

ECHO IQ LIMITED / ASX:EIQ

CONSOLIDATED INTERIM FINANCIAL REPORT
For the Half Year Ended 31 December 2023

Echo IQ Limited and Controlled Entities
ABN: 48 142 901 353

Echo IQ

WWW.ECHOIQ.AI

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CORPORATE DIRECTORY

DIRECTORS

Andrew Grover	Chairman
Steve Formica	Non-Executive Director
Steve Picton	Non-Executive Director
Simon Tolhurst	Non-Executive Director

COMPANY SECRETARY

Jessamyn Lyons

PRINCIPAL PLACE OF BUSINESS

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Sydney NSW 2000
Tel: +61 (0)2 9159 3719

WEBSITE & EMAIL

www.echoiq.ai
investor@echoiq.ai

REGISTERED OFFICE

Level 3, 88 William Street
Perth WA 6000

INCORPORATION

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

SHARE REGISTRY*

Computershare Investor Services Pty Ltd
Level 17, 221 St Georges Terrace
Perth WA 6005
Tel: 1300 850 505
www.investorcentre.com

AUDITORS

PKF Perth
Level 5, 35 Havelock Street
West Perth WA 6005

SECURITIES EXCHANGE

Australian Securities Exchange
ASX:EIQ

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

LETTER FROM THE CEO



Dear Shareholders,

I am pleased to update shareholders on Echo IQ's results and operations for the half-year ending 31 December 2023.

During this period, the Company invested resources in product development and commercialisation and achieved progress towards several important milestones.

The application of artificial intelligence in healthcare is gaining traction and gradual acceptance by the cardiology community.

It is increasingly seen as a safe way of achieving cost-effective improvements in providing care and delivering better health outcomes.

Echo IQ develops artificial intelligence (AI) products for disease detection and managing structural heart disease and heart failure.

On a product development front, Echo IQ has almost completed its US reader study (a recommendation by the FDA) to support our FDA 510k application for clearance of our AI detection tool for aortic stenosis, a form of structural heart disease affecting 9 million people worldwide.

The Company expects this to be concluded, along with corresponding statistical analysis, by the end of the March quarter, with final FDA submission immediately after that. Standard published timeframes by the FDA for typical responses are 100 days from application.

The Company continues to progress towards establishing and operationalising an indirect sales channel in the US and Australia with the recent announcement of our partnership with Respi and ongoing efforts to monetise existing agreements with Cassling and Hydrix.

Looking ahead, shareholders can expect Echo IQ to strengthen its AI portfolio by adding AI for heart failure detection (which affects 64 million people globally), expand our indirect sales channel to the market, and monetise our growing sales pipeline.

I look forward to keeping shareholders apprised of our product development progress and advances in commercialisation.

In closing I would like to thank the Echo IQ Chairman, Andrew Grover, and the Board of Directors for the trust they have placed in me to lead Echo IQ through its next stage of growth and development. I look forward to working with them and the executive team closely.

Kimber Rothwell
Chief Executive Officer

DIRECTORS' REPORT

The Directors present the financial report of the Consolidated Entity for the six months ended 31 December 2023, 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 2023.

DIRECTORS

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

Andrew Grover **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), a Non-Executive Director of Albion Resources Ltd (ALB) and a Non-Executive Director of Bindi Metals Limited (BIM). 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).

Simon Tolhurst **Non-Executive Director**

Simon holds a Bachelor of Laws and Master of Laws (Hons). His professional qualifications include Grad Dipl Legal Practice, Solicitor to the Supreme Court Queensland and Solicitor High Court of Australia. A former Chairman of iCollege Limited (now NextEd Group Limited "NextEd") between 2017 and 2021, Simon brings to his non-executive role both hands on experience with NextEd's business as well as 30 years' legal experience, having been a partner of national law firm, HWL Ebsworth. As a lawyer, Simon was recognised in the Australian Financial Review's Best Lawyers list, Doyle's Guide, a member of HWLE's National Competition Law and Anti-Trust Group that was recognised by both Chambers and Legal 500. No longer practicing in the law, Simon is now actively involved on the boards of a number of listed and unlisted public companies including NextEd Group Limited (ASX:NXD,) Great Divide Mining Ltd (ASX:GDM), and Share the Dignity Limited (Chairman).

