Echo IQ Limited
And Controlled Entities

ABN: 48 142 901 353

CONSOLIDATED FINANCIAL REPORT
For the Year Ended 30 June 2023

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Corporate Directory

Directors

Andrew Grover	Executive Chairman
Steven Formica	Non-Executive Director
Stephen Picton	Non-Executive Director
Simon Tolhurst	Non-Executive Director

Company Secretary
Jessamyn Lyons
Shannon Robinson

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Stock Exchange Listing
Australian Securities Exchange [ASX: EIQ]
www.asx.com.au

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

***** This entity is included for information purposes only, and has not been involved in the preparation of this Annual Report.

Chairman's Letter to Shareholders

On behalf of the Board of Director of Echo IQ Limited "Echo IQ" or the "Company"), it is my pleasure to present to you our Annual Report for the year ended 30 June 2023.

Echo IQ has made enormous progress during the past financial year. Our investment in product innovation, clinical validation and new partnerships positions Echo IQ clearly and firmly for commercial acceleration and expansion.

With EchoSolv™ now being supplied to customers in the Australian hospital and cardiology sectors, as well as a pilot agreement with Australia's largest provider of cardiology services (announced since the end of the financial year), Echo IQ is witnessing increased awareness and uptake of its solutions.

New partnerships in the US have helped to contribute to a significant new business pipeline and I am pleased to report that a number of these prospects are at highly advanced stages of commercial development.

Echo IQ is rapidly moving from an organisation focussed on supporting improved identification of aortic stenosis, to a partner for healthcare providers across the spectrum of structural heart disease. Our solution addressing mitral regurgitation is now part of the EchoSolv™ decision-support platform, and we have recently announced the upcoming introduction of solutions across a range of additional cardiac conditions.

The last financial year also saw Echo IQ bolster its financial firepower with a successful capital raise as well as cash inflows from the exercise of options as anticipated. Prudent financial stewardship as well as ongoing investment in (tax-rebated) research and development improved the Company's financial position further. Echo IQ also strengthened its board with the addition of Simon Tolhurst's legal and commercial expertise.

On behalf of the Echo IQ Board of Directors, I would like to thank all our shareholders for their ongoing support of our strategy and our evolution towards becoming a significant contributor to the power of new technology in cardiology.

Andrew Grover
Executive Chair, Echo IQ

Directors Report

The Directors present the financial report of the Group for the year ended 30 June 2023, together with the audit report thereon. The Group consists of Echo IQ Limited (the Company) and the entities it controlled at year end or during the financial year.

Directors

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

Andrew Grover **Executive 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 has 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 has been a successful investor and non-executive director in mineral resource companies.

Steve has served as a Director since 2 July 2018.
Steve is currently Chairman of Ragnar Metals Ltd. In the past 3 years, he has been a director of Jade Gas Holdings Limited (formerly High Grade Metals Limited), Bowen Coal Limited, Lindian Resources Limited and Orminex Limited

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 35 years' experience in the technology industry having held senior positions in British Telecom (BT) and AAPT prior to him forming gotalk and relaunching LBNCo.

Stephen Picton has served as a Director since 20 October 2021.
Stephen is currently a non-executive director of FlexiRoam Limited (ASX: FRX).

Simon Tolhurst **Non-Executive Director** (appointed 1 June 2023)

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)

Joint Company Secretaries

Jessamyn 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:
- Dreadnought 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 has served as Company Secretary since 9 March 2023.
Shannon currently holds position as Company Secretary of the below ASX listed companies:
- Viridis Mining and Minerals Limited (ASX:VMM) (joint)
- European Metals Holdings Limited (ASX:EMH)
- Doriemus plc (ASX:DOR)

Meetings of Directors

The number of meetings held during the year and the number of meetings attended by each Director was as follows:

Director	Number attended	Number held & eligible to attend
Andrew Grover	5	5
Steven Formica	5	5
Stephen Picton	5	5
Simon Tolhurst	1	1

The Group does not have an Audit, Remuneration or Nomination Committee with the full Board carrying out the functions that would otherwise be dealt with by such committees.

Principal Activities

The principal activities of the Group are the development and application of artificial intelligence for the cardiac diagnostics sector, as well as the supply of software used by the health fund/insurance sector (Prometheus Information Pty. Limited). In prior financial year, the principal activities of the Group were the development, marketing and commercialisation of software products and licences. With the sale of Prometheus Information Pty Limited the Group will be focussing principally on the Medical Technology sector.

Operating and Financial Review

Review of Operations

Echo IQ achieved a number of significant milestones in the financial year to 30 June 2023.

Commercial Traction

The Company is now supplying its cardiology decision-support software, EchoSolv™, to paying customers in the Australian hospital and cardiology specialty sectors. Echo IQ was pleased to announce its maiden agreement with a leading private cardiology clinic which has integrated EchoSolv™ into its practice under a Software-As-A-Service (SaaS) agreement. The clinic has been using EchoSolv™ in audit-mode, reviewing echocardiographic measurements obtained over the past 12 months. EchoSolv™ is shortly expected to be integrated into the practice's reporting systems, for use in real-time analysis. (Refer to ASX Announcement dated 8 May 2023)

As announced on 22 June 2023, Gold Coast Private Hospital has also entered into an agreement with Echo IQ for the supply of EchoSolv™, to be integrated into its cardiology diagnostics workflow. Implementation of EchoSolv™ at this innovative and highly-respected hospital further demonstrates the tangible and commercial value of the Company's solution to a wide range of users.

Subsequent to the end of the Financial Year, Echo IQ has announced a pilot agreement with Advara HeartCare, Australia's largest provider of cardiology services (refer to ASX Announcement dated 29 August 2023).

Distribution and Marketing Partnerships

Echo IQ has appointed Hydrix Medical Pty. Ltd, a leader in the marketing and distribution of cardiovascular products in the Asia-Pacific to promote, market and sell EchoSolv™ to the cardiology healthcare sector in Australia, New Zealand and Singapore (refer to ASX Announcement 2 May 2023).

In the United States, Echo IQ appointed Cassling Diagnostic Imaging Inc. as its exclusive sales agent to promote, market and sell EchoSolv™ in the mid-west region of the US. Cassling is a well-known healthcare provider that currently provides leading imaging and therapeutic technology, services and solutions to the USA healthcare market. The company is well-known for its expertise in cardiac ultrasound (echocardiography). (Refer to ASX Announcement dated 8 May 2023)

On 2 May 2023, Echo IQ announced a partnership with MedAxiom, an American College of Cardiology company. MedAxiom is linked to in excess of 475 cardiovascular organisations in the United States encompassing 6,500 cardiovascular leaders, more than 13,200 clinicians and around 2,700 administrators. Echo IQ has seen several immediate benefits following commencement of the partnership including a number of commercial introductions and inclusion in high-profile presentations and industry conferences (such as the MedAxiom CV TRANSFORUM Spring'23 Conference in Orlando, Florida, the leading conference for cardiovascular organisational performance solutions in the US).

The Company also entered into an agreement with US-based Core Sound Imaging, Inc. – supplier of the comprehensive imaging workflow platform, Studycast, to medical facilities in 49 US states and territories, and 7 countries. This agreement covers an out-of-box integration with EchoSolv™ being made available to all users of Studycast, within existing workflows, and is expected to fast-track adoption of Echo IQ's innovation AI-backed solutions to hospitals and clinical practices. (Refer to ASX Announcement dated 8 May 2023)

Product Development and Innovation

Echo IQ introduced its software platform EchoSolv™ for Aortic Stenosis. This decision-support solution for healthcare professionals is designed to deliver fast, accurate and automated assessments for aortic stenosis using uploaded echocardiographic measurements.

Operating and Financial Review (continued)

The launch version of the solution gives commercial 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 pending FDA clearance. Subsequent to the end of the financial year, the Company also advised the expansion in conditions assessed by EchoSolv™ to include mitral regurgitation, another common form of treatable heart valve disease. Alerts for users are also now active which gives cardiologists clear indications of patients at-risk, wherever they are. (Refer to ASX Announcement dated 21 August 2023)

Clinical Studies

During the financial year, the Company concluded two important clinical studies. The first of these, a clinical effectiveness and validation study conducted at Beth Israel Deaconess Medical Center, a world-class teaching hospital of Harvard Medical School showed that EchoSolv™ rapidly and clearly identified patients meeting guideline-defined severe aortic stenosis. The study also demonstrated that the EchoSolv™ technology was able to identify a further cohort of patients, similar in size to those meeting guideline-defined disease, with substantially increased risk of death from the disease despite not meeting current treatment guidelines.

On 19 April 2023, the Company released the final results from the retrospective cohort study (that used EchoSolv™ to assess patient echocardiographic measurement data) conducted at St Vincent's Hospitals in Sydney and Melbourne. The results showed a number of key findings:

EchoSolv™ successfully identified all patients with severe aortic stenosis, a 72% improvement on human-diagnosis achieved at the sites.

EchoSolv™ successfully identified patients with severe aortic stenosis irrespective of gender where previously women had been 66% less likely to be accurately diagnosed than men.

