

ECHO IQ LIMITED / ASX:EIQ

QUARTERLY REPORT

TO 30 JUNE 2024

Echo **IQ**

WWW.ECHOIQ.AI

ASX RELEASE

**30 JUNE 2024
QUARTERLY REPORT**

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

CORPORATE

ISSUED CAPITAL

(As at 30 June 2024)

537,654,376 Ordinary Shares
67,000,000 Unlisted Options

SHAREHOLDERS

1,587 Shareholders
Top 20 Shareholders hold 49%

CASH BALANCE

As at 30 June 2024,
Echo IQ held \$2.117M in cash
(and cash equivalents).

CONTACT

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 / Company Secretary

HIGHLIGHTS

The period from 1 April 2024 included a number of significant activities demonstrating strong progress towards the Company's strategic objectives.

- 1 Submission of FDA 510(k) application following successful completion of US Reader Study.
- 2 Commencement of Clinical Studies for new proprietary AI-algorithm for Heart Failure.
- 3 Echo IQ featured in leading US Conference on Heart Valves: Major US hospital group shared positive results of EchoSolv effectiveness study for clinical impact.
- 4 New licensing agreement with ScImage Inc, a leading US echocardiography reporting provider.
- 5 US Commercial market seeding progressing well.
- 6 Echo IQ innovation to feature in two late-breaking science presentations at prestigious European Society of Cardiology Congress in August 2024.

FDA 501(K) APPLICATION SUBMITTED



Following the successful completion of Echo IQ's US Reader Study, on 7 May 2024 the Company announced that it had submitted its application for FDA clearance under the 510(k) pathway.

This is a highly significant milestone in the development of Echo IQ and is the culmination of many months of rigorous preparation and investment in clinical studies, documentation and internal quality processes. Since submitting our final application, the FDA is now engaged with Echo IQ in the "substantive review" phase of the process. As part of that process, Echo IQ has received an "additional information" request which we expect will be concluded shortly. This is standard feature of 510(k) applications, and we anticipate reaching a successful outcome prior to the end of the quarter.

Securing FDA clearance is expected to accelerate commercial engagement with an number of larger corporates in the sector, many of whom look to this as a significant mark of confidence and quality.

LICENSING AGREEMENT WITH SCIMAGE INC.

Echo IQ announced (4 July 2024) a commercial licensing agreement with ScImage Inc., a leading provider of enterprise image management, reporting systems and image exchange solutions for the healthcare industry.

ScImage will incorporate Echo IQ's EchoSolv decision support for Aortic Stenosis, in the first instance, into its PICOM365 Cloud image management and reporting platform. This is expected to give users of the platform access to high-quality, automated AI-backed echocardiography assessments designed to facilitate faster, more accurate diagnoses of this life-threatening but treatable condition. ScImage has 2000 sites using its PICOM365 platform in the US and is one of the largest providers in its field. Initially, this integration partnership is expected to see EchoSolv's automated assessment capabilities rolled out to several key US cardiology practices and strategic hospitals before the end of 2024. Deployment of EchoSolv's capability in multiple sites of this nature is further expected to support Echo IQ's strategy to secure reimbursement codes for the software and subsequent early revenue generation under this business model.



ScImage®

HIGH PROFILE EXPOSURE AT US SCIENTIFIC CONFERENCE



Echo IQ was proud to have been featured in a presentation by Dr. Pedro Covas (Baylor Scott & White, The Heart Hospital Plano TX) who delivered the scientific presentation: AI-Powered Cardiac Ultrasound Improves Identification of High-Risk Aortic Stenosis (Echo IQ) at New York Valves (Structural Heart Summit).

Dr. Covas highlighted the need for an artificial intelligence (“AI”) system for aortic stenosis. He revealed that the condition is underdiagnosed and undertreated worldwide, partly due to the complexity in the diagnosis of severe aortic stenosis, and that there is a need for assistance to improve rates of diagnosis.

Echo IQ’s technology (EchoSolv-AS) was applied to the echocardiographic report data of an academic heart hospital (within the Baylor Scott & White network) over a seven-month period with a subset of the assessments adjudicated via comprehensive image review by expert cardiographers.

The findings showed EchoSolv to be successful in identifying more patients at risk of aortic stenosis than human-only diagnosis. Specifically:

- EchoSolv accurately identified 15% more patients with severe aortic stenosis than human-only diagnosis.
- Where initial underdiagnosis occurred, patients were found to have a “low flow” state of disease in 30% of cases (subsequently identified by EchoSolv).

