overview

The Group reported a loss for the half year ended 31 December 2022 of \$4,203,408 (31 December 2021: loss of \$3,533,027).

Included in the loss for the half year were non-cash Share Based Payments expenses of \$2,000,123, for shares and options issued.

Operating revenue for the half year totalled \$37,332 (2021: \$131,955) and operating expenses (excluding Share Based Payments expense) totalled \$2,681,942 (2021: \$1,861,823).

Key Business Activities

In the half year to 31 December 2022 Echo IQ achieved several important milestones in its progress to commercialisation. The Company increased its profile with leading influencers in the scientific and healthcare communities, achieved positive results in two clinical trials and is well-poised to see initial commercial uptake of its software platform EchoSolv in 2023.

The first half of the financial year saw the Company undertake the following key activities:

- The research underpinning the Company's AI-backed solution for improved identification of aortic stenosis (AS) was presented at the European Society of Cardiology conference in Barcelona. Prof. Geoff Strange, the Company's Chief Research and Strategy Officer presented "AI-Enhanced Detection of Aortic Stenosis" at the conference, attended by more than 5,000 leading cardiologists, academics, practitioners and press.
- Don Fowler an experienced industry expert was appointed President, Echo IQ USA. Don will be leading the Company's commercial development in this critical market and brings more than 30 years of executive leadership to the role. He spent 26 years at Siemens Healthcare (USA) and subsequently joined Toshiba (America) Medical Systems, a leading producer and distributor of diagnostic imaging systems, where he went on to hold roles as President, CEO and Board Director.
- A clinical efficacy study conducted at Harvard Medical School's Beth Israel Deaconess Medical Center demonstrated that EchoSolv™ successfully identified a significant proportion of untreated patients falling within current treatment guidelines based on echocardiographic criteria. A separate cohort of patients outside current guidelines, was also identified as being at similar risk of mortality. The study demonstrated the potential impact of EchoSolv™ on streamlining clinical practice to better evaluate and manage patients with aortic stenosis.
- Echo IQ was announced as 1 of only 5 participants in the 2023 HeartX Accelerator Program. This prestigious cardiovascular-focused healthcare accelerator, powered by Health Tech Arkansas and MedAxiom supports selected early-stage companies to fast-track deployment of cardiovascular innovations. Participation in the program provided Echo IQ with US\$150,000 in additional equity funding and also gives the Company guaranteed hospital pilots and trials (planning of which are currently underway).
- Echo IQ achieved HIPAA compliance and SOC 2 Type 2 certification. These important credentials in data security and robust processes ensure customers can be confident that the Company has information security and protection at the heart of its operations.
- The Company announced the commercial availability of EchoSolv™, its cloud-based enhanced screening program for structural heart disease, commencing with aortic stenosis, to the US cardiology sector. EchoSolv™ is designed to ensure patients who would benefit from treatment or further clinical review are accurately identified.

Directors' Report

- The end of the half-year saw Echo IQ announce positive interim results from a clinical study conducted at St. Vincent's Hospital, Melbourne. EchoSolv™ successfully identified 100% of patients with severe aortic stenosis, within current clinical guidelines. It also identified an additional group of patients at significantly increased risk of Severe Aortic Stenosis. EchoSolv's value to clinical practice was demonstrated by the fact that 45% of patients with guideline-severe AS identified by Echo IQ's software had not been reported as having guideline-severe AS by the cardiologist.

Corporate

- During the period, the Company completed a \$3.5M capital raising (including the investment by HeartX) to provide future financial flexibility. The Company issued a total of 23,333,333 shares at \$0.15 utilising its existing capacity under ASX Listing Rule 7.1. All new shares rank equally with Echo IQ's existing shares quoted on the ASX. The funds raised provide the operating foundation for US commercial introduction and increased visibility for the Company's solutions.
- In October the EIQ shares and unquoted options held by the Company's former CEO were acquired in an off-market transaction. Echo IQ Directors Steve Formica and Stephen Picton participated in the transaction alongside other long-term supporters and shareholders in the Company to acquire all the outstanding options and shares held by the former CEO. Details of the relevant changes in Directors' Interests related to the transaction can be seen in the Appendix 3Y's accompanying the announcement on 24 October 2022.
- As announced on 4 July 2022, the sale of the Company's wholly-owned subsidiary Prometheus Information Pty. Limited (Prometheus) was concluded in line with the terms outlined to the market in its announcement on 9 May 2022. The sale of Prometheus has allowed the Company to maintain focus on its strategic priorities whilst ensuring that current Prometheus clients have ongoing access to high levels of technical and commercial support.
- The Company did not, during the period, 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).