The results attracted significant media attention with complimentary coverage in The Australian and on Channel 9 who sent a leading medical journalist, Gaby Rogers, to St. Vincents Hospitals to produce a piece for the 6pm national news.

Regulatory Strategy

The Company advanced its regulatory strategy significantly during the reporting period. Following a successful pre-submission meeting with the FDA in the last quarter of 2022, the Company was advised that a Reader Study would strengthen its application further. In early 2023 Echo IQ developed plans to build out this piece of supporting research and the Company commenced the study in June 2023. This study is expected to be fully completed shortly with submission of the final application anticipated before December 2023. Clearance is expected in early 2024, in line with published FDA timelines.

During the financial year, Echo IQ also achieved certification in both HIPAA SOC2 compliance. The Company 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.

<u>Operating Context</u>

Echo IQ operates in the medical technology sector and uses artificial intelligence as well as a number of advanced software techniques in the development of its solutions. In considering the current and future performance of Echo IQ, investors may wish to take note of the following factors when assessing the Company's strategies and changing circumstances.

Operating and Financial Review (continued)

Access to skilled staff

Echo IQ invests significantly in product innovation and software development. Access to skilled staff is important to the Company and, during the reporting period, it has been able to attract and maintain staff with the appropriate skills to deliver against its strategic and operational objectives. Looking ahead, Echo IQ expects this situation to remain as, or more, favourable than for the reporting period.

Technological changes

Changes in the development and adoption of new technologies affect Echo IQ's ability to market new solutions to its customers. Attitudes towards the use of technologies including artificial intelligence can also impact product uptake and usage. Echo IQ observes an increasing understanding and acceptance of new technologies in healthcare.

Regulatory changes

Software-as-a-medical-device is a relatively new but increasingly understood category for regulatory oversight in the medical sector. Echo IQ offers decision support software that falls both within and outside regulatory orbits, depending on the territory. Whilst it can be hard to predict future changes to this landscape, the Company does not anticipate any medium-term changes in this area to negatively impact its ability to bring new solutions to market.

Economic developments

The financial year ending June 30, 2023 was characterised by the easing of COVID-19 restrictions. Inflation emerged as an economic factor along with rising interest rates. This is reported to be affecting discretionary consumer spending in a number of economies however Echo IQ operates in a business-to-business environment that appears to be less affected by some of these factors.

<u>Results Overview</u>

The Group reported a loss for the year ended 30 June 2023 of $7,855,622 (2022: loss of $5,992,040). Included in the loss for the financial year were non-cash Share Based Payments expenses of $2,380,326 and profit from discontinued operations of $410,185 (2022: $498,564) relating to the disposal of Prometheus Information Pty Ltd (as outlined in note 5 to the financial statements).

Operating revenue (excluding discontinued operations) for the financial year totaled $107,332 (2022: $251,103) and operating expenses (excluding Share Based Payments expense and discontinued operations) totaled $6,066,641 (2022: $4,152,840).

Operating and Financial Review (continued)

Segment Overview

The Group is reporting segment information on the same basis as the Group's internal management reporting structure at reporting date. Commentary on the segments follows. Further details are outlined in note 15 to the financial statements.

Echo IQ	FY23 $	FY22 $	Change %
Operating revenue	65,475	-	100%
Segment profit or (loss)	(8,246,404)	(5,660,602)	46%

Houston We Have Software	FY23 $	FY22 $	Change %
Operating revenue	41,857	251,103	-83%
Segment profit or (loss)	(19,403)	(751,569)	-97%

Prometheus Information	FY23 $	FY22 $	Change %
Operating revenue	-	652,989	-100%
Segment profit or (loss)	410,185	498,564	-18%

Echo IQ has identified a number of clear industry segments to pursue commercially, and in the short term is focused on developing these. Accordingly, there continues to be investment in resources ahead of the generation of revenue.

On 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, Prometheus Information Pty Ltd ("Prometheus"). Completion of this transaction occurred on 1 July 2022 and completion of the sale was disclosed to the market on 4 July 2022. The segment profit in financial year 2023 relates to a gain on disposal.

Financial Position and Cash Flow

The net assets of the Group have decreased to $7,382,771 at 30 June 2023 from net assets of $8,019,971 at 30 June 2022, driven by the Group's investments towards its strategic direction in enhanced diagnosis in structural heart disease though ai-backed solution.

The net cash inflow for the Group for the year totaled $878,916 (2022: outflow $1,405,130).

Cash outflows, for the year ended 30 June 2023, from operations totaled $4,940,297 compared with $2,584,797 for 30 June 2022.

Capital expenditure for the year was $339,667 (2022: $367,333), including $325,000 (2022: $325,000) which was paid to NEDA to extend the initial agreement for additional access to the database.

Net cash inflows from financing activities totaled $5,879,023 for the financial year (2022: $1,547,000) was mainly attributable to proceeds from equity issues and exercise of options. In 2022, net cash inflows from financing activities were attributable to exercise of options.

Capital Raising

The Company completed a $3.5 million capital fundraising in November 2022. Funds generated by the placement were raised in order to give Echo IQ the financial flexibility to deliver against its key strategic priorities in the near term.

In addition, the Company raised a further $3 million with respect to unlisted options being exercised on or before 30 June 2023.

Dividends

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

Significant Changes in the State of Affairs

Other than the developments reported elsewhere in this report, specifically the sale of Prometheus Information Pty Limited, there were no significant changes in the state of affairs of the Group during the financial year ended 30 June 2023.

Environmental Regulation

The Group's operations are not regulated by any particular or significant law of the Commonwealth or of a State or Territory of Australia relating to the environment.

Economic, Environmental and Social Sustainability Risks

The Group does not consider that it has any material exposures to environmental and social sustainability risks.

Events Subsequent to Reporting Date

$540,000 in cash was received subsequent to year end relating to exercise of options. This has been included in other receivables at 30 June 2023 (refer to note 8).

On 7 July 2023 the Company issued 20.4 million shares on exercise of options at $0.08 each, and 500,000 shares on exercise of options at $0.12 each, being for a total subscription amount of $1,692,000. As a result, $1,692,000 was transferred from current liabilities to equity (refer to note 11).

On 27 September 2023 the Company issued 1.25 million shares on exercise of options at $0.05 each.

Other than the matters described above, there has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Likely Developments

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group. However, the Directors and management of the Group intend to continue operations as conducted during the financial year and in a manner consistent with the Group's business model and growth strategy (which includes organic and acquisitive growth).

Directors Interests

The relevant interest of each Director in the shares and rights or options over such interests issued by companies within the Group, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Ordinary Shares	Options	Performance Rights
Andrew Grover	28,500,000	21,650,000	-
Steven Formica	25,516,667	15,450,000	-
Stephen Picton	21,764,854	4,000,000	-
Simon Tolhurst	120,000	-*	-

**On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of $0.25. The options require shareholder approval and therefore have not yet been issued on the ASX.*

Share Options

At the date of this report unissued shares of the Group under option are:

Number of options	Exercise price	Expiry date	Listed or Unlisted
45,750,000	$0.05	31-May-24	Unlisted
1,000,000	$0.30	30-Jun-24	Unlisted
8,000,000	$0.10	9-Jun-24	Unlisted
8,000,000	$0.17	9-Jun-24	Unlisted
14,000,000	$0.25	9-Jun-24	Unlisted
13,000,000	$0.30	9-Jun-24	Unlisted
2,000,000	$0.25	29-Oct-24	Unlisted
25,000,000	$0.25	17-Dec-24	Unlisted
24,500,000	$0.25	2-Feb-25	Unlisted
5,000,000	$0.30	8-Dec-25	Unlisted
5,000,000	$0.50	8-Dec-25	Unlisted

On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of $0.25 and expiry of 3 years. The options require shareholder approval and therefore have not yet been issued on the ASX and are not included in the above table.

Performance Shares

At the date of this report there are no performance shares on issue.

Indemnification and Insurance of Directors and Officers

The Group has indemnified, to the extent permitted by law, the Directors and officers of the Group against any liability incurred by a Director or officer in or arising out of the conduct of the business of the Group or in or arising out of the discharge of that officer's duties. No amount was paid pursuant to these indemnities during the financial year, nor subsequently to the date of this Annual Report.

During the financial year the Group paid, as permitted by law, a premium in respect of a contract to ensure the Directors and officers of the Group against a liability (including legal costs) incurred by a Director or officer in or arising out of the conduct of the business of the Group or in or arising out of the discharge of that officer's duties. Under the terms of that contract, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

Proceedings on Behalf of the Group

No person has applied to a court under section 237 of the Corporations Act 2001 for leave, or been granted leave, to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company pursuant to section 236 with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group.

No Director has been a partner in an audit firm or a director of an audit firm that is an auditor of the Group. There were no non-audit services provided by PKF, the Group's auditor, during the year ended 30 June 2023.

Lead Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and is included within the financial statements.

Remuneration Report – Audited

The Directors present the Remuneration Report for the Group for the year ended 30 June 2023. This Remuneration Report forms part of the Directors' Report in accordance with the requirements of the Corporations Act 2001 and its regulations.

