

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C SEPTEMBER 2022

Highlights:

- Echo IQ achieved further significant progress towards US commercialisation
- High-profile presentation of key research at leading international conference
- Appointment of industry veteran to lead US market development
- Company selected for prestigious US HeartX accelerator program
- HIPAA and SOC2 Certification awarded
- \$3.5M capital raising to provide future financial flexibility

Management Commentary

Executive Chair Andrew Grover said: “Echo IQ achieved a step-change in commercial readiness this quarter with a number of significant milestones achieved. The Company now has an impressive working product, backed by HIPAA and SOC2-compliant technical architecture, as well as an increasingly engaged eco-system of prospective customers and partners.

Seeing the research that underpins our solution presented as late-breaking science at the ESC conference in August was an indicator of the interest that exists in the sector for the kind of work we are doing.

Commercialisation is focussed on the US, the world’s largest market for innovations in cardiology, where we have appointed a highly-respected industry leader to maximise the opportunities. A positive pre-submission review with the FDA, further advances in our clinical studies and inclusion in the internationally respected HeartX accelerator program round out a successful quarter for Echo IQ.

Our strategic pathways are now clearly defined and we have the organisational structure, skillset and relationships to deliver a business with both financial and positive human impact. This will have played no small part in our ability to raise top-up funding of \$3.5M which, along with existing cash reserves and anticipated inflows should ensure operating stability beyond commencement of regular revenues in 2023.

Product Innovation and Development

Echo IQ is now able to demonstrate a working dashboard that delivers a fast probability assessment for aortic stenosis using uploaded echocardiographic measurements. This product version currently gives users a view of risk utilising treatment guidelines (calibrated to local market settings) and will be extended to include Echo IQ’s proprietary AI-backed phenotype identification tool.

This solution also allows users to track historical views (to better see how a patient's condition has evolved over time) as well as the ability to understand exactly which cardiac measurements are supporting the final assessment.

HIPAA AND SOC2 Compliance

The Company is pleased to advise that, in line with guidance provided in the last quarterly update, it has been granted certification in both HIPAA SOC2 compliance. Echo IQ has prioritised HIPAA compliance in light of its commercial focus on the US and the importance of demonstrating data security to prospective customers. SOC2 compliance ensures that companies manage customer data in a secure fashion whilst adhering to the highest standard of privacy and integrity. Both of these important achievements demonstrate the Company's commitment to the highest standards of rigorous data care.

Late Breaking Science presentation at ESC Congress in Barcelona

The research and findings underpinning the Company's latest AI algorithm were presented by Professor Geoff Strange as late-breaking science at the European Society of Cardiology (ESC), one of the world's leading cardiology conferences, held in Barcelona in August. Echo IQ's Chief Strategy and Research Officer, also of the University of Sydney, presented "AI-enhanced detection of aortic stenosis." The event was attended by several thousand highly influential and connected cardiologists, leading Medical Technology corporates and industry innovators. The work presented was conducted and compiled in conjunction with Echo IQ's Chief Medical Advisor, Professor David Playford, the Company's Technical Director Rakesh Patel, and Data Scientist Dr. Andrew Watts. Being accepted for presentation as late-breaking science at globally significant scientific conferences is difficult to secure, and is testament to the level of innovation Echo IQ is bringing to this sector.

Appointment of Echo IQ USA President

Donald Fowler was appointed to the newly created position of President, Echo IQ USA. Don brings more than 30 years of executive leadership in high technology medical systems to the company, with particular expertise in business scale-up and commercialisation. He spent 26 years working for Siemens Healthcare (USA), a global leader in medical imaging, laboratory diagnostics and healthcare information technology. He subsequently joined Toshiba (America) Medical Systems, one of the world's pre-eminent producers and distributors of diagnostic imaging systems, where he went on to hold roles as President, CEO and Board Director. Don's technical knowledge, industry experience and network of leading decision-makers in Echo IQ's priority channels (from ASCs and hospitals, to diagnostic labs and specialist physicians) is expected to help the company fast-track the roll-out of its novel AI-backed solutions for structural heart health in the all-important US market.

HEARTX

In a further sign of US traction, Echo IQ was recently selected for inclusion in the coveted 2022 HeartX Accelerator, a cardiovascular-focused healthcare accelerator that helps to fast-track deployment of new cardiovascular innovations. This program is powered by HealthTech Arkansas and MedAxiom and selects only 5 accomplished, early-stage companies to take part each year from several hundred that apply. Echo IQ joins innovators in cardiac technology from Sweden, South Korea and the United States in its maiden participation in a US accelerator. Participation in HeartX provides Echo IQ with guaranteed hospital pilot projects and clinical trials within an established network of seven of the largest healthcare providers in the state. Selection for this prestigious program aligns well with Echo IQ's strategic priority of leveraging clinical and research excellence into commercial opportunity in the US. Securing a place in the 2022 HeartX cohort also provides Echo IQ with an additional US\$150,000 in equity funding.

Capital Raise

Funding for the accelerated US expansion will be substantially supported by the completion of a \$3.5 million capital fundraising. 21,793,333 shares have now been issued, raising \$3.269M (at \$0.15 per share) with the remaining 1,540,000 shares to be issued to HeartX shortly. Funds generated by the placement are expected to provide the financial flexibility for Echo IQ to deliver against its key strategic priorities over the next 18 months – including the commencement of regular commercial revenue flows. All new shares have been issued within the Company's existing capacity under ASX Listing Rule 7.1. New shares rank equally with Echo IQ's existing shares quoted on the ASX.

Quarterly Financial Summary

Cash receipts for the quarter decreased vs the previous 3 months reflecting the disposal of the Company's Prometheus business unit at beginning of the quarter. Despite this, cash used in operations also fell (by 9.9%) compared to the prior quarter in line with previous commentary regarding careful cost control and non-ongoing costs.

Cash inflows from the disposal of the Prometheus business unit as well as options exercised contributed to an overall cash at bank position at the end of the period of \$1.814M. This, in combination with the \$3.5M capital raise announced in October 2022, to be fully accounted for in the next Quarterly Cash Flow Report, sees Echo IQ in a strong financial position to execute its strategic priorities. An amount of \$20,000 was paid to related parties during the period, as disclosed in the annexed Appendix 4C. This amount includes director salaries, fees and superannuation, inclusive of GST.

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).

- ENDS -

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

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ABOUT ECHO IQ

Echo IQ uses AI-driven technology and proprietary software to improve decision making in Cardiology. The company is based in Sydney, Australia.

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 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18	18
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(572)	(572)
(c) advertising and marketing	(16)	(16)
(d) leased assets	-	-
(e) staff costs	(344)	(344)
(f) administration and corporate costs	(8)	(8)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(921)	(921)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11)	(11)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	280	280
	(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) Extending agreement with National Echo Database Australia	-	-
2.6	Net cash from / (used in) investing activities	269	269

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	61	61
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	61	61

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,405	2,405
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(921)	(921)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	269	269

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	61	61
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,814	1,814

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	1,814	2,405
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)	1,814	2,405

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000

(20)

-

Includes director salaries, fees and superannuation, inclusive of GST.

7. Financing facilities

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.

	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)	(921)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,814
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,814
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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?

Answer: *not applicable*

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?

Answer: *not applicable*

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

Answer: *not applicable*

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: 28 October 2022

Authorised by: The Board

(Name of body or officer authorising release – see note 4)

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.