Going Concern

The financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated Entity recorded a loss for the half year ended 31 December 2022 of \$4,203,408 (2021: loss of \$3,533,027) and used \$2,220,181 of cash in operations. At 31 December 2022 the Group has a total cash balance of \$3,535,908 which consists of cash equivalents of \$1,035,908 and term deposits of \$2,500,000 which are included in other assets. At 31 December the Company had net assets of \$9,298,710 and a net current asset position of \$2,597,854.

Management have prepared cash flow projections for the period up to 28 February 2024 that support the Group's ability to continue as a going concern. These cash flows assume the Group will incur net operating cash outflows, as it continues to invest in the research, development and commercialisation of its technology and that the Group maintains expenditures in line with available funding. Sufficient cash reserves are forecast to be maintained during the forecast period. These sufficient cash reserves are reliant on the exercise of options held by current and past employees, Director's, suppliers and investors which are due to expire within the period.

If required, management expects it is able to undertake a range of actions to maintain its positive cash reserves throughout the forecast period including reducing expenditures further in line with available funding and/or raising additional capital. The directors believe the Group has the ability to meet its debts as and when they fall due for the reasons outlined above.

In the event that the Group does not obtain funding through the exercise of options or through other capital raising activities and/or reduce expenditure in line with available cash, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

Directors' Report

Dividends

No dividends were paid during the period and no recommendation is made as to payment of dividends.

Events Subsequent to Reporting Date

Subsequent to the reporting period, PKF was appointed to perform the audit function of the Company. PKF's appointment is effective until the next Annual General Meeting of the Company. In accordance with section 327C of the Corporations Act 2001, a resolution will be put to shareholders at the 2023 Annual General Meeting to appoint PKF as the Company auditor.

On 9 February 2023 1,250,000 options were exercised at \$0.08 per option for a total of \$100,000.

No other matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

Lead Auditor's Independence Declaration

The auditor's independence declaration for the period ended 31 December 2022 has been received and is included within the financial statements.

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



Andrew Grover
Executive Chairman

28 February 2023

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ECHO IQ LIMITED

In relation to our review of the financial report of Echo IQ Limited for the half year ended 31 December 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SHANE CROSS
PARTNER

28 FEBRUARY 2023,
WEST PERTH,
WESTERN AUSTRALIA

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half Year Ended 31 December 2022

		Consolidated 31 December 2022	Consolidated 31 December 2021 (restated*)
	Note	\$	\$
Revenue		37,332	131,955
Other income		31,160	39,000
		-	
Audit fees		(31,743)	(45,000)
Consulting and professional fees		(759,927)	(551,814)
Employee costs		(1,099,088)	(736,075)
Non-Executive Directors' fees		(157,759)	(108,561)
Depreciation and amortisation		(305,407)	(393,787)
Other expenses		(250,455)	25,985
Share based payments expenses	6	(2,000,123)	(2,018,853)
Share registry and listing fees		(77,563)	(52,571)
Loss before tax		(4,613,573)	(3,709,721)
Income tax benefit/(expense)		-	-
Loss from continuing operations		(4,613,573)	(3,709,721)
Profit from discontinued operation		410,165	176,694
Loss for the half year		(4,203,408)	(3,533,027)
Basic and diluted loss per share from continuing operations (cents)	2	(1.05)	(0.95)
Basic and diluted loss per share from discontinued operations (cents)	2	0.09	0.05

The accompanying notes form part of these consolidated financial statements.