<u>Principles used to determine the nature and amount of remuneration</u>

The remuneration policy of Echo IQ Limited and its controlled entities has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Echo IQ Limited and its controlled entities believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between Directors, Executives and shareholders.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group.

Remuneration levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally and the objectives of the Group's remuneration strategy. The remuneration structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Remuneration packages include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds. Options may only be issued to Directors subject to approval by shareholders in a general meeting. The Board has no established retirement or redundancy schemes.

The remuneration structure that has been adopted by the Group consists of the following components:
- Fixed remuneration being base fees as well as compulsory employer contributions to superannuation funds;
- Short term incentives and bonuses; and
- Long term incentives (as referred to below).

The relationship between the Company’s remuneration principles and performance is based on the Company’s market capitalisation value. The Company is working to develop and commercialise its software and products and does not currently generate positive earnings, and may not do so for some time. Accordingly, the Company considers that it is appropriate to link performance based remuneration to appreciation in its share price, with an increasing share price also increasing the value of shareholdings in the Company. The Group’s earnings results and shareholders’ returns for this reporting period and the previous four reporting periods, against which KMP remuneration and the Group’s remuneration principles and policies can be discussed, are detailed below.

	FY19	FY20	FY21	FY22	FY23
Revenue	824,530	679,872	983,183	904,092	107,332
Net loss after tax	(474,916)	(2,683,801)	(2,994,255)	(5,992,040)	(7,855,622)
Dividends	-	-	-	-	-
Share price changes (high and low)	$0.02 $0.02	$0.05 $0.01	$0.13 $0.03	$0.19 $0.10	$0.23 $0.11

Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the Directors' and senior executives' compensation is competitive in the market place. During the period, no such remuneration consultant was used.

<u>Service contracts</u>

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the Managing Director and the Executive Chairman are set out in formal service agreements as summarised below. The compensation for executive directors was determined by the Board having considered the Company’s financial condition and the Board’s knowledge of remuneration levels for executives with similar skills and experience in software businesses of comparable size and complexity.

Andrew Grover
Andrew Grover as Executive Chairman of the Group is remunerated on the following terms:
- Salary of $240,000 exclusive of superannuation and other statutory requirements effective 1 July 2022.
- Consulting fees review – Mr Grover’s remuneration shall be reviewed by the Board acting as the Remuneration Committee and any change to his remuneration must be approved by the Board.
- Either party may terminate Mr Grover’s employment on one months’ notice, unless agreed otherwise.
- Mr Grover’s employment may be terminated without notice due to serious misconduct.

Steve Formica
Steve Formica as a Non-Executive Director of the Group is remunerated on the following terms:
- Salary of $66,000 per annum, exclusive of superannuation and other statutory requirements effective 1 July 2022.
- Either party may terminate Mr Formica’s agreement on one months’ notice, unless agreed otherwise.
- Mr Formica’s employment may be terminated without notice due to serious misconduct.

Stephen Picton
Stephen Picton as a Non-Executive Director of the Group is remunerated on the following terms:
- Salary of $60,000 per annum, inclusive of superannuation and other statutory requirements effective 1 August 2023.
- Either party may terminate Mr Picton's agreement on one months' notice, unless agreed otherwise.
- Mr Picton's employment may be terminated without notice due to serious misconduct.

Simon Tolhurst
Simon Tolhurst as a Non-Executive Director of the Group is remunerated on the following terms:
- Salary of $66,000 per annum, inclusive of superannuation and other statutory requirements effective 1 June 2023.
- Either party may terminate Mr Tolhurst's agreement on one months' notice, unless agreed otherwise.
- Mr Tolhurst's employment may be terminated without notice due to serious misconduct.

Performance linked compensation

Short-term incentives
No short-term incentives in the form of cash bonuses were granted during the year.

Long-term incentives
The Board, from time to time, will grant incentive options with exercise prices above market share price and performance shares to executives. As such, incentive options and performance shares granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted, which value increase will also benefit other shareholders.

Other

No comments were made on the Group's 2022 remuneration report at the 2022 annual general meeting.

There were no loans made, guaranteed or secured by the Group with a Director, KMP or a close family member of a Director or KMP during the financial year or as at the date of this Remuneration Report.

There were no other Director or KMP transactions.

Directors' and Executive Officers Remuneration

Details of remuneration of Directors and Key Management Personnel of the Group are outlined below.

Remuneration of Directors and Key Management Personnel for the year ended 30 June 2023

	Short Term Benefits			Post Employment Benefits	Long Term Benefits	
	Salary and fees	STI	Other	Superannuation	Long Service Leave	Termination Payments
Andrew Grover	240,000	-	-	25,200	-	-
Steven Formica	66,000	-	-	6,970	-	-
Stephen Picton	45,000	-	-	4,725	-	-
Simon Tolhurst	4,977	-	-	523	-	-
	355,977	**-**	**-**	**37,418**	**-**	**-**

	Equity settled share-based payments		
	Options	Ordinary shares	Performance Shares
Andrew Grover	426,000	-	-
Steven Formica	142,000	-	-
Stephen Picton	205,642	-	-
Simon Tolhurst	49,333	-	-
	822,975	**-**	**-**

**The amounts disclosed under the equity settled share based payments columns are based on accounting values and do not reflect actual payments received by the director.*

***On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of $0.25. The options require shareholder approval and therefore have not yet been issued on the ASX.*

Remuneration of Directors and Key Management Personnel for the year ended 30 June 2022

	Short Term Benefits			Post Employment Benefits	Long Term Benefits	
	Salary and fees	STI	Other	Superannuation	Long Service Leave	Termination Payments
Andrew Grover	129,060	-	-	14,340	-	-
Steven Formica	59,400	-	-	6,600	-	-
Stephen Picton	20,877	-	-	2,088	-	-
Elizabeth Whitelock	54,658	-	-	5,466	-	93,342
	263,995	**-**	**-**	**28,494**	**-**	**93,342**

	Equity settled share-based payments		
	Options	Ordinary shares	Performance Shares
Andrew Grover	873,931	-	-
Steven Formica	582,621	-	-
Stephen Picton	42,428	-	-
Elizabeth Whitelock	-	-	-
	1,498,980	**-**	**-**

**The amounts disclosed under the equity settled share based payments columns are based on accounting values and do not reflect actual payments received by the director.*

Equity Instruments

Ordinary Shares
The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally related entities is as follows:

	Balance at start of the year	Granted during the year	Purchased During the Year	Exercised during the year	Balance at 30 June 2023
Executive Directors					
Andrew Grover	29,116,414	-	-	-	29,116,414
Non-Executive Directors					
Steven Formica	20,166,667	-	-	250,000	20,416,667
Stephen Picton	21,114,854	-	-	650,000	21,764,854
Simon Tolhurst	-	-	120,000	-	120,000

Share Options
The following table sets out the details of the unlisted share option movements during the year ended 30 June 2023.

	Balance at start of the year	Granted during the year	Purchased Off Market During the Year	Exercised during the year	Balance at 30 June 2023
Executive Directors					
Andrew Grover	24,750,000	6,000,000	-	-*	30,750,000
Non-Executive Directors					
Steven Formica	18,750,000	2,000,000	1,600,000	(250,000)*	22,100,000
Stephen Picton	2,000,000	2,000,000	650,000	(650,000)	4,000,000
Simon Tolhurst	-	-*	-	-	-**

**Subsequent to year end, on 7 July 2023 the Company issued 4.35 million shares to Andrew Grover and 7.8 million share to Steven Formica on exercise of options.*
***On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of $0.25. The options require shareholder approval and therefore have not yet been issued on the ASX.*

Details the options over ordinary shares that were granted as compensation to key management personnel during the financial year are detailed in the tables below.

Share Options	Number granted during year	Grant date	Fair value at grant date	Exercise price per option	Expiry date	Number vested during year
Executive Directors						
Andrew Grover	3,000,000	8/12/2022	$0.060	$0.30	8/12/2025	3,000,000
Andrew Grover	3,000,000	8/12/2022	$0.082	$0.50	8/12/2025	3,000,000
Non-Executive Directors						
Steven Formica	1,000,000	8/12/2022	$0.060	$0.30	8/12/2025	1,000,000
Steven Formica	1,000,000	8/12/2022	$0.082	$0.50	8/12/2025	1,000,000
Stephen Picton	1,000,000	8/12/2022	$0.060	$0.30	8/12/2025	1,000,000
Stephen Picton	1,000,000	8/12/2022	$0.082	$0.50	8/12/2025	1,000,000
Simon Tolhurst	5,000,000*	1/06/2023	$0.060	$0.25	1/06/2026	5,000,000

**On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of $0.25. The options require shareholder approval and therefore have not yet been issued on the ASX.*

Performance Shares
There were no performance rights on issue during 2023 financial year.

<u>Key Management Personnel Transactions</u>

There were no other Director and KMP transactions.

End of remuneration report.

