

ECHO IQ LIMITED / ASX:EIQ

QUARTERLY REPORT

TO 30 SEPTEMBER 2023

Echo **IQ**

WWW.ECHOIQ.AI

ASX RELEASE

**30 SEPTEMBER 2023
QUARTERLY REPORT**

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

DIRECTORS

Andrew Grover / Executive Chair
Steve Formica / Non-Executive Director
Steve Picton / Non-Executive Director
Simon Tolhurst / Non-Executive Director

Jessamyn Lyons / Joint Company Secretary
Shannon Robinson / Joint Company Secretary

CORPORATE

ISSUED CAPITAL

(As at 16 October 2023)

494,404,376 Ordinary Shares
151,250,000 Unlisted Options

SHAREHOLDERS

1,476 Shareholders
Top 20 Shareholders hold 47%

CASH BALANCE

As at 30 September 2023,
Echo IQ held \$3.081M in cash
(and cash equivalents).

CONTACT

investors@echoiq.ai

CHAIRMAN'S COMMENTARY

Echo IQ has delivered another quarter of strong progress.

The commencement of a commercial pilot with Australia's largest provider of cardiology services, Advara HeartCare WA is a significant endorsement of our EchoSolv(TM), AI-centred, technology. Echo IQ is gaining considerable visibility amongst leading healthcare professionals in both Australia and the US, which sets a strong foundation for securing more commercial agreements in the coming quarters.

Increasing awareness and interest in EchoSolv(TM) was further highlighted during the quarter by the late-breaking scientific presentations given by Echo IQ's Chief Medical Advisor and Chief Research and Strategy Officer at the influential European Society of Cardiology conference in Amsterdam. These presentations, on artificial intelligence deployed to detect aortic stenosis and mitral regurgitation, were well-attended by leading academics and expert healthcare professionals and generated strong publicity amongst potential customers and partners.

The focus on Echo IQ's work in mitral regurgitation was a clear demonstration of our defined and deliberate move towards providing a more complete solution addressing structural heart disease. EchoSolv(TM) now includes mitral regurgitation in its solutions suite, and on 21 August 2023 the Company announced a number of solutions addressing several structural heart conditions and indicators to be incorporated into EchoSolv(TM) by early 2024.

Echo IQ is witnessing positive traction from its US business development activities and the Company expects to announce its first US commercial contracts in the current quarter.

The Company is well funded to deliver its strategic objectives, with almost \$3.1M cash at bank at the end of the reporting period. This will be bolstered with the receipt of additional R+D tax incentives to be received, as well as ongoing options conversions.

Andrew Grover

Executive Chairman

A QUARTER OF PROGRESS

EchoSolv(TM) solutions evolved to address whole of heart



Pilot agreement secured with Australia's largest cardiology provider, Advara HeartCare



Integration partnerships for EchoSolv(TM) increased, lowering barriers to acceptance



US sales pipeline broadening in terms of scale and maturity



European Society of Cardiology: 3rd presentation in 2 yrs completed



Estimated quarters of funding available: 3.9 (Appendix 4C)



HIGHLIGHTS

The period 1 July 2023 to 30 September 2023 included a number of significant announcements demonstrating strong progress towards the Company's strategic objectives.

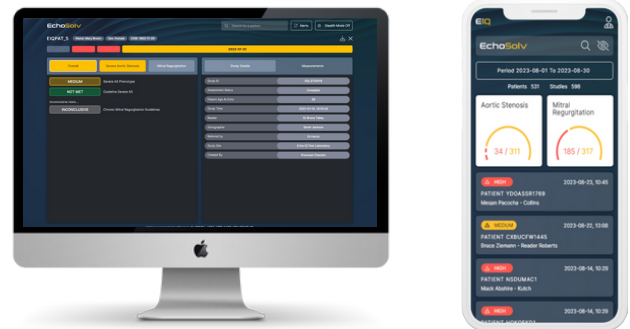
- 1 Advara HeartCare WA commercial pilot
29 August 2023
- 2 Introduction of EchoSolv(TM) solution for mitral regurgitation
19 July 2023
- 3 More than \$1.3M cash received from proceeds of exercised options and R+D claims
7 July 2023 & 4 September 2023
- 4 Two late-breaking scientific presentations at prestigious conference of European Society of Cardiology
4 September 2023
- 5 Upcoming introductions of EchoSolv(TM) solutions for wider range of structural heart conditions
21 August 2023