**Refer to note 3 for details of restated amounts.*

Consolidated Statement of Financial Position
As at 31 December 2022

		Consolidated 31 December 2022	Consolidated 30 June 2022
		\$	\$
	Note		
ASSETS			
Current Assets			
Cash and cash equivalents		1,035,908	2,406,909
Trade and other receivables		56,534	318,186
Other assets		2,552,167	-
Assets held for sale		-	495,888
Total Current Assets		3,644,609	3,220,983
Non-Current Assets			
Investments in associates and joint ventures		4,523	4,545
Plant and equipment		37,354	40,108
Intangible assets	4	6,658,979	6,966,441
Total Non-Current Assets		6,700,856	7,011,094
Total Assets		10,345,465	10,232,077
LIABILITIES			
Current Liabilities			
Trade and other payables		979,823	1,711,028
Employee benefits		66,932	53,968
Contract liabilities – unearned income		-	13,068
Liabilities held for sale		-	434,042
Total Current Liabilities		1,046,755	2,212,106
Total Liabilities		1,046,755	2,212,106
Net Assets		9,298,710	8,019,971
EQUITY			
Contributed equity	5	33,981,150	30,400,345
Reserves	6	7,176,172	5,334,971
Accumulated losses		(31,858,612)	(27,715,345)
Total Equity		9,298,710	8,019,971

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
Half Year Ended 31 December 2022

Consolidated		Contributed Equity	Share Based Payments Reserve	Accumulated Losses	Total
	Note	\$	\$	\$	\$
Balance at 1 July 2022		30,400,345	5,334,971	(27,715,345)	8,019,971
Equity issues		3,491,043	-	-	3,491,043
Capital raising costs		(187,018)	-	-	(187,018)
Options exercised		120,030	(19,030)	-	101,000
Performance rights exercised		36,250	(36,250)	-	-
Options lapsed		-	(60,141)	60,141	-
Share based payments	6	120,500	1,956,622	-	2,077,122
Loss for the period		-	-	(4,203,408)	(4,203,408)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(4,203,408)	(4,203,408)
Balance at 31 December 2022		33,981,150	7,176,172	(31,858,612)	9,298,710

Consolidated		Contributed Equity	Share Based Payments Reserve	Accumulated Losses	Total
		\$	\$	\$	\$
Balance at 1 July 2021		27,940,029	3,618,878	(21,723,305)	9,835,602
Equity issues		-	-	-	-
Capital raising costs		-	-	-	-
Options exercised		225,362	(65,362)	-	160,000
Options lapsed		-	(73,213)	73,213	-
Performance shares issued		214,000	(214,000)	-	-
Share based payments		-	2,018,853	-	2,018,853
Loss for the period		-	-	(3,533,026)	(3,533,026)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,533,026)	(3,533,026)
Balance at 31 December 2021		28,379,391	5,285,156	(25,183,118)	8,481,429

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
Half Year Ended 31 December 2022

	Note	Consolidated Entity 31 December 2022 \$	Consolidated Entity 31 December 2021 \$
Cash flows from operating activities			
Receipts from customers		20,056	555,802
Payments to suppliers and employees		(2,240,237)	(1,700,964)
Government grants received		-	30,813
Net cash from / (used in) operating activities		(2,220,181)	(1,114,349)
Cash flows from investing activities			
Purchase of plant and equipment		(10,696)	(13,938)
Payment for intangible assets		(325,000)	(325,000)
Proceeds on disposal of subsidiary	3	279,853	-
Funds placed on deposit		(2,500,000)	-
Net cash from / (used in) investing activities		(2,555,843)	(338,938)
Cash flows from financing activities			
Proceeds from equity issues		3,491,040	-
Proceeds from exercise of options		101,000	160,000
Cost of equity issues		(187,017)	-
Net cash provided from / (used in) financing activities		3,405,023	160,000
Net increase/(decrease) in cash held		(1,371,001)	(1,293,287)
Cash and cash equivalents at beginning of the period		2,406,909	3,812,039
Cash and cash equivalents at period end		1,035,908	2,518,752

The accompanying notes form part of these consolidated financial statements.