Simon has served as a Director since 1 June 2023.

Simon is also a non-executive director of NextED Group Ltd (ASX:NXD) and Great Divide Mining Ltd (ASX:GDM)

DIRECTORS' REPORT

JOINT COMPANY SECRETARIES

Jessamyn Lyons 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. Jessamyn is a highly experienced Company Secretary and has held positions with Macquarie Bank, UBS (London) and Patersons Securities.

Jessamyn has served as Company Secretary since 22 October 2021.

Jessamyn currently holds position as Company Secretary of the below ASX listed companies:

- Drednought Resources Ltd (DRE)
- Ragnar Metals Ltd (RAG)

Shannon Robinson is Chartered Secretary and corporate advisor with 20 years' experience. Shannon is a former corporate lawyer, a graduate member of the Australian Institute of Company Directors (AICD) and a fellow of the Governance Institute of Australia (GIA).

Shannon served as Company Secretary from 9 March 2023 to 1 February 2024.

Shannon currently holds position as Company Secretary of the below ASX listed companies:

- Doriemus plc (ASX:DOR)

REVIEW OF RESULTS AND OPERATIONS

Group Overview

The principal activity of the Group is the development of artificial intelligence (AI) products for cardiovascular care.

Results Overview

The Group reported a loss for the half year ended 31 December 2023 of \$2,757,908 (31 December 2022: loss of \$4,203,408).

Included in the loss for the half year were non-cash Share Based Payments expenses of \$483,300 (31 December 2022: \$2,000,123), for options issued.

Operating revenue for the half year totalled \$16,000 (2022: \$37,332) and operating expenses totalled \$3,500,636 (2022: \$(4,682,065)).

Key Business Activities

Australian Market Development

The Company announced (29 August 2023) that it was entering a commercial pilot with Australia's largest cardiology provider. The initial stage of this agreement involves the retrospective review of echocardiographic measurement data from Western Australia to validate EchoSolv and its ability to detect severe aortic stenosis. The review is entering its final stages, and upon completion, assuming a positive result, the two parties will enter into commercial discussions for the national roll-out of EchoSolv.

The distribution agreement with Hydrix Medical (a subsidiary of Hydrix Limited (ASX:HYD)) in May 2023 is maturing well. Sales activities continue with several promising opportunities that have progressed to the sales cycle's later stages.

US Market Development

In the US, the world's largest healthcare market, Echo IQ's distribution partnership with Cassling Diagnostic Imaging Incorporated ("Cassling") is also progressing well. Cassling recently added EchoSolv to its market-leading product portfolio, and in February, forty-two sales and business development representatives were trained to sell EchoSolv.

Many of Cassling's customers (Hospitals, Specialty Care facilities, and Outpatient Centres) are prospective targets for EchoSolv and we anticipate commercial sales to materialise in the fourth quarter of CY2024.

Looking ahead, Echo IQ is also pleased to partner with Respiro (ASX: RSH) to deliver remote patient monitoring services for patients with cardiac conditions addressed by EchoSolv and managed by Accountable Care Organisations (ACO) under the Affordable Care Act (ACA). As of the first quarter of 2022, there were 1,010 ACOs, with 1,760 public and private ACO contracts covering more than 32 million patients nationwide. This represents a significant patient population and a key target market for Respiro and Echo IQ. This partnership is expected to contribute revenue in the second half of 2024.

REVIEW OF RESULTS AND OPERATIONS

EchoSolv Product Development

EchoSolv allows users to assess echocardiographic studies against diagnostic guidelines for structural heart conditions.

The first two conditions addressed by the product have been Aortic Stenosis and Mitral Regurgitation - two common forms of heart valve disease that are typically treated with surgical intervention. Timely identification of the severity of these diseases is critical, and EchoSolv is designed to support physicians with more informed decision-making.