Rounding of Amounts

The amounts in this report and the financial statements have been rounded to the nearest dollar, in accordance with *ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191*. Any discrepancies between totals and sums of components in tables and figures contained in this report are due to rounding.

This report is made on 28 September 2023 in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporation Act 2001, and is signed for and on behalf of the Directors.

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Andrew Grover
Executive Chairman

28 September 2023

Advisory • Audit
Business Solutions

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ECHO IQ LIMITED

In relation to our audit of the financial report of Echo IQ Limited for the year ended 30 June 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

SHANE CROSS
PARTNER

28 September 2023
WEST PERTH,
WESTERN AUSTRALIA

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Continuing Operations			
Revenue	3	107,332	251,103
Other income		73,828	40,542
Audit fees		(75,843)	(113,550)
Consulting and professional fees		(1,543,240)	(1,260,839)
Employee costs		(2,586,063)	(1,540,637)
Marketing and public relations expense		(105,126)	-
Directors' fees		(376,670)	(236,737)
Depreciation and amortisation	9/10	(607,267)	(640,206)
Other expenses		(664,776)	(280,603)
Share based payments expense	14	(2,380,326)	(2,629,409)
Share registry and listing fees		(107,656)	(80,268)
Loss before tax		(8,265,807)	(6,490,604)
Income tax benefit/(expense)	6	-	-
Loss from continuing operations		(8,265,807)	(6,490,604)
Discontinued Operations			
Profit from discontinued operation	5	410,185	498,564
Loss for the year		(7,855,622)	(5,992,040)
Other Comprehensive Income			
Foreign currency translation		(9,427)	-
Total Comprehensive loss for the year		(7,865,049)	(5,992,040)
Earnings per share			
Basic and diluted loss per share from continuing operations (cents)	4	(1.84)	(1.65)
Basic and diluted loss per share from discontinued operations (cents)	4	0.09	0.12
Total basic and diluted loss per share (cents)	4	(1.75)	(1.53)

The accompanying notes form part of these consolidated financial statements.

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,276,398	2,406,909
Trade and other receivables	8	636,515	270,267
Prepayments		65,056	47,919
Assets held for sale	5	-	495,888
Total Current Assets		3,977,969	3,220,983
Non-Current Assets			
Investments		4,545	4,545
Plant and equipment	9	34,149	40,108
Intangible assets	10	6,367,022	6,966,441
Total Non-Current Assets		6,405,716	7,011,094
Total Assets		10,383,685	10,232,077
LIABILITIES			
Current Liabilities			
Trade and other payables	11	2,900,243	1,711,028
Employee benefits	12	90,671	53,968
Contract liabilities – unearned income		10,000	13,068
Liabilities held for sale	5	-	434,042
Total Current Liabilities		3,000,914	2,212,106
Total Liabilities		3,000,914	2,212,106
Net Assets		7,382,771	8,019,971
EQUITY			
Contributed equity	13	35,997,376	30,400,345
Reserves	14	6,577,084	5,334,971
Accumulated losses		(35,191,689)	(27,715,345)
Total Equity		7,382,771	8,019,971

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year Ended 30 June 2023

Consolidated	Note	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	13	3,491,041	-	-	-	**3,491,041**
Capital raising costs	13	(187,018)	-	-	-	**(187,018)**
Options exercised	13/14	2,136,258	(713,258)	-	-	**1,423,000**
Performance rights exercised	13/14	36,250	(36,250)	-	-	**-**
Options lapsed	14	-	(379,278)	-	379,278	**-**
Share based payments	13/14	120,500	2,380,326	-	-	**2,500,826**
Loss for the period		-	-	-	(7,855,622)	**(7,855,622)**
Other comprehensive income		-	-	(9,427)	-	**(9,427)**
Total comprehensive loss for the year		-	-	(9,427)	(7,855,622)	(7,865,049)
Balance at 30 June 2023		**35,997,376**	**6,586,511**	**(9,427)**	**(35,191,689)**	**7,382,771**

Consolidated		Contributed Equity $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2021		**27,940,029**	**3,618,878**	**-**	**(21,723,305)**	**9,835,602**
Equity issues		-	-	-	-	-
Capital raising costs		-	-	-	-	-
Options exercised	13/14	2,246,316	(699,316)	-	-	1,547,000
Options lapsed	13/14	-	(73,213)	-	-	(73,213)
Performance shares issued	13	214,000	(214,000)	-	-	-
Share based payments	13/14	-	2,702,622	-	-	2,702,622
Loss for the period		-	-	-	(5,992,040)	(5,992,040)
Other comprehensive income		-	-	-		-
Total comprehensive loss for the year		-	-	-	(5,992,040)	(5,992,040)
Balance at 30 June 2022		**30,400,345**	**5,334,971**	**-**	**(27,715,345)**	**8,019,971**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year Ended 30 June 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Cash flows from operating activities			
Receipts from customers		107,931	1,206,667
Payments to suppliers and employees		(5,154,405)	(3,827,739)
Government grants received		65,641	36,275
Interest received		40,540	-
Net cash from / (used in) operating activities	7	(4,940,293)	(2,584,797)
Cash flows from investing activities			
Purchase of plant and equipment		(14,667)	(42,333)
Payment for intangible assets		(325,000)	(325,000)
Proceeds on disposal of subsidiary	5	279,853	-
Net cash from / (used in) investing activities		(59,814)	(367,333)
Cash flows from financing activities			
Proceeds from equity issues		3,491,040	-
Proceeds from exercise of options		2,575,000	1,547,000
Cost of equity issues		(187,017)	-
Net cash provided from / (used in) financing activities		5,879,023	1,547,000
Cash and cash equivalents at beginning of the period		**2,406,909**	**3,812,039**
Effect of foreign exchange		(9,427)	**-**
Net increase/(decrease) in cash held		878,916	(1,405,130)
Cash and cash equivalents at period end		**3,276,398**	**2,406,909**

The accompanying notes form part of these consolidated financial statements.

1. Reporting Entity

The consolidated financial report covers Echo IQ Limited and its controlled entities ('the Group'). Echo IQ Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors on 28 September 2023.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group 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.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Echo IQ Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Echo IQ Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Significant accounting policies (continued)

Principles of consolidation (continued)
The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group.

Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in equity accounted investees
Interests in equity-accounted investees comprise interests in associates or joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than the rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Business combinations
Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity. The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date. Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss. All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities. Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date.

Discontinued operation
Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

2. Significant accounting policies (continued)

Discontinued operation (continued)
Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise, subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency transactions
The financial statements are presented in Australian dollars, which is Echo IQ Limited's functional and presentational currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue Recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

2. Significant accounting policies (continued)

Revenue Recognition (continued)
Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

The Group assessed its revenue streams and the above noted performance obligations and measurement methods have been identified and adopted in the preparation of these financial statements. The Group recognises contract assets in relation to the Group’s right to consideration for work completed but not invoiced at the reporting date. Certain arrangements with customers require the customer to formally accept the product before an invoice can be raised.

The contract assets are transferred to receivables when the rights become unconditional. The timing of invoicing and payment is dependent on the specific terms and conditions of the underlying contract. However, invoices are typically payable within 30 days.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government Grants
When the Company receives government grants it performs an assessment to determine if the contract is ‘enforceable’ and contains ‘sufficiently specific’ performance obligations. In the cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2. Significant accounting policies (continued)
Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Echo IQ Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

2. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Investments and other financial assets (continued)
Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

2. Significant accounting policies (continued)

Property plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation
Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Depreciation of leasehold improvements is calculated over the shorter of the life of the lease or the estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

	Useful Life	Method
Computer software/equipment	2 to 5 years	Straight-line method

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets and goodwill
Recognition and measurement
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value as at the date of acquisition.

Research and Development costs
Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost and is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Other Intangible Assets
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation
The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible

2. Significant accounting policies (continued)

Intangible assets and goodwill (continued)
asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets.

Amortisation is calculated over the estimated useful life of the asset as follows:

	Useful Life
Development costs	2 to 5 years
Computer software	2 to 5 years
Contract intangible assets	17 years
Goodwill	Indefinite

Impairment of non-financial assets
At each reporting date management reviews the carrying amounts of its non-financial assets included in the scope of AASB 136 to determine whether there is any indication of impairment. If any such indication exists than the assets recoverable amount is estimated.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised.

The recoverable amount of the asset or CGU is the greater of its value in use or fair value less costs of disposal. Value in use is based on estimated future cash flows discounted to their present value using a post-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment expense is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For any other assets, an impairment loss is only reversed to the extent the carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Finance costs
Finance cost includes all interest-related expenses, interest expense is recognised using the effective interest rate method.

2. Significant accounting policies (continued)

Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be readily estimated.

Share based payment arrangements

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non- market performance vesting conditions. Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non- market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

Other long term benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

2. Significant accounting policies (continued)

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Echo IQ Limited , excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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 Group recorded a loss for the period ended 30 June 2023 of $7,855,622 (2022: loss of $5,992,040) and used $4,940,293 (2022: $2,584,797) of cash in operations. Included in the loss for the period is a profit from discontinued operations of $410,185 (2022: $498,564). As at 30 June 2023, the Group had cash and cash equivalents of $3,276,398 (30 June 2022: $2,406,909), net assets of $7,382,771 (30 June 2022: $8,019,971), and a net current asset position of $977,055 (30 June 2021: $1,008,877).