Notes to the Financial Statements

For the Half Year Ended 31 December 2022

The condensed consolidated financial report covers Echo IQ Limited and its controlled entities (the Group or Consolidated Entity). Echo IQ Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity primarily involved in product development, marketing and commercialisation of software, products and services. Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentational currency. The financial report was authorised for issue by the Directors on 28 February 2023.

1. Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2022 have been prepared in accordance with 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'.

The interim consolidated financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements should be read in conjunction with the annual report for the year ended 30 June 2022 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.

Going Concern

The financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated Entity recorded a loss for the half year ended 31 December 2022 of \$4,203,408 (2021: loss of \$3,533,027) and used \$2,220,181 of cash in operations. At 31 December 2022 the Group has a total cash balance of \$3,535,908 which consists of and cash equivalents of \$1,035,908 and term deposits of \$2,500,000 which are included in other assets. At 31 December the Company had net assets of \$9,298,710 and a net current asset position of \$2,597,854.

Management have prepared cash flow projections for the period up to 28 February 2024 that support the Group's ability to continue as a going concern. These cash flows assume the Group will incur net operating cash outflows, as it continues to invest in the research, development and commercialisation of its technology and that the Group maintains expenditures in line with available funding. Sufficient cash reserves are forecast to be maintained during the forecast period. These sufficient cash reserves are reliant on the exercise of options held by current and past employees, Director's, suppliers and investors which are due to expire within the period.

If required, management expects it is able to undertake a range of actions to maintain its positive cash reserves throughout the forecast period including reducing expenditures further in line with available funding and/or raising additional capital. The directors believe the Group has the ability to meet its debts as and when they fall due for the reasons outlined above.

In the event that the Group does not obtain funding through the exercise of options or through other capital raising activities and/or reduce expenditure in line with available cash, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

Significant accounting policies

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

The consolidated entity 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.

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

Notes to the Financial Statements

For the Half Year Ended 31 December 2022

2. Loss per share

	Consolidated Entity 31 December 2022 \$	Consolidated Entity 31 December 2021 \$
Weighted average number of shares on issue	439,296,797	389,930,449
Basic and diluted loss per share from continuing operations (cents)	(1.05)	(0.95)
Basic and diluted loss per share from discontinued operations (cents)	0.09	0.05

As the company has incurred a loss, any exercise of options would be antidilutive therefore the basic and diluted loss per share are equal.

3. Discontinued operations

On 9 May 2022, Echo IQ Limited announced its entry into a Business Sale Agreement ("BSA") to dispose of the business and assets of its subsidiary, Prometheus Information Pty Ltd ("Prometheus"). Completion of this transaction occurred on 1 July 2022 and completion of the sale was disclosed to the market on 4 July 2022.

In the financial year ending 30 June 2022, the Group has classified the assets and liabilities of Prometheus as Held for Sale in the Consolidated Statement of Financial Position and classified the net profit of Prometheus as Discontinued Operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Financial information relating to discontinued operations is set out below.

a. Prior period restatement

The results of discontinued operations for the comparative half year ended 31 December 2021 have been restated to include Prometheus Information.

The restated comparative period financial statement adjustments are summarised in the following table.

Consolidated statement of profit or loss and other comprehensive income	31 December 2021 Report \$	Discontinued operation adjustments \$	31 December 2021 (restated) \$
Revenue	452,679	(320,724)	131,955
Other Income	39,000	-	39,000
Expense	(4,024,706)	144,030	(3,880,676)
Profit/(Loss) before income tax	(3,533,027)	(176,694)	(3,709,721)
Attributable tax expense	-	-	-
Profit for the year	(3,533,027)	(176,694)	(3,709,721)
Profit from discontinued operations	-	176,694	176,694
Profit / (Loss) Loss for the year	(3,533,027)	-	(3,533,027)

Notes to the Financial Statements
For the Half Year Ended 31 December 2022

3. Discontinued operations (continued)

b. Results of discontinued operations

The results of the discontinued operations, which have been included in the profit for the period.

