

ASX: EIQ RELEASE

## QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

AS AT 31 MARCH 2023

### Highlights:

- **Successful clinical trial completed at St. Vincent's Hospital where Echo IQ's EchoSolv™ AI technology identified 72% more patients with severe aortic stenosis than human diagnosis alone**
- **Trial revealed that women were 66% less likely to have been accurately diagnosed than men using human-only assessment: EchoSolv™ resolves this discrimination**
- **EchoSolv™ for aortic stenosis now customer-ready with several new user-enhancements and support capabilities**
- **Regulatory strategy executing to plan with FDA clearance on-track for Q4 2023**
- **Commercial pipelines developing well across sectors in both US and Australia**

**Echo IQ Limited (ASX: EIQ)** ("Echo IQ" or the "Company") is pleased to provide an update on its activities during the three-month period ending 31 March 2023.

### Management Commentary

**Executive Chair Andrew Grover said:** "Echo IQ continues to achieve significant progress towards commercialisation of its EchoSolv™ AI technology, following the completion of another strong quarter. The final results of the clinical study at St. Vincent's Hospitals in Sydney and Melbourne demonstrated more clearly than ever how our technology can be used for positive effect in a clinical setting. Aortic stenosis can be difficult to accurately diagnose, especially in a timely manner. As anticipated, our proprietary technology solution EchoSolv™ performed incredibly well in a clinical setting to test for its effectiveness in identifying patients with, and at risk of dying from, aortic stenosis ("AS").

*The timing for this couldn't be better for Echo IQ as it gives prospective customers yet another proof-point in their purchase process. Several healthcare providers are quite advanced in their evaluation of EchoSolv™ for implementation in their facilities, and these results further strengthen the technology's use-case. Our commercial team is also expanding as we scale up engagement with prospective customers in both the US and Australia, and also as we build broader distributions capabilities in these markets.*

*The financial position of the Company remains solid, with appropriate funding in place to execute our current strategy. Operating costs remain in line with previous indications. Current cash reserves of more than \$2.6 million, plus anticipated inflows from Research and Development grants and the exercising of up to \$3 million in options, position Echo IQ well for commercial activation."*

### St. Vincent's Clinical Study

Subsequently to quarter end, the Company announced positive results at its flagship clinical trial at St. Vincent's Hospitals (refer to ASX Announcement dated 19 April 2023).

This study was designed to test the effectiveness of AI-backed software solution EchoSolv™ in identifying patients with, and at risk of dying from, aortic stenosis. The study was fully funded by Edwards Lifesciences (NYSE:EW, Mkt. Cap. US\$51Bn) and was conducted in conjunction with the National Echo Database of Australia (NEDA).

The final results from the study show a number of important findings:

1. EchoSolv™ identified 72% more patients with severe aortic stenosis than those identified using human diagnosis alone.
2. Women were 66% less likely to have been accurately diagnosed than men, but EchoSolv™ was effective in identifying disease without this gender bias.
3. EchoSolv™ clearly distinguishes between patients with varying severity of disease as well as those at high and low risk of dying.
4. Even where patients had aortic stenosis with significant risk of death, the study revealed there to be a lack of intervention and proactive management when this hadn't been recorded on patient records, re-enforcing the importance of accurate diagnosis.

**Professor Michael Feneley, Director of the Heart Lung Program and Cardiology at St Vincent's Hospital, said:** *"This study clearly demonstrates not only the effectiveness of novel technologies such as EchoSolv™ in enhancing human diagnosis, but also its potential to reduce bias in decision making. With the general ageing of the population leading to the increasing prevalence of aortic stenosis, it is encouraging to see how artificial intelligence could be used to improve the early identification of disease and all the increased opportunities to treat patients in a timely manner this provides."*

**Professor David Playford, Echo IQ's Chief Medical Advisor, said:** *"The EchoSolv™ clinical decision-support platform is the first in the world to show such a clear improvement in detecting severe AS compared with current clinical practice. We expect the automatic highlighting of patients with significant AS risk using EchoSolv™ to assist doctors in decision-making for aortic valve intervention and follow-up in a highly consistent, systematic and efficient manner. Our goal is to support improved diagnosis free of unconscious bias and irrespective of age, gender, background or socioeconomic status. These findings are a significant step towards Echo IQ's goal of assisting doctors in finding the right patients, every time, for the right intervention for heart valve disease."*