The Directors' have prepared cash flow projections for the period up to 30 September 2024 that support the Group's ability to continue as a going concern. These cash flows assume the Group will incur net operating cash outflows for the period up to 30 September 2024 as it continues to invest in the research, development, and commercialisation of its Echo IQ technology. Sufficient cash reserves are forecast to be maintained during the forecast period. These sufficient cash reserves are reliant on the Group maintaining expenditures in line with available funding and the exercise of options held by current and past employees, Director's, suppliers and investors which are due to expire within the period.

Whether these options are exercised is inherently uncertain and if such options are not exercised, the Group plans to reduce expenditure to the level of funding available and/or raise additional capital.

However, given the inherent uncertainty regarding exercise of the options or the Group's ability to raise additional capital, the above circumstances give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

2. Significant accounting policies (continued)
Going concern (continued)

In the event that the Group does not obtain additional funding through the exercise of options or through other capital raising activities and/or reduce expenditure in line with available cash, the achievement of which is uncertain until secured or realised, 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 financial report.

Use of Judgements and Estimates
The Directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information becomes known, the actual results may differ from the estimates. The significant estimates and judgements made are as follows:

- Impairment assessment (see Note 10)
- Useful life of intangible assets (Note 10)
- Share based payments (see Note 14)

<u>Key judgements</u>
In addition to the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty applied to the consolidated financial statements, management has made significant judgements and estimates in relation to the following transactions that occurred during the period:

- Going concern (see Note 2)
- Revenue (see Note 3)

<u>Measurement of fair values</u>
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Directors have overall responsibility for overseeing all significant fair value measurements, including level 3 fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: input for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Share based payments (see Note 14)

3. Revenue

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Revenue from continued operations	107,332	251,103
Revenue from discontinued operations	-	652,989
	107,332	**904,092**

Disaggregation of revenue from continued operations

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Software updates, SaaS, technical environment and support services	89,615	133,804
Training and consulting services	17,717	117,299
	107,332	**251,103**

Timing of revenue recognition

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Over time	89,615	133,804
At a point in time	17,717	117,299
	107,332	**251,103**

4. Loss per share

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Weighted average number of shares on issue	448,035,662	392,825,911
Basic and diluted loss per share from continuing operations (cents)	(1.84)	(1.65)
Basic and diluted loss per share from discontinued operations (cents)	0.09	0.12
Total basic and diluted loss per share (cents)	(1.75)	(1.53)

5. 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.

In the financial year ending 30 June 2022, the Group has classified the assets and liabilities of the Prometheus subsidiary as Held for Sale in the Consolidated Statement of Financial Position and the net profit of the subsidiary as Discontinued Operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Financial information relating to discontinued operations is set out below.

a) Assets and liabilities of disposal entity held for sale

At 30 June 2022, the disposal entity was stated at its carrying amount and comprised of the following assets and liabilities.

	Consolidated 30 June 2023 $	**Consolidated 30 June 2022 $**
Trade and other receivables	-	73,721
Purchase settlement clearing	-	231,767
Intangibles	-	190,400
Assets held for sale	-	495,888
Trade and other payables	-	84,000
Unearned revenue	-	350,402
Liabilities held for sale	-	434,402

b) Results of discontinued operations

	Consolidated 30 June 2023 $	**Consolidated 30 June 2022 $**
Results of discontinued operations		
Revenue	-	652,989
Expenses	-	(154,425)
Gain on disposal		
Results from operating activities	-	498,564
Income tax	-	-
Results from operating activities, net of tax	**-**	**498,564**
Gain on disposal of subsidiary	410,185	-
Profit from discontinued operations	**410,185**	**498,564**

c) Cash flows from (used in) discontinued operations

During the year ended 30 June 2023, net cash inflow from disposal of the discontinued operation was $279,853.

6. Income tax

A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Loss before tax	(7,855,622)	(5,992,040)
Statutory income tax rate for the Group at 25.0% (2022: 25.0%)	(1,963,906)	(1,498,010)
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income:		
Share based payment expense	-	657,352
Non-deductible expenditure	742,383	10,847
Current year tax losses not recognised	1,307,430	989,891
Non-assessable income	-	-
Movement in unrecognised temporary differences	(41,300)	(117,343)
Deductible equity raising costs	(44,607)	(42,737)
Income tax expense reported in the statement of comprehensive income	**-**	**-**

Unrecognised deferred tax assets

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Deductible temporary differences	221,780	298,336
Tax revenue losses	4,138,115	2,830,686
Tax capital losses	-	-
	4,359,895	**3,129,022**

The temporary deductible differences and tax losses do not expire under the current tax legislation. Deferred tax assets of $4,359,895 (2022: $3,636,923) have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits of the deferred tax asset.

7. Cash and cash equivalents

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Cash at bank	3,276,299	2,406,810
Cash on hand	99	99
	3,276,398	**2,406,909**

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Reconciliation of Cashflows from Operating Activities		
Loss before tax	(8,265,807)	(5,992,040)
Amortisation and depreciation	622,772	793,806
Share based payments (note 14)	2,500,826	2,629,409
Gain on disposal of assets	(2,727)	-
Change in trade and other receivables	117,026	(155,925)
Change in trade and other payables	53,982	273,292
Change in employee benefits	36,703	(145,989)
Change in contract liabilities	(3,068)	12,650
Net cash used in operating activities	**(4,940,293)**	**(2,584,797)**

8. Trade and other receivables

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Trade receivables	-	3,667
Government grants receivable	-	35,080
GST receivable	76,079	217,941
Other receivables*	560,436	13,579
	636,515	**270,267**

*Included in other receivables is $540,000 relating to exercise of options. This was received in July 2023, refer to note 22 for further details.

9. Plant and equipment

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Historical Cost		
Balance at beginning of period	123,723	81,390
Additions	17,390	42,333
Balance at end of period	141,113	123,723
Accumulated Depreciation		
Balance at beginning of period	(83,615)	(48,236)
Depreciation	(23,353)	(35,379)
Balance at end of period	(106,968)	(83,615)
Carrying Value		
Balance at beginning of period	40,108	33,154
Balance at end of period	**34,145**	**40,108**

10. Intangible assets

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Software at cost	1,065,002	1,065,002
Less accumulated amortisation	(516,811)	(328,860)
	548,191	736,142
NEDA contractual asset at cost	6,558,046	6,558,046
Less accumulated amortisation	(739,215)	(327,747)
	5,818,831	6,230,299
Total intangible assets	**6,367,022**	**6,966,441**

Reconciliation of intangible assets:

	Goodwill (i)	Intellectual property	Software	NEDA contractual asset	Total
Opening balance 2022					
Cost	139,200	196	1,525,802	5,258,046	**6,923,244**
Accumulated amortisation	-	(196)	(285,412)	(22,368)	**(307,976)**
Net book amount	139,200	-	1,240,390	5,235,678	**6,615,268**
Movement					
Additions	-	-	-	1,300,000	**1,300,000**
Reclassification of assets held for sale – cost	(139,200)	-	(460,800)	-	**(600,000)**
Reclassification of assets held for sale – Accumulated Amortisation	-	-	409,600	-	**409,600**
Disposals	-	-	-	-	-
Amortisation	-	-	(453,048)	(305,379)	**(758,427)**
Closing net book amount	-	-	736,142	6,230,299	**6,966,441**
Closing balance 2022					
Cost	-	196	1,065,002	6,558,046	**7,623,244**
Accumulated amortisation	-	(196)	(328,860)	(327,747)	**(656,803)**
Net book amount	-	-	736,142	6,230,299	**6,966,441**
Opening balance 2023					
Cost	-	196	1,065,002	6,558,046	**7,623,244**
Accumulated amortisation	-	(196)	(328,860)	(327,747)	**(656,803)**
Net book amount	-	-	736,142	6,230,299	**6,966,441**
Movement	-	-	-	-	**-**
Addition	-	-	-	-	**-**
Disposals	-	-	-	-	**-**
Amortisation	-	-	(187,951)	(411,468)	**(599,419)**
Closing net book amount	-	-	548,191	5,818,831	**6,367,022**
Closing balance 2023					
Cost	-	196	1,065,002	6,558,046	**7,623,244**
Accumulated amortisation	-	(196)	(516,811)	(739,215)	**(1,256,222)**
Net book amount	-	-	548,191	5,818,831	**6,367,022**

10. Intangible assets (continued)

(i) Goodwill relates to the acquisition to Prometheus Information Pty Ltd. Goodwill has been tested for impairment in prior years on a value-in-use as further detailed in impairment testing below. In the year ended 30 June 2022, goodwill and other intangible assets relating to Prometheus Information Pty Ltd has been transferred to assets held for sale at their carrying value and assessed for impairment as described in Note 5(b).