The research concluded that:

1. Echo IQ’s technology can automatically identify aortic stenosis patients at-risk using only echocardiographic measurement data.
2. Echo IQ’s technology has the potential to improve diagnostic rates of severe aortic stenosis, particularly in low flow states.
3. There are important implications for less specialised cardiology centres, where echocardiographers are likely to benefit the most from automated diagnosis of severe AS.

COMMENCEMENT OF NEW CLINICAL STUDY FOR HEART FAILURE

The Company announced (21 May 2024) the commencement of a new clinical study with leading Australian research institute, St. Vincent's Institute of Medical Research ("SVI"), to establish the operational characteristics of a novel AI-backed solution for heart failure.

Echo IQ has developed a novel AI algorithm for the automatic detection of heart failure. Some forms of heart failure are notoriously difficult to diagnose despite established guidelines. However, treatment for heart failure has a significant impact on survival, hence making an accurate diagnosis of great importance.

The Company expects its AI-backed solution may assist in the early detection of the condition and improve a doctor's potential to expedite recommended treatments which include medication and general lifestyle improvements. Globally, heart failure is the world's leading cause of hospitalisation of people over 65 years old. This completely new algorithm reliably identifies the heart failure phenotype even when important information was not measured during the echo examination, in contrast to current diagnostic techniques that fail to generate a definitive conclusion in more than 50% of cases. Based on this, the Company intends to pursue FDA clearance for this innovation as well as obtaining reimbursement codes. Securing reimbursement codes for our solution would alleviate costs associated with EchoSolv when used by hospitals and Accountable Care Organisations ("ACO") and instead become a source of revenue for healthcare providers since it generates a (paid-for) fee each time it is used.

ECHO IQ'S HEART FAILURE INNOVATION CHAMPIONED



Echo IQ's innovation in Heart Failure will be featured in two separate late-breaking science presentations at the prestigious European Society of Cardiology Congress in London at the end of August.

Professor Geoff Strange, the Company's Chief Research and Strategy Officer has been invited to present: Heart Failure detection using Artificial Intelligence for diagnostic decision support applied to echocardiography - HFDetect-AI.

Securing academic and peer visibility of this nature is hard to obtain and this is testament to the quality of Echo IQ's science and research.

CORPORATE

30 JUNE 2024 QUARTERLY REPORT

In accordance with the ASX Listing Rules, the Company has also lodged its cashflow report for the three-month period ended 30 June 2024.

The Company held total cash and cash equivalents of \$2.117M as at 30 June 2024. During the quarter, the Company received \$2,125,000 upon the exercise of options that expired in May 2024.

As also outlined in the attached Appendix 4C (section 6), during the quarter \$122,000 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 Echo IQ achieving US\$10 million in revenue within 3 years). This agreement has now lapsed and there are no further performance securities remaining to be issued under that agreement in the present or future reporting periods.

SEPTEMBER 2024 QUARTER OUTLOOK

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

- ① Secure FDA clearance for its AI solution for Aortic Stenosis
- ① Advance plans for application of reimbursement codes in US insurance market.
- ① Support Respi in developing commercial applications for Echo IQ's technology in the US Remote Patient Monitoring sector.
- ① Maintain focus on converting sales pipeline into commercial agreements.
- ① Advance clinical validation of Heart Failure AI-algorithm.

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

Appendix 4C

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

Name of entity

Echo IQ Limited

ABN

48 142 901 353

Quarter ended ("current quarter")

30 June 2024

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	-	36
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(507)	(1,446)
(c) advertising and marketing	-	(11)
(d) leased assets	-	-
(e) staff costs	(865)	(3,458)
(f) administration and corporate costs	(312)	(1,042)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,950
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,684)	(3,924)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

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	2,125	2,765
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	2,125	2,765

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,677	3,276
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,684)	(3,924)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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)	2,125	2,765
4.5	Effect of movement in exchange rates on cash held	(1)	-
4.6	Cash and cash equivalents at end of period	2,117	2,117

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	2,117	1,677
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)	2,117	1,677

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(122)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

7. Financing facilities <i>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.</i>	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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,684)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,117
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,117
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.3
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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?	
Yes.	
8.6.2 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?	
Echo IQ invests heavily in research and development (R&D). It expects to receive an R&D tax rebate in the region of \$1.2 million, in line with previous rebates received, in the following quarters. Positive newsflow, following anticipated FDA clearance, is also expected to bolster cash inflows. Should additional capital raising be required, the Directors of Echo IQ are confident that sufficient funds could be raised to fund ongoing operations.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. See 8.6.2.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 30 July 2024

Authorised by: The Board

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.