

25 April 2024

Reference: 91840

Stuart Roberts
Listings Compliance
20 Bridge St
Sydney NSW 2000

By email: ListingsComplianceSydney@asx.com.au

We refer to your letter dated 23 April 2024 regarding the Company's (ASX:EIQ) US Reader Study and Management Update announcements. We respond to your questions using the same numbering as in your letter.

1. EIQ first became aware of the completion of the US Reader Study referred to in the Study Announcement (the 'Information') on 26 March 2024.
2. Mr Rothwell requested clearance to purchase between 200,000 and 500,000 shares in the Company on 7 March 2024 and subsequently placed an order on the market. A total of 500,000 EIQ securities were purchased on-market in multiple orders (the 'Transactions') over 18, 21, 22 and 25 March 2024. Settlement of these orders occurred between 20 and 27 March 2024.
3. Yes. The Company considers the Information regarding the completion of the US Reader Study to be material and marked the announcement released on the ASX platform as price-sensitive accordingly. The Company notes that it had made a number of announcements concerning the US Reader Study, which is a step in the longer process of FDA clearance, and foreshadowing completion of the study including:
 - The Half Yearly Report for the 6 months ended 31 December 2023, released on 28 February 2024, page 3: *"On a product development front, Echo IQ has almost completed its US reader study (a recommendation by the FDA) to support of FDA 510k application for clearance of our AI detection tool for aortic stenosis...."*
 - The Quarterly Activities Report for the quarter ended 31 December 2023 released on 31 January 2024, Chairman's Commentary: *"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 [i.e., the March 2024 quarter].."*
 - Announcement entitled "Business Progress Update" released on 14 December 2023: *"Echo IQ advises that its US reader study (see announcement dated 2 August 2023) is nearing completion. This study is the final component in Echo IQ's FDA clearance process for its AI algorithm...."*
 - Company Presentation released on 16 October 2023, page 20, headed "510k FDA clearance pathway", which stated that there was 66% reader completion, and the 510k submission was anticipated for Q4 2023.
 - The Annual Report for the year ended 30 June 2023, released on 28 September 2023, page 7: *"...the Company commenced the [US Reader] study in June 2023. This study is expected to be fully completed shortly with submission of the final application anticipated before December 2023."*
4. Given the answer to question 3 is yes, our responses to question 4 are provided below:

- 4.1. The Company considers the Information regarding the completion of the US Reader Study to be material due to the fact this is a key step towards the Company securing final FDA clearance, noting as above that the Company had recently announced that the study was almost complete. When confirmation of completion of the US Reader study occurred, the Company considered that it was appropriate that this should be made known to the market.
- 4.2. Mr Rothwell was not aware of the Information regarding the completion of the US Reader Study at the time of his Transactions in the Company's Securities. A meeting was held on 26 March 2024 (between 2pm and 4pm AEST) at which the full and final completion of the study was confirmed and disclosed to Mr Rothwell. The draft announcement regarding the Information was prepared by the Company's Chief Operating Officer that same day (26 March 2024) and was circulated to the Board for approval to release.
- 4.3. Yes – the Company's Trading Policy was adhered to in this instance and a copy of Mr Rothwell's Clearance to Trade dated 7 March 2024 in accordance with Section 6.1(a)(iii) of the Policy is provided accordingly.
5. Not applicable
6. The Board had concerns regarding Mr. Rothwell's cultural fit within the organization and the impact of this on the executive team at the Company. The Board and Mr. Rothwell had a meeting on 28 March 2024 at which it was agreed that Mr Rothwell would cease in his role with the Company. This was announced before the open of the market on the next trading day, being Tuesday 2 April 2024. Mr Grover, EIQ's Chair, thereupon assumed CEO responsibilities on an interim basis.
7. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. The Company confirms that the Board has approved the responses listed above to the questions raised in the ASX query letter dated 23 April 2024 in accordance with the Company's published continuous disclosure policy.

Yours sincerely,

Jessamyn Lyons
Company Secretary
Echo IQ Limited



23 April 2024

Reference: 91840

Ms Jessamyn Lyons
Company Secretary
EchoIQ Limited
2.114 / 477 Pitt Street, Sydney NSW 2000

By email: jess.lyons@nexiaperth.com.au

Dear Ms Lyons

EchoIQ Limited ('EIQ'): Query Letter

ASX refers to the following:

- A. EIQ's announcement titled "*Completion of US Reader Study*", marked by EIQ as 'market sensitive' and released on the ASX Market Announcements Platform ('MAP') on 27 March 2024 ('Study Announcement') which stated:

"...[EIQ] is pleased to announce that it has completed its US Reader Study.