Heart Failure is a common condition affecting more than 60 million people worldwide (1). This condition is the leading cause of hospitalisation in people over 65 and associated healthcare costs are estimated to exceed US\$70 billion in the US alone, by 2030(2).

The Company has initiated a project to expand EchoSolv's capabilities to address Heart Failure and deliver additional value to customers. A new algorithm for Heart Failure has been lodged for patent protection and the Company will be proceeding with an independent clinical validation study with a leading Australian research institution to assess the operational characteristics of the algorithm to detect heart failure and its progression. The Company then plans to undertake a US clinical validation study prior to an FDA application.

The Company expects the Australian study to commence in March 2024 (with completion around July 2024). Assuming a successful outcome, the Company intends to initiate a US trial soon after (but prior to an FDA 510k application sometime in the first quarter of 2025). Standard published timeframes by the FDA for typical responses are 100 days from application.

FDA and Regulatory

As previously reported, Echo IQ has almost completed its US reader study for Aortic Stenosis. The FDA recommended this as a study likely to lend additional weight to our 510k application for clearance of our AI risk tool for aortic stenosis. The Company expects this to be concluded, along with corresponding statistical analysis, by the end of this quarter, with final FDA submission immediately thereafter. Standard published timeframes by the FDA for typical responses are 100 days from application. 510K approval is a key milestone for the Company and will enhance our commercial activities and support desired outcomes.

(1) [*Valvular Heart Disease Epidemiology - PMC \(nih.gov\)*](#)

(2) [*Transitional Care Services after Heart Failure Hospitalization - Stanford Medicine*](#)

REVIEW OF RESULTS AND OPERATIONS CONTD.

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 2023 of \$2,757,908 (2022: loss of \$4,203,408) and used \$2,123,545 of cash in operations. At 31 December 2023, the Group has a total cash balance of \$1,766,638 and net assets of \$6,859,942 and a net current asset position of \$756,788.

Management have prepared cash flow projections for the period up to 28 February 2025 that support the Group's ability to continue as a going concern. 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.

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.

Dividends

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

Events Subsequent to Reporting Date

On 16 January, the Company announced the appointment of Kimber Rothwell as Chief Executive Officer, effective 29 January 2024.

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 2023 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
Chairman

28 February 2024



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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 2023, 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
PKF PERTH

A handwritten signature in black ink, appearing to read 'Shane Cross', written over a light blue horizontal line.

SHANE CROSS
PARTNER

28 FEBRUARY 2024,
WEST PERTH,
WESTERN AUSTRALIA

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half Year Ended 31 December 2023**

		Consolidated 31 December 2023	Consolidated 31 December 2022
	Note	\$	\$
Continuing Operations			
Revenue		16,000	37,332
Other income	2	726,728	31,160
Audit fees		(27,787)	(31,743)
Consulting and professional fees		(527,711)	(759,927)
Employee costs		(1,467,019)	(1,099,088)
Marketing and public relations expense		(9,905)	(61,648)
Directors' fees		(249,892)	(157,759)
Depreciation and amortisation		(302,558)	(305,407)
Other expenses		(376,892)	(188,807)
Share based payments expense	7	(483,300)	(2,000,123)
Share registry and listing fees		(55,572)	(77,563)
Loss before tax		(2,757,908)	(4,613,573)
Income tax benefit/(expense)		-	-
Loss from continuing operations		(2,757,908)	(4,613,573)
Discontinued Operations			
Profit from discontinued operation		-	410,165
Loss for the year		(2,757,908)	(4,203,408)
Other Comprehensive Income			
Foreign currency translation		(15,221)	-
Total Comprehensive loss for the year		(2,773,129)	(4,203,408)
Earnings per share			
Basic and diluted loss per share from continuing operations (cents)	3	(0.56)	(1.05)
Basic and diluted loss per share from discontinued operations (cents)	3	-	0.09
Total basic and diluted loss per share (cents)	3	(0.56)	(0.96)

The accompanying notes form part of these consolidated financial statements.