Assessment of contractual asset useful life

The useful life of the software has been assessed as 3 remaining years, and the useful life of the contractual intangible (being access to the National Echo Database of Australia (NEDA)) has been assessed as 15 remaining years which is in line with the remaining period of the current 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:

- (i) the evolving nature of the database, which provides access to an increasing number of records over time; and
- (ii) Expected additions to the number of institutions contributing to the database over time;
- (iii) the critical and continuing role of echocardiographic measurement data in diagnosis of multiple cardiac conditions;
- (iv) 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
- (v) increasing prevalence of treatable conditions that supports the need for enhanced diagnostic tools.

11. Trade and other payables

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Trade payables	109,753	239,755
PAYG payable	175,200	-
Superannuation payable	42,839	-
Accrued expenses	230,451	189,740
Other Payables	650,000	1,281,533
Funds received for exercise of options*	1,692,000	-
	2,900,243	**1,711,028**

*This balance relates to funds received from exercise of options for which shares were not issued until after the year end. On 7 July 2023 the Company issued 20.4 million shares on exercise of options at $0.08 each, and 500,000 shares on exercise of options at $0.12 each, being for a total subscription amount of $1,692,000. Refer to note 22 for further details.

12. Employee benefits

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Current		
Annual leave	71,115	49,702
Long service leave	19,556	4,266
	90,671	**53,968**

13. Contributed equity

	Consolidated 30 June 2023 No. of Ordinary Shares	Consolidated 30 June 2023 $	Consolidated 30 June 2022 No. of Ordinary Shares	Consolidated 30 June 2022 $
At 1 July	429,382,713	30,400,345	380,707,713	27,940,029
Share issue: capital raising (i)	23,333,333	3,491,044	-	-
Share issue: share based payments (ii)	813,330	120,500	-	-
Exercise of options	18,475,000	2,136,008	38,675,000	2,246,316
Share issue: Performance shares conversion	250,000	36,500	10,000,000	214,000
Capital raising costs	-	(187,018)	-	-
Contributed equity at end of period	472,254,376	35,997,379	429,382,713	30,400,345

(i) The Company issued 23m shares through a placement in October 2022.
(ii) The Company paid consultants and employees through issue of a total of 813,330 shares.

14. Share Based Payments Reserve

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Balance at beginning of period	5,334,971	3,618,878
Vesting of options	2,380,326	2,702,622
Options exercised	(713,258)	(699,316)
Performance rights exercised	(36,250)	-
Options lapsed	(379,278)	(73,213)
Performance shares issued	-	(214,000)
Balance at end of period	**6,586,511**	**5,334,971**

Share based payments expense recognised in Statement of Profit or Loss and Other Comprehensive income

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Share based payment expense	2,380,326	2,629,409
Consulting and professional fees	77,000	-
Employee costs - bonus paid in shares	43,500	-
	2,500,826	**2,629,409**

	2023 Number	Weighted Average Price
Options		
Balance at beginning of period	176,375,000	$0.14
Options granted	30,000,000	$0.30
Options exercised	(18,475,000)	$0.08
Options lapsed	(14,500,000)	$0.09
Balance at end of period	**173,400,000**	**$ 0.18**

14. Share Based Payments Reserve (continued)

Subsequent to year end, on 7 July 2023 the Company issued 20.4 million shares on exercise of options at $0.08 each, and 500,000 shares on exercise of options at $0.12 each. On 27 September 2023 the Company issued 1,250,000 shares on exercise of options at $0.05 each.

	2023 Number
Performance Rights	
Balance at beginning of period	250,000
Performance Rights granted	-
Performance Rights exercised	(250,000)
Performance Rights lapsed	-
Balance at end of period	-

Share option program

Options are granted under the Company's Incentive Option Scheme, and eligible participants can be employees, consultants or advisors. Options issued pursuant to the Scheme are issued free of charge. The ability for a participant to exercise the options is restricted in accordance with the terms and conditions detailed in the Incentive Option Scheme. The exercise period may also be affected by other events as detailed in the terms and conditions of the scheme. Each option entitles the holder to subscribe for and be allotted one share. Shares issued pursuant to the exercise of options, including bonus issues, and new issues, rank equally and carry the same rights and entitlements as other shares on issue.

Fair value share options

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	Employee Options	Director Options Class A	Director Options Class A	Advisor Options	Director Options*
Number of options	10,000,000	5,000,000	5,000,000	10,000,000	5,000,000
Exercise price	0.25	0.30	0.50	0.25	0.25
Expiry date	2/07/2025	8/12/2025	8/12/2025	2/02/2025	1/06/2026
Grant date	8/08/2022	28/11/2022	28/11/2022	28/11/2022	1/06/2023
Share price at grant date	0.14	0.185	0.185	0.185	0.15
Risk free interest rate	2.96%	3.2%	3.2%	3.2%	4.03%
Volatility	84%	84%	84%	84%	77%
Option value	0.051	0.082	0.06	0.075	0.06

*On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of $0.25 and expiry of 3 years. The options require shareholder approval and therefore have not yet been issued on the ASX.

14. Share Based Payments Reserve (continued)

The terms and conditions of the options granted and on issue during the year were as follows.

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted	Balance at 30 June 2023
Class B Director Options (i)	30/08/19	30/06/23	30/08/19	0.08	$135,876	9,000,000	6,350,000*
Class B Supplier & Employee Options (i)	3/09/19	30/06/23	3/09/19	0.08	$391,913	26,000,000	12,050,000*
Employee Options (ii)	31/10/19	1/11/24	31/07/20	0.04	$86,000	2,000,000	-
Employee Options (iii)	24/02/20	30/06/23	24/02/20	0.08	$9,995	2,000,000	-
Employee Options (ii)	22/05/20	30/06/23	10/08/21	0.08	$28,815	3,000,000	2,000,000*
Class B Supplier & Employee Options (i)	27/08/20	30/06/23	27/08/20	0.06	$262,349	10,000,000	-
Supplier Options (i)	31/05/21	31/05/24	31/05/21	0.05	$769,105	30,000,000	29,750,000**
Employee Options (iv)	31/05/21	31/05/24	30/05/24	0.05	$145,979	2,500,000	2,500,000
Class A Director Options (i)	31/05/21	31/05/24	31/05/21	0.05	$875,873	15,000,000	14,750,000
Class A Supplier Options (v)	31/05/21	9/06/24	31/05/22	0.10	$491,311	8,000,000	8,000,000
Class B Supplier Options (vi)	31/05/21	9/06/24	30/11/22	0.17	$304,804	8,000,000	8,000,000
Class C Supplier Options (vii)	31/05/21	9/06/24	31/05/23	0.25	$193,207	12,000,000	12,000,000
Class D Supplier Options (vii)	31/05/21	9/06/24	31/05/23	0.30	$117,756	12,000,000	12,000,000
Employee Options (ii)	10/06/21	30/06/23	31/12/22	0.20	$51,791	1,000,000	-
Employee Options (ii)	10/06/21	30/06/24	31/12/23	0.30	$41,534	1,000,000	1,000,000
Employee Options (ii)	10/06/21	30/06/23	5/05/22	0.08	$78,570	1,000,000	-
Employee Options (ii)	10/06/21	30/06/23	5/05/23	0.12	$25,129	500,000	500,000*
Employee Options (ii)	12/10/21	9/06/24	12/10/23	0.25	$144,785	2,000,000	2,000,000
Employee Options (ii)	12/10/21	9/06/24	12/10/23	0.30	$66,119	1,000,000	1,000,000
Director Options (ii)	29/11/21	29/10/24	29/11/23	0.25	$127,283	2,000,000	2,000,000
Director Options (i)	29/11/21	17/12/24	29/11/21	0.25	$1,456,552	25,000,000	25,000,000

14. Share Based Payments (continued)

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted	Balance at 30 June 2023
Employee Options (ii)	3/02/22	3/02/25	3/02/24	0.25	$320,000	5,000,000	5,000,000
Employee Options (ii)	3/02/22	3/02/25	3/02/24	0.25	$64,000	1,000,000	1,000,000
Employee Options (ii)	8/08/22	2/02/25	2/02/25	0.25	$510,000	10,000,000	8,500,000
Advisor Options (i)	28/11/22	2/02/25	28/11/22	0.25	$750,000	10,000,000	10,000,000
Director Options - Class A (i)	28/11/22	8/12/25	28/11/22	0.30	$409,284	5,000,000	5,000,000
Director Options - Class B (i)	28/11/22	8/12/25	28/11/22	0.50	$300,927	5,000,000	5,000,000

On his appointment as a non-executive director Simon Tolhurst was granted 5 million options, with an exercise price of $0.25 and expiry of 3 years. The options require shareholder approval and therefore have not yet been issued on the ASX and are not included in the above table.

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

*Subsequent to year end, on 7 July 2023 the Company issued 20.9 million shares on exercise of these options.
**Subsequent to year end, on 27 September 2023 the Company issued 1.25 million shares on exercise of a portion of these options.

Weighted Average Contractual Life
The weighted average remaining contractual life of the options outstanding at 30 June 2023 is 1.2 years (2022: 1.8 years).