The results from the Reader Study are now undergoing final statistical analysis and are expected to form part of the Company's FDA 510(k) application, which will be submitted in April 2024. The FDA currently publicises its timeframe for decision response as being 90 days from lodgement of final application.

Echo IQ Chief Executive Officer Kimber Rothwell said: 'Completion of our US Reader Study is a key step towards securing final FDA clearance for our cardiology decision-support technology and is an important milestone in Echo IQ's commercial development.'

The Company also advises that its Chief Executive Officer, Kimber Rothwell has purchased 500,000 Echo IQ (ASX:EIQ) shares on-market."

- B. The increase in the price of EIQ's securities in the two trading sessions following the release of the Study Announcement, from a close of \$0.1125 on 26 March 2024 to a close of \$0.15 on 28 March 2024, representing a gain of 33.3%.

- C. EIQ's announcement titled "*Management Update*" released on MAP on 2 April 2024 which stated:

"...[EIQ] announces that the Company's Chief Executive Officer, Mr Kimber Rothwell has stepped down by mutual agreement with the Board, with immediate effect. The role will be filled on an interim basis by Echo IQ's Chairman Mr. Andrew Grover.

The Company thanks Mr. Rothwell for his contribution, wishing him well in the future. The Company has a committed and experienced management team, who will continue to work with the Board and interim CEO."

- D. The decrease in the price of EIQ's securities in the trading session following the release of the Management Update, from a close of \$0.15 on 28 March 2024 to a close of \$0.105 on 2 April 2024, representing a fall of 30%.

- E. EIQ's securities trading policy ('Trading Policy'), available on its website,¹ which states (relevantly) as follows:

¹ <https://www.echoiq.ai/wp-content/uploads/2023/09/EIQ-Trading-Policy-updated-28-Sept-2023.pdf>

At section 4.2(b):

“In addition to the restrictions in clause 4.2(a), a Designated Person may not Deal in Company Securities at any time if he or she has:

- (i) information that he or she knows, or ought reasonably to know, is Inside Information; or*
- (ii) not complied with clause 6 (Notification and Approval Requirements).”*

At section 6.1(a):

“Directors have agreed: ...

- (iii) that Designated Persons, if not in possession of any price sensitive information in respect of the Company that has not been disclosed, may only Deal in the Company's Securities after first obtaining approval in accordance with this Policy.”*

F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

G. The definition of “aware” in Chapter 19 of the Listing Rules (and in section 4.4 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*), which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

I. Section 7.10 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*, which provides (relevantly):

“ASX is alive to listed entities making market announcements with a view to “ramping up” the price of their securities. Ramping announcements come in many forms, including:

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- *the release of a “business update” or something similar, which will typically be worded in an exuberant fashion but which on closer examination contains little in the way of substance that has not already been disclosed to the market.”*

Request for information

Having regard to the above, ASX asks EIQ to respond separately to each of the following questions and requests for information:

1. When did EIQ first become aware of the completion of the US Reader Study referred to in the Study Announcement (the ‘Information’)?
2. When did Mr Rothwell acquire 500,000 EIQ securities on-market (the ‘Transaction/s’)?
3. Does EIQ consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
4. If the answer to question 3 is “yes”:
 - 4.1 Please explain the basis for that view.
 - 4.2 Was Mr Rothwell aware of the Information (regardless of whether the Information was then exempt from disclosure under Listing Rule 3.1A) at the time of the Transaction/s?
 - 4.3 Does EIQ consider that the Trading Policy was complied with in respect of the Transaction(s)? If so, please provide a copy of the request for approval, and of the approval, for the Transaction/s, as required by section 6.1(a)(iii) of the Trading Policy (not for release to market). If not, please outline what remedial action EIQ intends to take to ensure future breaches of the Trading Policy do not occur.
5. If the answer to question 3 is “no”:
 - 5.1 Please explain the basis for that view.
 - 5.2 Please explain why EIQ lodged the Study Announcement on MAP as ‘market-sensitive’, and whether EIQ considers it complied with ASX’s guidance on ‘ramping announcements’ (see paragraph I).
 - 5.3 Please outline any steps proposed by EIQ to prevent the lodgement of non-sensitive information on MAP as ‘market-sensitive’ in future.
6. In light of the significant fall in the price of EIQ’s securities following the Management Update announcement (see paragraph D), please provide further details of the circumstances giving rise to Mr Rothwell stepping down from the CEO position “*with immediate effect*” and by “*mutual agreement with the Board*” (see paragraph C).
7. Please confirm that EIQ is complying with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that EIQ’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EIQ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Monday, 29 April 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

within the exceptions mentioned in Listing Rule 3.1A, EIQ's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require EIQ to request a trading halt immediately.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in EIQ's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to EIQ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that EIQ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance