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Echo IQ

**Echo IQ Limited
And Controlled Entities**
(formerly Houston We Have Limited)
ABN: 48 142 901 353

**CONSOLIDATED INTERIM FINANCIAL REPORT
For the Half Year Ended 31 December 2021**

Contents

Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	24
Independent Auditor's Review Report	25

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Corporate Directory

Directors

Andrew Grover	Executive Chairman
Steven Formica	Non-Executive Director
Steve Picton	Non-Executive Director

Company Secretary

Jessamyn Lyons

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Email: web.queries@computershare.com.au

Auditors

KPMG
Level 11, Corporate Centre One
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Bundall QLD 4217

Securities Exchange

Australian Securities Exchange [ASX: EIQ]

Directors' Report

The Directors present the financial report of the Consolidated Entity for the six months ended 31 December 2021, together with review report thereon. The Consolidated Entity consists of Echo IQ Limited (the Company) and the entities it controlled at period end or from time to time during the financial period.

Directors

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

Andrew Grover Executive Chairman

Andrew has 25 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 30 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.

Steve Picton Non-Executive Director (appointed 20 October 2021)

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

Elizabeth Whitelock Managing Director and Chief Executive Officer (resigned 22 October 2021)

Elizabeth was a co-founder of Houston We Have Software Pty Ltd and was the Group's CEO. Elizabeth started her career in the UK working for the Metropolitan Police Force and has over 25 years' experience in senior management and CEO roles. Elizabeth has worked with organization such as IBM, Information Builders, SAS, Ingres and Microstrategy. These roles shared a focus on Information Management Products and Services and have highlighted her strengths in strategic communications, sales, marketing partner programs while cementing customer relationships.

Elizabeth served as a Director from 8 September 2016 to 22 October 2021.
Elizabeth has no former or other current ASX listed directorships.

Company Secretary

Jessamyn Lyons has held office as the Company Secretary since her appointment on 22 October 2021 and since the end of the period. Lisa Wynne held office until her resignation on 22 October 2021.

Directors' Report

Review of Results and Operations

Results Overview

The Group reported a loss for the half year ended 31 December 2021 of \$3,533,027 (31 December 2020: loss of \$1,117,302).

Included in the loss for the half year were non-cash Share Based Payments expenses of \$2,018,853, for options issued (as outlined in detail in notes 12 and 13 to the financial statements).

Operating revenue for the half year totalled \$452,679 and operating expenses (excluding Share Based Payments expense) totalled \$2,005,853.

Key Business Activities

Subsequent to the acquisition of Echo IQ Global Pty Ltd in June 2021, the Group has undertaken a strategic restructure to focus on Medical Technology and using its artificial intelligence capability to transform the diagnosis of structural heart diseases, starting with aortic stenosis.

The first half of the financial year saw the following key activities undertaken:

- Commencement of maiden clinical studies of Echo IQ technology at St Vincents' hospitals in Sydney and Melbourne, fully funded by Edwards LifeSciences (NYSE: EW);
- A change in company name to Echo IQ from Houston We Have, reflecting the change in primary focus;
- Investment to extend agreement with National Echo Database of Australia (NEDA) for exclusive commercial access to new and additional cardiac health data; and
- Expansion of the leadership team to include internationally experienced Medical Technology professionals in regulatory affairs and commercial development.

In addition to the above, the Group continued its services to the Health Insurance sector, and there continues to be opportunities to bring proprietary software to the Prometheus client base in a complementary and value-adding manner. The Group also continued its contract with the Australian Department of Defence.

Financial Position and Cash Flow

The net assets of the Group as at 31 December 2021 totalled \$8,481,428 compared with \$9,835,602 at 30 June 2021.

The net cash outflow for the Group for the half totalled \$1,293,287 (31 December 2020: net cash outflow of \$701,840).

Cash outflows from operations totalled \$1,114,349 compared with outflows \$691,282 for 31 December 2020.

The total of investing cash outflows for the period totalled \$338,938. There were no investing cashflows for the half year to 31 December 2020.

Net cash inflows from financing activities for the half year to 31 December 2021 were \$160,000, received upon the exercise of options. For the prior comparative period, net cash outflows from financing activities totalled \$10,558, which was solely from the repayment of lease liabilities.

Dividends

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

Directors' Report

Events Subsequent to Reporting Date

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

Lead Auditor's Independence Declaration

The auditor's independence declaration for the period ended 31 December 2021 has been received and is included within the financial statements.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3) of the Corporation Act 2001. Signed in accordance on behalf of the Directors.



Andrew Grover
Executive Chairman

28 February 2022

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Echo IQ Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Echo IQ Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

JJ Frazer
Partner

Bundall

28 February 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half Year Ended 31 December 2021

	Note	Consolidated Entity 31 December 2021 \$	Consolidated Entity 31 December 2020 \$
Revenue	4	452,679	501,815
Other income	5	39,000	256,790
Audit fees		(45,000)	(50,175)
Consulting and professional fees		(551,814)	(196,847)
Employee costs		(736,075)	(753,065)
Finance expenses		-	(992)
Marketing and public relations expense		-	-
Directors' fees		(108,561)	(34,702)
Depreciation and amortisation		(393,787)	(106,146)
Other expenses		(118,045)	(75,062)
Share based payments expenses	13	(2,018,853)	(631,095)
Share of net profits/(losses) of equity accounted associates and joint ventures		-	198
Share registry and listing fees		(52,571)	(28,021)
Acquisition costs		-	-
Loss before tax		(3,533,027)	(1,117,302)
Income tax benefit/(expense)		-	-
Net loss for the year		(3,533,027)	(1,117,302)
Other comprehensive income		-	-
Total comprehensive loss for the year		(3,533,027)	(1,117,302)
Basic loss per share (cents)	14	(0.91)	(0.43)
Diluted loss per share (cents)	14	(0.91)	(0.43)

The accompanying notes form part of these consolidated financial statements.

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**Consolidated Statement of Financial Position
As At 31 December 2021**

	Note	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,518,752	3,812,039
Trade and other receivables	7	189,232	467,750
Total Current Assets		2,707,984	4,279,789
Non-Current Assets			
Investments in associates and joint ventures		4,545	4,545
Plant and equipment	8	29,564	33,154
Intangible assets and goodwill	9	7,539,009	6,615,268
Total Non-Current Assets		7,573,118	6,652,967
Total Assets		10,281,102	10,932,756
LIABILITIES			
Current Liabilities			
Trade and other payables	10	1,032,649	545,286
Employee benefits	11	22,951	199,957
Contract liabilities – unearned income	4	417,245	350,460
Total Current Liabilities		1,472,845	1,095,703
Non-Current Liabilities			
Other payables	10	325,000	-
Employee benefits	11	1,829	1,451
Total Non-Current Liabilities		326,829	1,451
Total Liabilities		1,799,674	1,097,154
Net Assets		8,481,428	9,835,602
EQUITY			
Contributed equity	12	28,379,391	27,940,029
Reserves	13	5,285,156	3,618,878
Accumulated losses		(25,183,119)	(21,723,305)
Total Equity		8,481,428	9,835,602

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity
Half Year Ended 31 December 2021

	Note	Contributed Equity \$	Share Based Payments 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		225,362	(65,362)	-	160,000
Options lapsed		-	(73,213)	73,213	-
Performance shares issued		214,000	(214,000)	-	-
Share based payments	13	-	2,018,853	-	2,018,853
Loss for the period		-	-	(3,533,027)	(3,533,027)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,533,027)	(3,533,027)
Balance at 31 December 2021		28,379,391	5,285,156	(25,183,119)	8,481,428

Consolidated Entity					
	Note	Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2020		20,356,670	1,496,602	(18,729,050)	3,124,222
Equity issues	12	100,000	-	-	100,000
Capital raising costs		-	-	-	-
Share based payments		-	571,095	-	571,095
Loss for the period		-	-	(1,117,302)	(1,117,302)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(1,117,302)	(1,117,302)
Balance at 31 December 2020		20,456,670	2,067,697	(19,846,352)	2,678,015

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
Half Year Ended 31 December 2021

	Note	Consolidated Entity 31 December 2021 \$	Consolidated Entity 31 December 2020 \$
Cash flows from operating activities			
Receipts from customers		555,802	525,945
Payments to suppliers and employees		(1,700,964)	(1,442,575)
Interest paid		-	(992)
Receipts from grants		30,813	226,340
Net cash from / (used in) operating activities		(1,114,349)	(691,282)
Cash flows from investing activities			
Purchase of plant and equipment		(13,938)	-
Payment for contract assets		(325,000)	-
Net cash from / (used in) investing activities		(338,938)	-
Cash flows from financing activities			
Proceeds from equity issues	12	-	-
Proceeds from exercise of options		160,000	-
Repayment of lease liabilities		-	(10,558)
Net cash provided from / (used in) financing activities		160,000	(10,558)
Net increase/(decrease) in cash held		(1,293,287)	(701,840)
Cash and cash equivalents at beginning of the period		3,812,039	3,477,104
Cash and cash equivalents at period end	6	2,518,752	2,775,264

The accompanying notes form part of these consolidated financial statements.

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

The condensed consolidated financial report covers Echo IQ Limited (formerly Houston We Have Limited) and its controlled entities (the Group or Consolidated Entity). Echo IQ Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity primarily involved in product development, marketing and commercialisation of software, products and services. Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The financial report was authorised for issue by the Directors on 28 February 2022.

1. Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2021 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of Houston We Have Limited and its controlled entities as at and for the year ended 30 June 2021, which are available upon request from the Company's registered office at Level 3, 35 Outram Street, West Perth WA 6005.

Going concern

The financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated Entity recorded a loss for the period ended 31 December 2021 of \$3,533,027 (2020: loss of \$1,117,302) and used \$1,114,349 of cash in operations. The Group had cash and cash equivalents of \$2,518,752 (30 June 2021: \$3,812,039), net assets of \$8,481,428 at 31 December 2021 (30 June 2021: \$9,835,602), and a net current asset position of \$1,235,139.

Management have prepared cash flow projections for the period up to 31 March 2023 that support the Group's ability to continue as a going concern. These cash flows assume the Group will incur net operating cash outflows in the 2022 financial year, as it continues to invest in the research, development and commercialisation of its technology and that the Group maintains expenditures in line with available funding. Sufficient cash reserves are forecast to be maintained during the forecast period. These sufficient cash reserves are reliant on the exercise of options held by current and past employees, Director's, suppliers and investors which are due to expire within the period. Whether these options are exercised is inherently uncertain. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

If required, management expects it is able to undertake a range of actions to maintain its positive cash reserves throughout the forecast period including reducing expenditures further in line with available funding and/or raising additional capital. The directors believe the Group has the ability to meet its debts as and when they fall due for the reasons outlined above.

In the event that the Group does not obtain funding through the exercise of options or through other capital raising activities and/or reduce expenditure in line with available cash, 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 interim financial report.

2. Summary of significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2021, unless otherwise stated. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. A number of new standards are effective from 1 July 2021 but they do not have a material impact to the group's financial statements.

Notes to the Financial Statements
For the Half Year Ended 31 December 2021

3. Critical accounting estimates and judgements

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 consistent with those made at 30 June 2021.