### **Product Development**

EchoSolv™ has been readied for commercial application. While the first disease to be addressed by the solution is aortic stenosis, the Company has made progress with the next disease to be incorporated into its solutions suite – mitral regurgitation. With access to leading cardiac big data and a new and AI-backed approach to risk assessment, the Company is well placed to extend its capability beyond aortic stenosis.

During the March quarter, several new features were developed which have now been incorporated into the technology offering for EchoSolv™-AS (aortic stenosis). Some of the recent enhancements to the platform include instant patient search, DICOM-image write-back (via Echo IQ Connect - available in the coming weeks), and software improvements to facilitate a faster browsing and viewing experience.

### **Regulatory**

As previously communicated, the Company is pursuing FDA clearance for its AI risk-assessment for aortic stenosis. Following a successful pre-submission meeting in Q4 2022, the Company was advised that a Reader Study would strengthen its application further. During the March quarter, Echo IQ developed plans to build out this piece of supporting research and the Company expects to commence work on the Reader Study shortly. On that basis, the Company anticipates completion of its final application in Q3 2023, with successful clearance by the end of Q4.

## Commercial

Echo IQ has made significant progress in executing its commercial strategy this past quarter. The Company's pipeline of prospective clients continues to grow and a number of them are now well-advanced in their evaluation of EchoSolv™ as an aid to their clinical practice.

These prospective clients include independent cardiology practices, larger hospitals and health systems and software providers in the US and Australia.

## Corporate

During the quarter, the Company changed auditor to PKF following a review of the Company's external audit arrangements (*refer ASX Announcement dated 31 January 2023*). PKF's appointment is effective until the next Annual General Meeting of the Company. In accordance with section 327C of the Corporations Act 2001, a resolution will be put to shareholders at the 2023 Annual General Meeting to appoint PKF as the Company auditor.

The Company also appointed Shannon Robinson as joint company secretary following the resignation of Adam Uren during the quarter (*refer ASX Announcement dated 9 March 2023*). Shannon is an experienced corporate specialist with expertise in the provision of strategic advice on mergers and acquisitions, capital raisings and listing of companies on stock exchanges. Shannon will continue to work with Jessamyn Lyons who remains in the role of Joint Company Secretary.

## Quarterly Financial Summary

In accordance with the ASX Listing Rules, the Company will also today lodge its cashflow report for the quarter ended 31 March 2023. The Company held total cash and cash equivalents of \$2,649,000 as at 31 March 2023. As outlined previously (*refer ASX Announcement dated 25 January 2023*), operating expenses for this quarter now exclude the more than \$500,000 in one-time expenses associated with the previous quarter.

As outlined in the attached Appendix 4C (section 6), during the quarter approximately \$28,000 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). The Company anticipates receiving additional cash inflows from Research and Development grants in the next quarter.

- 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")**

31 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	20	110
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(340)	(1,593)
(c) advertising and marketing	-	(17)
(d) leased assets	-	-
(e) staff costs	(627)	(1,525)
(f) administration and corporate costs	(90)	(577)
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	-	31
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,037)</b>	<b>(3,571)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(14)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	280
	(b) businesses	-	-
	(c) property, plant and equipment	3	3
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>3</b>	<b>269</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	145	246
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(195)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>145</b>	<b>3,551</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,536	2,405
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,037)	(3,571)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3	269

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	145	3,551
4.5	Effect of movement in exchange rates on cash held	1	(6)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,648</b>	<b>2,648</b>

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	148	856
5.2	Call deposits	2,500	2,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,648</b>	<b>3,356</b>

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	(28)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,037)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,648
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,648
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.6
<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?	
	Answer: <i>not applicable</i>	
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?	
	Answer: <i>not applicable</i>	
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?	
	Answer: <i>not applicable</i>	
<i>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.</i>		

## 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 April 2023

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.