ACHIEVEMENTS

EchoSolv™ SOLUTION EXPANSION

Echo IQ made two significant announcements in the quarter regarding the expansion of EchoSolv(TM)'s solutions suite.

On 19 July 2023, the Company advised that its solution addressing mitral regurgitation was being made available to customers for EchoSolv(TM).



Mitral regurgitation is the most common form of heart valve disease affecting over 2% of the US population.⁽¹⁾ The number of people in the US with moderate to severe mitral regurgitation is expected to double by 2030.⁽²⁾ This level of disease is associated with heart failure, heart rhythm problems, frequent hospital admissions and increased risk of death.⁽³⁾ Despite treatment, in the form of surgical mitral valve repair or replacement, current rates of valve intervention are extremely low.⁽⁴⁾

Echo IQ has developed a novel AI-backed software tool to give EchoSolv(TM) users an indication of the severity of a patient's chronic mitral regurgitation. Without treatment, the prognosis for patients with severe mitral regurgitation is a 1-year mortality rate of 20% and a 5-year rate of 50%.⁽⁵⁾

On 21 August 2023, the Company also outlined the planned introduction of a suite of new solutions for structural heart disease, designed to address a much broader range of conditions and cardiac indicators including:

- Diastolic dysfunction
- Heart failure
- Pulmonary hypertension
- Left atrial volume
- Left ventricular mass
- Mitral regurgitation

These new modules are expected give users the benefit of even more easy-to-use, accessible decision-support tools, and are scheduled to be introduced by the end of the first quarter of 2024. With cardiovascular disease being the world's leading cause of death, this expanded solutions suite increases Echo IQ's addressable market in the world's most important healthcare segment.

ACHIEVEMENTS..

INCREASING NUMBER OF ECHOSOLV INTEGRATIONS WITH REPORTING PROVIDERS

Echo IQ previously announced (13 June 2023) an out-of-box integration for EchoSolv(TM) with Core Sound Imaging's Studycast - a comprehensive imaging workflow platform. This makes EchoSolv(TM) available to users of Studycast in a rapid and simple manner.

In an extension to this strategic approach, the Company advises that it has completed integration agreements with another two providers of imaging workflow platforms, namely Piccolo Health and Extential Solutions.

This means that users of THREE separate Picture Archiving and Communications systems ("PACS") are now able to embed EchoSolv(TM) assessments into current reporting, with custom technical integration for mutual customers of EchoSolv(TM) and the relevant PACS provider no longer necessary. These agreements unlock several important benefits as the commercial roll-out of EchoSolv(TM) accelerates.

Customers of these systems will be able to gain access to EchoSolv(TM) almost instantly, with zero additional technical integration required, and they can view EchoSolv(TM) assessments directly embedded into their existing diagnostic workflow.

PILOT AGREEMENT WITH AUSTRALIA'S LARGEST CARDIOLOGY PROVIDER

On 29 August 2023 the Company announced that it has entered into a commercial pilot agreement with Advara HeartCare WA, Australia's largest cardiology provider. Under the terms of the agreement, Echo IQ's decision-support platform for aortic stenosis, EchoSolv(TM), will be used by Advara HeartCare in Western Australia to retrospectively assess echocardiographic measurement data.

The aim of the pilot is to demonstrate the effectiveness of EchoSolv(TM) as a tool to support enhanced clinical practice for the timely identification of severe aortic stenosis. Pending successful completion of the paid pilot program, this agreement could see EchoSolv(TM) rolled-out to Advara HeartCare sites across Australia. Advara has more than 90 cardiology centres nationwide.