15. Operating Segments

The Group is organised based on its products and services and has three reportable segments as follows:

- Houston We Have Software segment, which offers products and services across Defence and other sectors;
- Echo IQ segment, a business acquired on 31 May 2021, which is focused on developing artificial intelligence software that aids in predicting Aortic Stenosis heart condition; and
- Prometheus Information segment, which offers products and services across the Health Insurance sector and was classified as a discontinued operation in the year ended 30 June 2022 (see Note 5).

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. However, Group corporate overhead costs that are not considered to be appropriate to allocate, are not allocated to operating segments.

Geographical locations
All revenue and operating assets are attributed to geographic location based on the location of customers, which are in Australia and the United Kingdom. The revenue and operating assets for the United Kingdom are included below in the Houston.

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Operating revenue		
Echo IQ	65,475	-
Houston We Have Software	41,857	251,103
Prometheus Information (Discontinued Operations)	-	652,989
Consolidated Group operating revenue	**107,332**	**904,092**
Segment profit/(loss) before tax		
Echo IQ	(8,246,404)	(5,739,035)
Houston We Have Software	(19,403)	(751,569)
Prometheus Information (Discontinued Operations)	410,185	498,564
Consolidated Group profit/(loss) before tax	**(7,855,622)**	**(5,992,040)**

Segment net assets	**30 June 2023 $**	**30 June 2022 $**
Echo IQ	7,367,642	3,815,958
Houston We Have Software	15,129	706,051
Prometheus Information (Discontinued Operations)	-	(130,654)
Unallocated	-	3,628,616
Consolidated Group net assets	**7,382,771**	**8,019,971**

* Included in the Operating Segments is Prometheus which is a discontinued operation.

16. Financial Instruments

Financial risk management objectives and policies
The Group's financial instruments comprise deposits with banks, receivables, other deposits, trade and other payables, convertible notes and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency. The Group manages its risk exposure of its financial instruments in accordance with the guidance of the audit and risk management committee and the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
The Board has overall responsibility for the establishment and oversight of the risk management framework. Informal risk management policies are established to identify and analyse the risks faced by the Group. The primary responsibility to monitor the financial risks lies with the CEO and the Company Secretary under the authority of the Board.

Credit risk
Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets. The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia. Credit risk of trade and other receivables is low as it usually consists predominantly of amounts recoverable from taxation, other government authorities and health insurance funds in Australia. All amounts receivable as at 30 June 2023 were received after reporting date.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Ultimate responsibility for liquidity management rests with the Board. The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group. The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual Cashflows	< 1 Year	1 – 5 Years	Interest
	$	$	$	$	$
30 June 2023					
Trade & other payables	(2,900,243)	(2,900,243)	(2,900,243)	-	-
Total	(2,900,243)	(2,900,243)	(2,900,243)	-	-
30 June 2022					
Trade & other payables	(1,711,028)	(1,711,028)	(1,711,028)		
Total	(1,711,028)	(1,711,028)	(1,711,028)	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risks
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

16. Financial Instruments (continued)

Interest rate risk
The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents and interest-bearing security deposits. A change of 100 basis points in interest rates throughout the reporting period would not have increased (decreased) profit or loss by a significant amount. The Group did not have any variable interest rate financial liabilities in the current or prior year. The Group does not have interest rate swap contracts. The Group always analyses its interest rate exposure when considering the renewals of existing positions including alternative financing.

Currency risk
The Group is exposed to transactional foreign currency risk to the extent there is a mismatch between currencies in which sales, purchases, receivables and payables are denominated and the respective functional currencies of the Group companies. The functional currencies of the Group are Australian Dollars (AUD) and Pounds Sterling (GBP). The Group did not designate any net positions in a hedging relationship on the basis of limited transaction value and low risk.

Capital management
The Board's policy is to maintain a strong capital base, where possible, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group is not subject to externally imposed capital requirements.

Estimation of fair values
The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

17. Interests in Controlled Entities

Company Name	**Place of Incorporation**	**% Ownership 2023**	**% Ownership 2022**
HWH Software Pty Ltd	Australia	100%	100%
Prometheus Information Pty* Limited	Australia	-	100%
Houston We Have Limited (UK)**	United Kingdom	-	100%
Echo IQ Pty Ltd	Australia	100%	100%
Data Distillery Pty Ltd	Australia	50%	50%
Niquaero LLC	Mongolia	100%	100%

**Prometheus Information Pty Limited was sold on 1 July 2022*
***Houston We Have Limited was dissolved on 2 May 2023*

18. Commitments and Contingencies

a. Contingent assets
There are no contingent assets as at 30 June 2023.

b. Contingent liabilities
In relation to the acquisition of Echo IQ there is a contingent consideration amount being conditional upon the certain revenue milestone outcomes. The value of this does not form part of the cost of the identified intangible assets. These payments will be expensed as and when the related revenue milestones are achieved. There are no other contingent liabilities as at 30 June 2023.

19. Related party transactions

KMP compensation	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Short term employee benefits	355,977	263,995
Post employment benefits	37,418	28,494
Long term benefits	-	-
Shared based payments	822,975	1,498,980
Termination payments	-	93342
Total	**1,216,370**	**1,884,811**

KMP compensation
Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.

Transactions with related parties
Other than KMP compensation, there were no transactions with related parties during the reporting year.

Outstanding balances arising from sales/purchases of goods and services
There are no outstanding balances arising from sales/purchases of goods and services at the end of the reporting year.

Loan to Directors and their related parties
No loans have been made to any Director or any of their related parties, during the reporting year.

20. Parent entity

	30 June 2023 $	30 June 2022 $
Statement of financial position		
Assets		
Current Assets	3,751,267	1,746,091
Non-current assets	14,566,641	10,863,262
Total Assets	18,317,908	12,609,353
Liabilities		
Current Liabilities	1,821,614	503,522
Non-current liabilities	-	-
Total Liabilities	1,821,614	503,522
Net Assets	**16,496,294**	**12,105,831**
Equity		
Contributed equity	35,997,376	30,400,345
Reserves	6,586,510	5,334,971
Accumulated losses	(26,087,592)	(23,629,485)
Total equity	**16,496,294**	**12,105,831**
Statement of profit or loss and other comprehensive income		
Loss for the year	(4,023,133)	(2,688,959)
Total comprehensive income	(4,023,133)	(2,688,959)

21. Auditors remuneration

	30 June 2023 $	30 June 2022 $
Audit of the financial statements - PKF	69,100	-
Other services provided by the auditors - PKF	-	-
Audit of the financial statements - KPMG	-	113,550
Other services provided by the auditors - KPMG	-	-
	69,100	**113,550**

22. Events after the end of the reporting date

$540,000 in cash was received subsequent to year end relating to exercise of options. This has been included in other receivables at 30 June 2023 (refer to note 8).

On 7 July 2023 the Company issued 20.4 million shares on exercise of options at $0.08 each, and 500,000 shares on exercise of options at $0.12 each, being for a total subscription amount of $1,692,000. As a result, $1,692,000 was transferred from current liabilities to equity (refer to note 11).

On 27 September 2023 the Company issued 1.25 million shares on exercise of options at $0.05 each.

Other than the matters described above, there has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Directors' Declaration

The Directors of the Echo IQ Limited (the Group) declare that:

1. The consolidated financial statements and notes that are set out on pages 17 to 47 and the remuneration report set out on pages 11 to 15 in the Directors' report are in accordance with the *Corporations Act 2001*, including:
    a. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
    b. complying with Australian Accounting Standards and the Corporations 2001; and
    c. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2023.

3. The Directors draw attention to Note 2 in the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

____

Andrew Grover
Executive Chairman

28 September 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECHO IQ LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Echo IQ Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Echo IQ Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report in which indicates that the consolidated entity incurred a net loss of $7,855,622 during the year ended 30 June 2023 and had negative operating cash flow of $4,940,293. These conditions, along with other matters as set forth in Note 2, 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.

Independence

We are independent of the consolidated entity 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate audit opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the matters described below to be a key audit matter to be communicated in our report.

1. Valuation of capitalised intangible assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2023 the carrying value of Intangible assets was $6,367,022 (2022: $6,966,441), as disclosed in Note 10. This was in relation to software and NEDA contractual assets. This represents 61% of total assets of the consolidated entity. The consolidated entity's accounting policy in respect of Intangible assets is outlined in Note 2 of the financial report with the nature of critical estimates and judgements relating to this balance, including: • to determine the useful life of the contractual intangible asset, and its related amortisation expenses. • to determine whether within the scope of AASB 136, there is any indication of impairment on carrying value of intangible assets. • to determine If any such indication exists than the assets recoverable amount to be estimated that reflects the current market assessments of the value of Capitalised cost specific to the intangible assets or CGU. Considering the significant judgement involved in assessing the above critical estimates and judgements of the intangibles assets this was considered to be a key audit matter.	Our work included, but was not limited to, the following procedures: • conducting a detailed review of management's prepared assessment to evaluate the Group's accounting policy in determining the useful life of intangible assets under AASB 138 Intangible Assets, including reviewing key supporting documents and agreements. • conducting a detailed review of management's prepared assessment of impairment indicators of intangible assets, evaluating the internal and external sources of information under AASB 136 to challenge management's assessment. • reviewing the various disclosures in Notes 2 and note 10 for accuracy and completeness with AASB 138 Intangibles.