**Consolidated Statement of Financial Position
As at 31 December 2023**

		Consolidated 31 December 2023 \$	Consolidated 30 June 2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,766,638	3,276,398
Trade and other receivables		69,113	636,515
Prepayments		48,193	65,056
Total Current Assets		1,883,944	3,977,969
Non-Current Assets			
Investments		4,545	4,545
Plant and equipment		23,544	34,149
Intangible assets	5	6,075,065	6,367,022
Total Non-Current Assets		6,103,154	6,405,716
Total Assets		7,987,098	10,383,685
LIABILITIES			
Current Liabilities			
Trade and other payables		1,005,394	2,900,243
Employee benefits		121,762	90,671
Contract liabilities – unearned income		-	10,000
Total Current Liabilities		1,127,156	3,000,914
Total Liabilities		1,127,156	3,000,914
Net Assets		6,859,942	7,382,771
EQUITY			
Contributed equity	6	37,802,831	35,997,376
Reserves	7	7,006,708	6,577,084
Accumulated losses		(37,949,597)	(35,191,689)
Total Equity		6,859,942	7,382,771

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity Half Year Ended 31 December 2023

Consolidated	Contributed Equity	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2023	35,997,376	6,586,511	(9,427)	(35,191,689)	7,382,771
Equity issues	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Options exercised	1,805,455	(38,455)	-	-	1,767,000
Performance rights exercised	-	-	-	-	-
Options lapsed	-	-	-	-	-
Share based payments	7	483,300	-	-	483,300
Loss for the period	-	-	-	(2,757,908)	(2,757,908)
Other comprehensive income	-	-	(15,221)	-	(15,221)
Total comprehensive loss for the year	-	-	(15,221)	(2,757,908)	(2,773,129)
Balance at 31 December 2023	37,802,831	7,031,356	(24,648)	(37,949,597)	6,859,942

Consolidated	Contributed Equity	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
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	7	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

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
Half Year Ended 31 December 2023

	Consolidated 31 December 2023 \$	Consolidated 31 December 2022 \$
Cash flows from operating activities		
Receipts from customers	6,600	20,056
Payments to suppliers and employees	(2,856,823)	(2,240,237)
Government grants received	689,466	-
Interest received	37,212	-
Net cash from / (used in) operating activities	(2,123,545)	(2,220,181)
Cash flows from investing activities		
Purchase of plant and equipment	-	(10,696)
Payment for intangible assets	-	(325,000)
Proceeds on disposal of subsidiary	-	279,853
Funds placed on deposit	-	(2,500,000)
Net cash from / (used in) investing activities	-	(2,555,843)
Cash flows from financing activities		
Proceeds from equity issues	-	3,491,040
Proceeds from exercise of options	615,000	101,000
Cost of equity issues	-	(187,017)
Net cash provided from / (used in) financing activities	615,000	3,405,023
Cash and cash equivalents at beginning of the period	3,276,398	2,406,909
Effect of foreign exchange	(1,215)	-
Net increase/(decrease) in cash held	(1,508,545)	(1,371,001)
Cash and cash equivalents at period end	1,766,638	1,035,908

The accompanying notes form part of these consolidated financial statements.

Notes to the Financial Statements For the Half Year Ended 31 December 2023

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 2024.

1. Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2023 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 2023 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 2023 of \$2,757,908 (2022: loss of \$4,203,408) and used \$2,123,545 of cash in operations. At 31 December 2023, the Group has a total cash balance of \$1,766,638 and net assets of \$6,859,942 and a net current asset position of \$756,788.

Management have prepared cash flow projections for the period up to 28 February 2025 that support the Group's ability to continue as a going concern. 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.

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 2023

2. Other Income

	Consolidated 31 December 2023 \$	Consolidated 31 December 2022 \$
Government grants	689,516	30,561
Interest income	37,212	599
	726,728	31,160

3. Loss per share

	Consolidated 31 December 2023 \$	Consolidated 31 December 2022 \$
Weighted average number of shares on issue	490,533,157	439,296,797
Basic and diluted loss per share from continuing operations (cents)	(0.56)	(1.05)
Total basic and diluted loss per share	-	0.09
	(0.56)	(0.96)

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

4. Discontinued operations

On the 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, completion of this transaction occurred on 1 July 2022 and completion of the sale disclosed to the market on 4 July 2022.

A gain on disposal of \$410,165 was recognised in the half year ended 31 December 2022. Net cash inflow from disposal of the discontinued operation was \$279,853.

Notes to the Financial Statements For the Half Year Ended 31 December 2023

5. Intangible Assets	Consolidated 31 December 2023 \$	Consolidated 30 June 2023 \$
Software at cost	1,065,002	1,065,002
Less accumulated amortisation	(610,787)	(516,811)
	454,215	548,191
NEDA contractual asset at cost	6,558,046	6,558,046
Less accumulated amortisation	(937,196)	(739,215)
	5,620,850	5,818,831
Total intangible assets	6,075,065	6,367,022

Assessment of asset useful life

The useful life of the software has been assessed as 5 years. There are 2.5 years remaining at 31 December 2023. The useful life of the contractual intangible (being access to the National Echo Database of Australia (NEDA)) has been assessed as 15 years which is in line with the contract life (8 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 2023.

Notes to the Financial Statements For the Half Year Ended 31 December 2023

6. Contributed Equity	Consolidated 31 December 2023		Consolidated 30 June 2023	
	No. of Ordinary Shares	\$	No. of Ordinary Shares	\$
At 1 July	472,254,376	35,997,376	429,382,713	30,400,345
Share issue: capital raising	-	-	23,333,333	3,491,044
Share issue: share based payments	-	-	813,330	120,500
Exercise of options	22,400,000	1,805,455	18,475,000	2,136,008
Share issue: performance shares conversion	-	-	250,000	36,500
Capital raising costs	-	-	-	(187,021)
Contributed equity at end of period	494,654,376	37,802,831	472,254,376	35,997,376

7. Share Based Payment Reserve

	Consolidated 31 December 2023 \$	Consolidated 30 June 2023 \$
Balance at beginning of period	6,586,511	5,334,971
Vesting of options	483,300	2,380,326
Options exercised	(38,455)	(713,258)
Performance rights exercised	-	(36,250)
Options lapsed	-	(379,278)
Balance at end of period	7,031,356	6,586,511

The fair value of options at grant date is determined using the Black-Scholes model. 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	Director Options
Number of options	5,000,000
Exercise price	\$0.25
Expiry date	21-Nov-26
Grant date	21-Nov-23
Share price at grant date	\$0.17
Risk free interest rate	4.10%
Volatility	71%
Option value	\$0.07

On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of \$0.25. The options were approved by shareholders at the AGM on 21 November 2023.

Notes to the Financial Statements For the Half Year Ended 31 December 2023

7. Share Based Payment Reserve (continued)

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 Dec 23
Supplier Options (i)	31/05/21	31/05/24	31/05/21	\$0.05	\$ 769,105	30,000,000	28,500,000
Employee Options (ii)	31/05/21	31/05/24	30/05/24	\$0.05	\$ 145,979	2,500,000	2,500,000
Class A Director Options (iii)	31/05/21	31/05/24	31/05/21	\$0.05	\$ 875,873	15,000,000	14,500,000
Class A Supplier Options (iv)	31/05/21	9/06/24	31/05/22	\$0.10	\$ 491,311	8,000,000	8,000,000
Class B Supplier Options (v)	31/05/21	9/06/24	30/11/22	\$0.17	\$ 304,804	8,000,000	8,000,000
Class C Supplier Options (i)	31/05/21	9/06/24	31/05/23	\$0.25	\$ 193,207	12,000,000	12,000,000
Class D Supplier Options (i)	31/05/21	9/06/24	31/05/23	\$0.30	\$ 117,756	12,000,000	12,000,000
Employee Options (vi)	10/06/21	30/06/24	31/12/23	\$0.30	\$ 41,534	1,000,000	1,000,000
Employee Options (vi)	12/10/21	9/06/24	12/10/23	\$0.25	\$ 144,785	2,000,000	2,000,000
Employee Options (vi)	12/10/21	9/06/24	01/04/24	\$0.30	\$ 66,119	1,000,000	1,000,000
Director Options (vi)	29/11/21	29/10/24	29/11/23	\$0.25	\$ 127,283	2,000,000	2,000,000
Director Options (iii)	29/11/21	17/12/24	29/11/21	\$0.25	\$1,456,552	25,000,000	25,000,000
Employee Options (vi)	3/02/22	3/02/25	3/02/24	\$0.25	\$ 320,000	5,000,000	5,000,000
Employee Options (vi)	3/02/22	3/02/25	3/02/24	\$0.25	\$ 64,000	1,000,000	1,000,000
Employee Options (vi)	8/08/22	2/02/25	1/01/25	\$0.25	\$ 510,000	10,000,000	8,000,000
Advisor Options (iii)	21/12/22	2/02/25	28/11/22	\$0.25	\$ 750,000	10,000,000	10,000,000
Director Options - Class A (iii)	8/12/22	8/12/25	8/12/22	\$0.30	\$ 409,284	5,000,000	5,000,000
Director Options - Class B (iii)	8/12/22	8/12/25	8/12/22	\$0.50	\$ 300,927	5,000,000	5,000,000
Director Options (vii)	21/11/23	29/11/26	30/11/23	\$0.25	\$332,500	5,000,000	5,000,000

- (i) Vest after a 24 month period of continuous employment and achievement of set revenue targets for Echo IQ of USD \$2m and USD \$3m. Vest on the date specified in the table subject to continuous employment over the vesting period.
- (ii) Vest over a 3 year period (40% after 12 months, 40% after 24 months, balance after 36 months).
- (iii) Vested immediately on grant.
- (iv) Vested after a 12 month period of continuous employment and to achievement of successful clinical trial with a valve manufacturer.
- (v) Vest after an 18 month period of continuous employment and achievement of a successful clinical trial with a drug manufacturer.
- (vi) Vest on the date specified in the table subject to continuous employment over the vesting period.
- (vii) Vest after a 6 month period,

Notes to the Financial Statements For the Half Year Ended 31 December 2023

8. 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 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.

	31 December 2023 \$	31 December 2022 \$
Operating revenue		
Echo IQ	6,000	5,475
Houston We Have Software	10,000	31,857
Prometheus Information (Discontinued Operations)	-	-
Consolidated Group operating revenue	16,000	37,332
Segment profit/(loss) before tax		
Echo IQ	(2,755,536)	(4,600,009)
Houston We Have Software	(2,372)	(13,564)
Prometheus Information (Discontinued Operations)	-	410,165
Consolidated Group profit/(loss) before tax	(2,757,908)	(4,203,408)
	31 December 2023 \$	30 June 2022 \$
Segment net assets		
Echo IQ	6,842,636	7,367,642
Houston We Have Software	17,306	15,129
Prometheus Information (Discontinued Operations)	-	-
Consolidated Group net assets	6,859,942	7,382,771

9. Subsequent events

On 16 January, the Company announced the appointment of Kimber Rothwell as Chief Executive Officer, effective 29 January 2024.

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 14 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 2023 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
Chairman

28 February 2024

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 2023, 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, and notes to the financial statements, including material policy information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2023, 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 2023 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 \$2,757,908 during the half year ended 31 December 2023 and had negative operating cashflow of \$2,123,545. 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.



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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.

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 2023 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.

A handwritten signature in black ink that reads 'PKF Perth'.

PKF PERTH

A handwritten signature in black ink that reads 'Shane Cross'.

SHANE CROSS
PARTNER

28 FEBRUARY 2024
WEST PERTH,
WESTERN AUSTRALIA



Echo IQ

WWW.ECHOIQ.AI