

ECHO IQ LIMITED / ASX:EIQ

# QUARTERLY REPORT

TO 31 DECEMBER 2023

Echo **IQ**

[WWW.ECHOIQ.AI](http://WWW.ECHOIQ.AI)

# ASX RELEASE

**31 DECEMBER 2023  
QUARTERLY REPORT**

Echo IQ uses artificial intelligence proven to enhance detection of structural heart disease.

## CORPORATE

### ISSUED CAPITAL

(As at 31 December 2023)

494,654,376 Ordinary Shares

156,000,000 Unlisted Options

### SHAREHOLDERS

1,475 Shareholders

Top 20 Shareholders hold 49%

### CASH BALANCE

As at 31 December 2023,  
Echo IQ held \$1.767M in cash  
(and cash equivalents).

### CONTACT

[investors@echoiq.ai](mailto:investors@echoiq.ai)

## DIRECTORS

Andrew Grover / Executive Chair  
Steve Formica / Non-Executive Director  
Steve Picton / Non-Executive Director  
Simon Tolhurst / Non-Executive Director

Jessamyn Lyons / Joint Company Secretary  
Shannon Robinson / Joint Company Secretary

## CHAIRMAN'S COMMENTARY

Echo IQ has delivered another quarter of strong progress, and I am pleased to share this positive update and outlook with shareholders.

Approximately two and a half years ago the acquisition of the company that would evolve to become Echo IQ was completed. We have achieved significant progress in that time, turning an early artificial-intelligence algorithm and raw technology into a commercial product ready for sale in the world's largest cardiology market, the US.

Our US reader study is now almost complete, and is the final step before we submit our formal FDA 501(k) application submission. We are confident of submitting this at the end of the current quarter, with clearance at the 100-day mark thereafter, in line with published FDA timeframes. Securing FDA clearance is an important strategic and commercial step that will help drive a more complete roll-out of Echo IQ's artificial intelligence for cardiovascular decision-support.

Ensuring Echo IQ focusses on driving innovation whilst maintaining a keen eye on cost control has been a key focus for us during this period of rapid product and market development. As we enter the next new and exciting phase of commercialisation, in part due to our anticipated FDA clearance, the Company commenced a global search for a Chief Executive Officer. We are delighted to have appointed someone of the calibre and experience of Kimber Rothwell to this role. As a Company, we have also ensure that all of his performance incentives align directly with shareholder interests. Having already developed a positive and productive working relationship with Kimber, who commenced in his new role earlier this week, I predict great success for him and the team ahead.

Echo IQ continues to develop capability in structural heart disease beyond aortic stenosis. EchoSolv(TM) now includes a tool to identify diastolic dysfunction from echocardiography and the next condition to be included in our product set will be heart failure (guidelines), anticipated in February 2024. Echo IQ recently submitted an initial patent application for a new Heart Failure AI-algorithm which aligns well with our ambition to be a world-leading total heart solution. All this is testament to the exceptional work of our team from technical to medical and advisory. The coming quarter will see further development of Echo IQ's business and we expect positive newsflow to that effect.

The Company remains well funded and held \$1.767M cash and equivalents at bank at the end of the reporting period, and this is expected to be bolstered with the receipt of R+D credits of more than \$1.2m this quarter, as well as ongoing options conversions prior to June 2024.

**Andrew Grover**  
Chairman, Echo IQ

## HIGHLIGHTS

The period 1 October 2023 to 31 December 2023 included a number of significant announcements demonstrating strong progress towards the Company's strategic objectives.

- 1 Continued business development with strong pipeline building  
16 October 2023
- 2 Introduction of EchoSolv(TM) solution for diastolic dysfunction  
16 October 2023
- 3 Priority lodgement of patent application for Heart Failure algorithm  
14 December 2023
- 4 Final stage of US Reader Study nears completion  
14 December 2023
- 5 Appointment of Kimber Rothwell as new CEO  
14 December 2023 + 16 January 2024

## **SALES PIPELINE DEVELOPMENT / PROOF OF CONCEPTS**

The US remains the Company's largest and most significant addressable market. EchoSolv(TM) is undergoing formal vendor assessment with a major US hospital group, where echocardiographic datasets of more than 200,000 patients have already been assessed by the Company's software platform. The prospective client remains in engaged discussions with the Company and continues to assess the potential benefits of implementing EchoSolv(TM).

A similar proof of concept has been performed by Echo IQ for a leading cardiology group in Australia. In late December, 2023 this analysis was shared with the group for evaluation. Pending successful evaluation, Echo IQ hopes to announce expanded distribution agreements for EchoSolv(TM).

## **DISTRIBUTION PARTNERSHIP UPDATE / CASSLING**

Echo IQ appointed Cassling Diagnostic Imaging Incorporated ("Cassling") as exclusive sales agent for the Mid-West region in the USA. (See announcement dated 8 May, 2023).

Cassling is a known healthcare provider of leading imaging and therapeutic technology, services and solutions to the USA healthcare market. Under the agreement, Cassling has been presenting EchoSolv(TM) solutions to Hospitals, Ambulatory Surgery Centres (ASC's) and Specialty Care and Outpatient Centres in mid-west states in the USA, including Texas, Arkansas, Iowa, Missouri, Kansas and others. A significant number of these providers have requested initial presentations from Echo IQ and this now comprises more than 35% of Echo IQ's sale prospect pipeline.

Most recently and pleasingly, Cassling have increased the number of sales and business development representatives with EchoSolv(TM) as part of their sales portfolio. This is expected to positively impact the medium to longer-term commercial uptake of the solution.