	31 December 2022	31 December 2021 (restated)
	\$	\$
Results of discontinued operations		
Revenue	-	320,724
Expenses	-	(144,030)
Gain on disposal		
Results from operating activities	-	176,694
Income tax	-	-
Results from operating activities, net of tax	-	176,694
Gain on disposal of subsidiary	410,165	-
Profit from discontinued operations	410,165	176,694

c. Cash flows from (used in) discontinued operations

During the half year, net cash inflow from disposal of the discontinued operation was \$279,853.

4. Intangible assets

	Consolidated Entity 31 December 2022 \$	Consolidated Entity 30 June 2022 \$
Software at cost	1,065,002	1,065,002
Less accumulated amortisation	(422,836)	(328,860)
	642,166	736,142
NEDA contractual asset at cost	6,558,046	6,558,046
Less accumulated amortisation	(541,233)	(327,747)
	6,016,813	6,230,299
Total intangible assets	6,658,979	6,966,441

Notes to the Financial Statements

For the Half Year Ended 31 December 2022

4. Intangible assets

Assessment of asset useful life

The useful life of the software has been assessed as 5 years. There are 3.5 years remaining at 31 December 2022. The useful life of the contractual intangible (being access to the National Echo Database of Australia (NEDA)) has been assessed as 17 years which is in line with the contract life (10 years) plus an option for its extension (7 years) at the discretion of Echo IQ Limited. The (NEDA) contractual asset useful life is based on a considered management judgement incorporating the following factors:

- the evolving nature of the database, which provides access to an increasing number of records over time;
- expected additions to the number of more institutions contributing to the database over time;
- the critical and continuing role of echocardiographic measurement data in diagnosis of multiple cardiac conditions;
- the importance of large cardiac datasets and exclusive access to the NEDA database for use in the development of ai-solutions and the company's product pipeline; and
- increasing prevalence of treatable conditions that supports the need for enhanced diagnostic tools.

Impairment Assessment

The Company assesses at the end of each reporting period whether there is any indication that the intangible assets may be impaired. No indicators of impairment were noted for the half year ended 31 December 2022.

5. Contributed equity

	Consolidated 31 December 2022		Consolidated 30 June 2022	
	No. of Ordinary Shares	\$	No. of Ordinary Shares	\$
At 1 July	429,382,713	30,400,345	380,707,713	27,940,029
Share issue: capital raising (i)	23,333,333	3,491,041	-	-
Share issue: share based payments (ii)	813,330	120,500	-	-
Exercise of options	1,262,500	120,030	38,675,000	2,246,316
Share issue: Performance shares conversion	250,000	36,250	10,000,000	214,000
Capital raising costs	-	(187,018)	-	-
Contributed equity at end of period	455,041,876	33,981,148	429,382,713	30,400,345

(i) The Company issued 23,333,333 shares through a placement during the period.

(ii) The Company paid consultants and employees through issue of a total of 813,330 shares.

Notes to the Financial Statements
For the Half Year Ended 31 December 2022

6. Share Based Payment Reserve

	Consolidated Entity 31 December 2022 \$	Consolidated Entity 30 June 2022 \$
Balance at beginning of period	5,334,971	3,618,878
Vesting of options	1,956,622	2,702,622
Options exercised	(19,030)	(699,316)
Performance rights exercised	(36,250)	-
Options lapsed	(60,141)	(73,213)
Performance shares issued	-	(214,000)
Balance at end of period	<u>7,176,172</u>	<u>5,334,971</u>

Share option program

Options are granted under the Company's Incentive Option Scheme, and eligible participants can be employees, consultants or advisors. Options issued pursuant to the Scheme are issued free of charge. The ability for a participant to exercise the options is restricted in accordance with the terms and conditions detailed in the Incentive Option Scheme. The exercise period may also be affected by other events as detailed in the terms and conditions of the scheme. Each option entitles the holder to subscribe for and be allotted one share. Shares issued pursuant to the exercise of options, including bonus issues, and new issues, rank equally and carry the same rights and entitlements as other shares on issue.

The fair value of options at grant date is determined using the Black-Scholes model or a Binomial calculation. The inputs used in the measurement of the fair values at grant date of the options granted during the period are set out in the table below.