ACHIEVEMENTS..

US COMMERCIAL PROGRESS

The US remains the Company's largest and most significant addressable market and software of the nature of EchoSolv(TM) typically sees sales cycles in the range of 18-24 months from initial presentation. Echo IQ anticipates exceeding these timeframes, with expectations that initial US contracts will be concluded in the current quarter.

EchoSolv(TM) is undergoing formal vendor assessment with a major US hospital group, where echocardiographic datasets have already been assessed by the Company's software platform. The Company remains in advanced discussions with major US hospital groups in the US, which is underpinning an overall increase in its potential sales pipeline.

DISTRIBUTION PARTNERSHIP UPDATE

Progress continued with Hydrix Medical Pty. Ltd, a subsidiary of Hydrix Limited (ASX:HYD), ("Hydrix Medical"). Under the terms of this agreement, entered into in May 2023, Hydrix Medical promotes, markets and sells EchoSolv(TM) to the cardiology healthcare sector in Australia and New Zealand.

Since the commencement of this agreement, Echo IQ and Hydrix Medical have worked collaboratively on a number of commercial initiatives. Most recently, Echo IQ joined Hydrix Medical on its well-visited stand at Echo Australia, the region's leading echocardiography conference. Customer presentations were conducted with a number of prospective EchoSolv(TM) users to broaden industry awareness. A number of prospective users are now beyond initial product presentation stage, and the local commercial pipeline is developing in line with expectations.

References:

- (1) Nkomo VT, Gardin JM, Skelton TN, Gottdiener JS, Scott CG, Enriquez-Sarano M. Burden of valvular heart diseases: a population-based study. *The Lancet* 2006; 368(9540): 1005-11
- (2) De Backer O, Piazza N, Banai S, et al. Percutaneous transcatheter mitral valve replacement: an overview of devices in preclinical and early clinical evaluation. *Circ Cardiovasc Interv.* 2014;7(3):400-409
- (3) Mirabel M, Lung B, Baron G, et al. What are the characteristics of patients with severe, symptomatic, mitral regurgitation who are denied surgery? *Eur Heart J* 2007; 28(11): 1358-65
- (4) Cahill TJ, Prothero A, Wilson J, et al. Community prevalence, mechanisms and outcome of mitral or tricuspid regurgitation. *Heart* 2021;107:1003-1009
- (5) Goel et al. Prevalence and outcomes of unoperated patients with severe symptomatic mitral regurgitation and heart failure. *J Am Coll Cardiol.* 2014 Jan 21;63(2):185-6

CORPORATE

30 SEPTEMBER 2023 QUARTERLY REPORT

In accordance with the ASX Listing Rules, the Company has also lodged its cashflow report for the three-month period ended 30 September 2023.

The Company held total cash and cash equivalents of \$3.081M as at 30 September 2023. As previously indicated, this was bolstered in part by the exercise of options and the receipt of R+D tax rebates relating to the financial year ended 30 June 2022. The Company expects additional R+D tax rebates (upwards of \$850,000, relating to FY2023) to be received around the end of December, 2023.

Echo IQ has commenced billing for EchoSolv(TM) in one of its Australian sites and this is expected to be reflected in the next quarterly report.

As outlined in the attached Appendix 4C (section 6), during the quarter \$94,000 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).

DECEMBER 2023 QUARTER OUTLOOK

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

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|--|---|
| ➤ Progress its reader study in support of its FDA 510(k) clearance application | ➤ Pursue paid customer deployments from its reporting integration agreements |
| ➤ Leverage distributor partnerships in Australia and the US in pursuit of additional deployment sites for EchoSolv(TM) | ➤ Advance development of EchoSolv(TM) solutions supporting structural heart disease |
| ➤ Prioritise attainment of US commercial agreements | ➤ Update its digital presence to better reflect its broadening solutions suite |