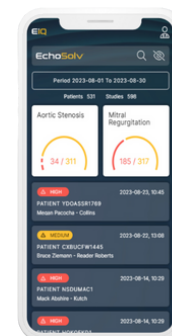
## **HIPAA AND SOC2 RE-CERTIFICATION**

Echo IQ advises that it has obtained re-certification of its HIPAA and SOC2 (Type2) compliance. These credentials require the demonstration of the highest levels of systems and process quality and security, and are highly prized within the medical technology sector.

## EchoSolv™ FOR DIASTOLIC DYSFUNCTION

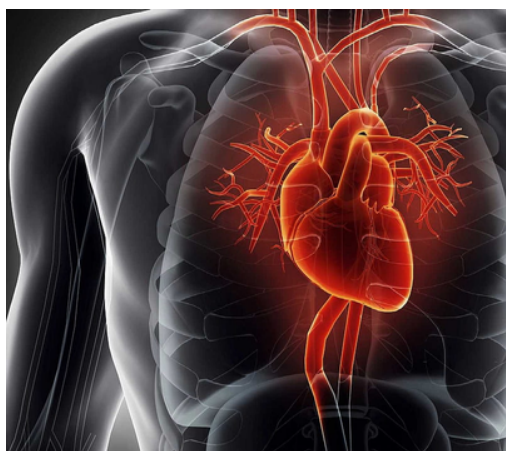
Echo IQ continues to expand the number of conditions addressable by EchoSolv(TM), its decision support platform for cardiology.

In December, 2023 the Company incorporated a new tool which identifies the presence of diastolic dysfunction from echocardiography, as per American Heart Association guidelines.



Diastolic dysfunction refers to a cardiac condition caused by a stiffening of the heart's ventricles which restricts the ability of the heart to fill up with blood between beats. Over time, this condition can lead to heart failure. Symptoms may include shortness of breath, leg swelling and loss of appetite. It is estimated that more than half of all adults over 70 have some level of diastolic dysfunction.<sup>(1)</sup>

## PRIORITY LODGEMENT OF HEART FAILURE AI ALGORITHM PATENT PROTECTION



Echo IQ has identified heart failure as an important condition warranting investment in product development. Heart failure is the single largest cause of hospital re-admission and typically results in high-cost emergency treatment, where treatment is an option.

Echo IQ has developed an artificial-intelligence derived algorithm that generates a risk-classification for heart failure, based on the echocardiographic measurements of a patient. Today, a large number of the people sent for evaluation for heart failure leave with an indeterminate diagnosis. Our algorithm is designed to give physicians a better indication of risk, with the increased confidence to make treatment decisions this entails. Echo IQ seeks to protect this important innovation by obtaining patent protection for this algorithm and approach.

(1) <https://my.clevelandclinic.org/health/diseases/23434-diastolic-dysfunction>

## UPCOMING INTRODUCTION OF HEART FAILURE GUIDELINES TOOL

In line with the Company's focus on Heart Failure, Echo IQ will introduce a new enhancement to EchoSolv(TM) from mid-February, 2024.

The Company's maiden Heart Failure tool, based on American Heart Association-defined guidelines, will give users a quick view of whether patients meet the threshold for heart failure based on echocardiography. Typically, this is combined with clinical evaluation by a physician to determine the appropriate course of medical treatment and a final diagnosis.



## KIMBER ROTHWELL APPOINTED NEW CHIEF EXECUTIVE OFFICER, ECHO IQ



Mr. Kimber Rothwell has been appointed Chief Executive Officer, effective 29 January 2024. (See announcement 16 January 2024). Kimber joins Echo IQ with an extensive background in healthcare technology.

Most recently he was Vice-President Asia Pacific at Change Healthcare, part of the United Healthcare group of companies (NYSE:UNH) which ranks 10th on the Fortune Global 500. Prior to Change Healthcare, Kimber held leadership roles at McKesson (NYSE: MCK) (one of the world's largest healthcare IT vendors and pharmaceutical distributors), Helix Health and worked with PwC, a market leading professional services firm.

Andrew Grover, relinquished his role as interim MD upon Mr. Rothwell's commencement, and remains Chairman of the Company.



# CORPORATE

## 31 DECEMBER 2023 QUARTERLY REPORT

In accordance with the ASX Listing Rules, the Company has also lodged its cashflow report for the three-month period ended 31 December 2023.

The Company held total cash and cash equivalents of \$1.767M as at 31 December 2023. The Company submitted its Tax Return (for the year ended 30 June, 2023) in late 2023 and expects a refund in excess of \$1.2M, driven largely by R+D tax credits, to be received in the current quarter.

Echo IQ has commenced billing for EchoSolv(TM) in one of its Australian sites, with receipts of first revenues now reflected in the accompanying 4C cash flow report.

As also outlined in the attached Appendix 4C (section 6), during the quarter \$172,000 in payments were made to related parties and their associates for director salaries, fees, superannuation and other related costs. 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).

### MARCH 2024 QUARTER OUTLOOK

Echo IQ's focus for the current quarter is to:

- Complete its FDA-recommended US reader study and submit final application for FDA 510(k) clearance
- Introduce new CEO to key partners and shareholders
- Exploring pathways for application of reimbursement codes in US insurance market
- Maintain focus on converting sales pipeline into commercial agreements
- Introduce EchoSolv(TM) solutions for Heart Failure guidelines
- Identify sites for clinical validation of Heart Failure AI-algorithm