Inputs	Employee Options*	Director Options Class A**	Director Options Class B**	Advisor Options**
Number of options	10,000,000	5,000,000	5,000,000	10,000,000
Exercise price	\$0.25	\$0.30	\$0.50	\$0.25
Expiry date	2-Feb-25	8-Dec-25	8-Dec-25	2-Feb-25
Grant date	8-Aug-22	28-Nov-22	28-Nov-22	28-Nov-22
Share price at grant date	\$0.14	\$0.19	\$0.19	\$0.19
Risk free interest rate	2.96%	3.20%	3.20%	3.20%
Volatility	84%	84%	84%	84%
Option value	\$0.05	\$0.08	\$0.06	\$0.08

*The employee options vest upon continuous employment from grant date to 2 January 2025.

**These options vest immediately upon grant.

Notes to the Financial Statements

For the Half Year Ended 31 December 2022

The terms and conditions of the options on issue during the half year were as follows

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted	Balance at 31 December 22
Class B Director Options (i)	30/08/2019	30/06/2023	30/08/2019	\$0.08	\$135,876	9,000,000	9,000,000
Class B Supplier & Employee Options (i)	3/09/2019	30/06/2023	3/09/2019	\$0.08	\$391,913	26,000,000	23,112,500
Employee Options (ii)	31/10/2019	1/11/2024	31/07/2020	\$0.04	\$86,000	2,000,000	1,000,000
Employee Options (iii)	24/02/2020	30/06/2023	24/02/2020	\$0.08	\$9,995	2,000,000	2,000,000
Employee Options (ii)	22/05/2020	30/06/2023	10/08/2021	\$0.08	\$28,815	3,000,000	2,000,000
Class B Supplier & Employee Options (i)	27/08/2020	31/12/2023	27/08/2020	\$0.06	\$262,349	10,000,000	10,000,000
Supplier Options (i)	31/05/2021	31/05/2024	31/05/2021	\$0.05	\$769,105	30,000,000	30,000,000
Employee Options (iv)	31/05/2021	31/05/2024	30/05/2024	\$0.05	\$145,979	2,500,000	2,500,000
Class A Director Options (i)	31/05/2021	31/05/2024	31/05/2021	\$0.05	\$875,873	15,000,000	15,000,000
Class A Supplier Options (v)	31/05/2021	9/06/2024	31/05/2022	\$0.10	\$491,311	8,000,000	8,000,000
Class B Supplier Options (vi)	31/05/2021	9/06/2024	30/11/2022	\$0.17	\$304,804	8,000,000	8,000,000
Class C Supplier Options (vii)	31/05/2021	9/06/2024	31/05/2023	\$0.25	\$193,207	12,000,000	12,000,000
Class D Supplier Options (vii)	31/05/2021	9/06/2024	31/05/2023	\$0.30	\$117,756	12,000,000	12,000,000
Employee Options (ii)	10/06/2021	30/06/2023	31/12/2022	\$0.20	\$51,791	1,000,000	1,000,000
Employee Options (ii)	10/06/2021	30/06/2024	31/12/2023	\$0.30	\$41,534	1,000,000	1,000,000
Employee Options (ii)	10/06/2021	30/06/2023	5/05/2022	\$0.08	\$78,570	1,000,000	1,000,000
Employee Options (ii)	10/06/2021	30/06/2023	5/05/2023	\$0.12	\$25,129	500,000	500,000
Employee Options (ii)	12/10/2021	9/06/2024	12/10/2023	\$0.25	\$144,785	2,000,000	2,000,000
Employee Options (ii)	12/10/2021	9/06/2024	12/10/2023	\$0.30	\$66,119	1,000,000	1,000,000
Director Options (ii)	29/11/2021	29/10/2024	29/11/2023	\$0.25	\$127,283	2,000,000	2,000,000
Director Options (i)	29/11/2021	17/12/2024	29/11/2021	\$0.25	\$1,456,552	25,000,000	25,000,000
Employee Options (ii)	3/02/2022	3/02/2025	3/02/2024	\$0.25	\$320,000	5,000,000	5,000,000