2. Share Based Payments

Why significant	How our audit addressed the key audit matter

As at 30 June 2023, the value of Share Based Payments Reserve being $6,586,511 as disclosed in Note 14. In addition, during the year a share-based payment expense of $2,380,826, consulting and professional charges of $77,000 and employee bonuses of $43,500 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.
 	
The consolidated entity's accounting judgement and estimates in respect of share-based payments is outlined in Note 2.
 	
Significant judgement is required in relation to:
• The valuation method used in the model; and
• The assumptions and inputs used within the model.
	Our work included, but was not limited to, the following procedures:
	• Reviewed the company's valuations of the equity instruments issued, including:
	  ○ assessing the appropriateness of the valuation method used; and
	  ○ assessing the reasonableness of the assumptions and inputs used within the valuation model.
	• Reviewed Board meeting minutes and ASX announcements as well as enquired of relevant personnel to ensure all share-based payments had been recognised;
	• Assessed the allocation and recognition to ensure these are reasonable; and
	• Assessed the appropriateness of the related disclosures in Notes 2 and 14.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Advisory • Audit
Business Solutions

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Echo IQ Limited for the year ended 30 June 2023 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Perth

PKF PERTH

SHANE CROSS
AUDIT PARTNER

28 SEPTEMBER 2023
WEST PERTH
WESTERN AUSTRALIA

Corporate Governance Statement

The Board is committed to achieving and demonstrating high standards of corporate governance. The Board has implemented corporate governance policies and practices which it considers appropriate for the scale and maturity of the Group's business and operations. The Group has reviewed its corporate governance practices against the 'Corporate Governance Principles and Recommendations (4th Edition)' published by the ASX Corporate Governance Council. The Group's Corporate Governance Statement for the financial year ended 30 June 2023 has been approved by the Board and is dated 28 September 2023. The Group's Corporate Governance Statement and Corporate Governance Plan are both available on the Group's website at https://www.echoiq.ai/investor-centre#governance

Additional ASX Information

The Group sets out below additional information required by ASX Listing Rule 4.10 and not disclosed elsewhere in this report, along with information required to be disclosed as a condition of ASX Listing Rule waivers and confirmations given to the Group by ASX. This information is current as at 22 September 2023.

Securities

Quotation has been granted for 493,154,376 ordinary shares of the Company on the Australian Securities Exchange.

Quoted Securities

ASX Code	Number of Holders	Security Description	Total Securities
EIQ	1,489	Ordinary Fully Paid	493,154,376

Number and Distribution of Holders

Analysis of number of shareholders by size of holding:

	Fully Paid Ordinary Shares And % of shares held	Options ($0.30, 30/6/2024) And % of securities held	Options ($0.25, 29/10/2024) And % of securities held	Options ($0.25, 17/12/2024) And % of securities held	Options ($0.30, 9/6/2024) And % of securities held	Options ($0.30, 8/12/2025) And % of securities held
1 – 1,000	123 (0.01%)	0	0	0	0	0
1,001 – 5,000	203 (0.13%)	0	0	0	0	0
5,001 – 10,000	190 (0.30%)	0	0	0	0	0
10,001 – 100,000	586 (5.03%)	0	0	0	0	0
100,001 and over	387 (94.52%)	1 (100%)	1 (100%)	3 (100%)	3 (100%)	4 (100%)
Total	**1,489**	**1**	**1**	**3**	**3**	**4**

	Options ($0.10, 9/6/2024) And % of securities held	Options ($0.25, 9/6/2024) And % of securities held	Options ($0.25, 2/2/2025) And % of securities held	Options ($0.05, 31/5/2024) And % of securities held	Options ($0.17, 9/6/2024) And % of securities held	Options ($0.50, 8/12/2025) % of securities held
1 – 1,000	0	0	0	0	0	0
1,001 – 5,000	0	0	0	0	0	0
5,001 – 10,000	0	0	0	0	0	0
10,001 – 100,000	0	0	0	0	0	0
100,001 and over	2 (100%)	4 (100%)	14 (100%)	15 (100%)	2 (100%)	3 (100%)
Total	**2**	**4**	**14**	**15**	**2**	**3**

There are 216 holders holding less than a marketable parcel of fully paid ordinary shares.

Additional ASX Information

Top 20 Shareholders

Details of the 20 largest holdings of quoted fully paid ordinary shares are set out below.

Rank	Shareholder	Number of Shares	%
1.	A22 PTY LTD	28,500,000	5.78
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	25,000,000	5.07
3.	STEVSAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	22,100,000	4.48
4.	RICHMOND BRIDGE SUPERANNUATION PTY LTD <RICHMOND BRIDGE SUPER A/C>	21,764,854	4.41
5.	ALERTE DIGITAL HEALTH PTE LTD	20,636,363	4.18
6.	BELLCOO INVESTMENTS PTY LTD <THE NORTHLAKE S/F A/C>	12,433,099	2.52
7.	SHAH NOMINEES PTY LTD	10,060,162	2.04
8.	HUNT PROSPERITY PTY LTD <INVESTIUS PB MICRO CAP A/C>	10,000,000	2.03
9.	KING CORPORATE PTY LTD	9,100,000	1.85
10.	MR BRIAN JOSEPH GLYNN	9,090,467	1.84
11.	MS LAURA BAILEY	8,500,000	1.72
12.	SHRIVER NOMINEES PTY LTD	7,900,000	1.60
13.	XERYUS INTERNATIONAL PTY LTD	6,590,481	1.34
14.	AWJ FAMILY PTY LTD <A W JOHNSON FAMILY A/C>	6,000,000	1.22
15.	MIKADO CORPORATION PTY LTD <JFC SUPERANNUATION A/C>	6,000,000	1.22
16.	MR GREGORY PETER WILSON	5,600,000	1.14
17.	HEATH NOMINEES (AUST) PTY LTD <THE HEATH FAMILY A/C>	5,422,938	1.10
18.	KLI PTY LTD <THE T TEH'S FAMILY A/C>	5,340,000	1.08
19.	T MITCHELL PTY LTD <THE T MITCHELL S/F A/C>	5,286,499	1.07
20.	LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	5,250,000	1.06

Restricted Securities

All securities are unrestricted.

Substantial Shareholders

	Shares	% of Shares
A22 Pty Limited	28,500,000	5.78%
Steve Formica	25,516,667	5.17%

Voting Rights

Fully paid ordinary shares every member present at a meeting in person or by proxy has one vote on a show of hands, and one vote for each share on a poll.

Performance shares and options: no voting rights.

Additional ASX Information

Unquoted Equity Securities

			Holders of 20% or More		
Class	Total Number of Securities	Total Number of Holders	Number of Holders of 20% or more	Name	Number of Securities
Options Exp 30/6/24 @ $0.30	1,000,000	1	1	N/A	1,000,000
Options Exp 09/06/24 @ $0.10	8,000,000	2	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	3,000,000 5,000,000
Options Exp 09/06/24 @ $0.17	8,000,000	2	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	3,000,000 5,000,000
Options Exp 09/06/24 @ $0.25	14,000,000	4	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	5,000,000 7,000,000
Options Exp 09/06/24 @ $0.30	13,000,000	3	2	Colin Street Investments Pty Ltd Nest Egg Capital Pty Ltd <Shiva A/C>	5,000,000 7,000,000
Options Exp 17/12/24 @ $0.25	25,000,000	3	2	A22 Pty Ltd Formica Investments Pty Ltd <Formica Family Super Fund>	11,800,000 8.800,000
Options Exp 02/02/25 @ $0.25	24,500,000	14	2	Evolution Capital Pty Ltd N/A	5,000,000
Options Exp 31/05/24 @ $0.05	47,000,000	15	2	Bellcoo Investments Pty Ltd <The Northlake S/F A/C> Shah Nominees Pty Ltd <Louis Carsten Super Fund A/C>	10,000,000 13,000,000
Options Exp 29/10/24 @ $ 0.25	2,000,000	1	1	Richmond Bridge Superannuation Pty Ltd <Richmond Bridge Super A/C>	2,000,000
Options Exp 8/12/25 @ $ 0.50	5,000,000	3	3	A22 Pty Ltd Formica Investments Pty Ltd <Formica Family Super Fund> Richmond Bridge Superannuation Pty Ltd <Richmond Bridge Super A/C>	3,000,000 1,000,000 1,000,000
Options Exp 8/12/25 @ $0.30	5,000,000	3	2	A22 Pty Ltd Cibaw Pty Ltd <The Bligh Family A/C> Richmond Bridge Superannuation Pty Ltd <Richmond Bridge Super A/C>	1,850,000 1,500,000 1,000,000

Other

The Group is not currently conducting an on-market buy-back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed. No securities were purchased on-market during the reporting period in respect of an employee incentive scheme.