Notes to the Financial Statements
For the Half Year Ended 31 December 2022

6. Share Based Payment Reserve (continued)

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted	Balance at 31 December 22
Employee Options (ii)	3/02/2022	3/02/2025	3/02/2024	\$0.25	\$64,000	1,000,000	1,000,000
Employee Options (ii)	8/08/2022	2/02/2025	2/02/2025	\$0.25	\$510,000	10,000,000	9,500,000
Advisor Options (i)	28/11/2022	2/02/2025	28/11/2022	\$0.25	\$750,000	10,000,000	10,000,000
Director Options - Class A (i)	28/11/2022	8/12/2025	28/11/2022	\$0.30	\$409,284	5,000,000	5,000,000
Director Options - Class B (i)	28/11/2022	8/12/2025	28/11/2022	\$0.50	\$300,927	5,000,000	5,000,000

(i) Vested immediately on grant date

(ii) Vest on the date specified in the table subject to continuous employment over the vesting period

(iii) These options vest immediately but have a voluntary escrow period of 18 months from grant date.

(iv) Vest over a 3 year period (40% after 12 months, 40% after 24 months, balance after 36 months).

(v) Vested after a 12 month period of continuous employment and to achievement of a successful clinical trial with a valve manufacturer.

(vi) Vest after an 18 month period of continuous employment and achievement of a successful clinical trial with a drug manufacturer.

(vii) Vest after a 24 month period of continuous employment and achievement of set revenue targets for Echo IQ of USD \$2m and USD \$3m.

Notes to the Financial Statements

For the Half Year Ended 31 December 2022

7. Operating segments

The Group is organised based on its products and services and has two reportable segments as follows:

- Echo IQ segment, which is developing products and services in medical technology; and
- Houston We Have Software, which offers products and services across Defence and other sectors.

No operating segments have been aggregated to form the above reportable segments. Segment performance is reviewed based on operating profit or loss in the consolidated financial statements. However, Group corporate overhead costs that are not considered to be appropriate to allocate, are not allocated to operating segments.

	31 December 2022 \$	31 December 2021 \$
Operating revenue		
Echo IQ	5,475	-
Houston We Have Software	31,857	131,955
Prometheus Information (Discontinued Operations)	-	320,724
Unallocated	-	-
Consolidated Group operating revenue	37,332	452,679
Segment profit/(loss) before tax		
Echo IQ	(1,810,870)	(669,696)
Houston We Have Software	(13,564)	(87,480)
Prometheus Information (Discontinued Operations)	-	144,030
Unallocated	(2,378,974)	(2,919,881)
Consolidated Group profit/(loss) before tax	(4,203,408)	(3,533,027)
	31 December 2022 \$	30 June 2022 \$
Segment net assets		
Echo IQ	5,802,830	3,815,958
Houston We Have Software	83,910	706,051
Prometheus Information (Discontinued Operations)	-	(130,654)
Unallocated	3,411,970	3,628,616
Consolidated Group net assets	9,298,710	8,019,971

8. Subsequent events

Subsequent to the reporting period, PKF was appointed to perform the audit function of the Company. PKF's appointment is effective until the next Annual General Meeting of the Company. In accordance with section 327C of the Corporations Act 2001, a resolution will be put to shareholders at the 2023 Annual General Meeting to appoint PKF as the Company auditor.

On 9 February 2023 1,250,000 options were exercised at \$0.08 per option for a total of \$100,000.

No other matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

Directors' Declaration

The Directors of the Echo IQ Limited (the Company) declare that:

1. The interim financial statements and notes that are set out on pages 8 to 19 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the financial period ended on that date; and
 - b. complying with Accounting Standard 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of the directors.



Andrew Grover
Executive Chairman

28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ECHO IQ LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Echo IQ Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2022, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Echo IQ Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report in which indicates that the consolidated entity incurred a net loss of \$(4,203,408) during the half year ended 31 December 2022 and had negative operating cashflow of \$(2,220,181). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

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.



PKF PERTH



SHANE CROSS
PARTNER

28TH FEBRUARY 2023
WEST PERTH,
WESTERN AUSTRALIA