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 31 December 2020 \$
4. Revenue		
a. Details of revenue		
Software licence and consulting revenue	452,679	501,815
	452,679	501,815

b. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

	31 December 2021 \$	30 June 2021 \$
Receivables which are included in trade and other receivables	36,464	133,203
Contract assets	30,000	19,800
Contract liabilities	(417,245)	(350,460)

The contract assets relate primarily to the Group's rights to consideration for work completed but not billed at reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities relate to the advance consideration received from customers for licenses or services for which revenue is recognised over time.

c. Disaggregation of revenue

The Group has reviewed its revenue streams in a manner consistent with 30 June 2021 and provides the following disaggregated information:

		31 December 2021 \$	31 December 2020 \$
Performance obligation	Timing of revenue recognition		
Provision of software licenses, hardware and installation	Point in time on acceptance by the customer	-	-
Software updates, SaaS, technical environment and support services	Over time, over the term of the contracted service period	137,817	339,593
Integration services	Point in time, on integration of the software	-	-
Training and consulting services	Over time, as and when services are performed	285,129	128,072
Software licenses as agent	Over time, over the term of the contracted service period	29,733	34,150
		452,679	501,815

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Notes to the Financial Statements
For the Half Year Ended 31 December 2021

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 31 December 2020 \$
5. Other Income		
Government subsidies (R&D Incentive)	39,000	-
Government subsidies (Cash Boost and JobKeeper)	-	256,790
	<u>39,000</u>	<u>259,790</u>

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
6. Cash and Cash Equivalents		
Cash at bank	2,518,653	3,811,940
Cash on hand	99	99
	<u>2,518,752</u>	<u>3,812,039</u>

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
7. Trade and Other Receivables		
Trade receivables	36,464	133,203
Contract assets (note 4(b))	30,000	19,800
Government grant receivable	39,000	89,806
GST receivable	77,857	106,715
Other receivables	736	736
Prepayments	5,175	117,490
	<u>189,232</u>	<u>467,750</u>

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Notes to the Financial Statements
For the Half Year Ended 31 December 2021

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
8. Plant and Equipment		
<u>Historical Cost</u>		
Balance at beginning of period	81,390	78,830
Additions	13,937	2,560
Balance at end of period	<u>95,327</u>	<u>81,390</u>
<u>Accumulated Depreciation</u>		
Balance at beginning of period	(48,236)	(16,449)
Depreciation	(17,527)	(31,787)
Balance at end of period	<u>(65,763)</u>	<u>(48,236)</u>
<u>Carrying Amounts</u>		
Balance at beginning of period	33,154	62,381
Balance at end of period	<u>29,564</u>	<u>33,154</u>

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
9. Intangibles and Goodwill		
Intellectual property		-
Other software		-
Software acquired (i)	883,442	1,240,390
Goodwill (ii)	139,200	139,200
Contract Assets (iii)	6,516,367	5,235,678
	<u>7,539,009</u>	<u>6,615,268</u>

(i) Relates to the software asset from the acquisition of Echo IQ Pty Ltd during the year ended 30 June 2021.

(ii) The Group performs its impairment test on an annual basis, or more frequently when circumstances indicate that the carrying value may be impaired. The directors and management have not identified any indicators for impairment at period end. As there were no indicators for impairment, management has not updated its impairment test.

(iii) Relates to an intangible contract asset from the acquisition of Echo IQ Pty Ltd during the year ended 30 June 2021, and an additional agreement entered into during the half year to 31 December 2021 for a contract value of \$1,300,000 of which \$975,000 remains payable as at 31 December 2021. These payments are due in equal instalments of \$325,000 up to February 2023. The useful life has been assessed as 17 years.

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Notes to the Financial Statements
For the Half Year Ended 31 December 2021

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
10. Other Payables		
Current		
PAYG and superannuation payable	62,540	32,281
GST payable	18,409	-
Sundry payables and accrued expenses	220,347	253,999
Trade creditors	81,353	259,006
Amount payable in relation to intangible contract asset	650,000	-
	<u>1,032,649</u>	<u>545,286</u>
Non-Current		
Amount payable in relation to intangible contract asset	325,000	-
	<u>325,000</u>	<u>-</u>
	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
11. Employee benefits		
<u>Current</u>		
Annual leave	22,951	125,309
Long service leave	-	74,648
	<u>22,951</u>	<u>199,957</u>
<u>Non-Current</u>		
Long service leave	1,829	1,451
	<u>1,829</u>	<u>1,451</u>

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Notes to the Financial Statements
For the Half Year Ended 31 December 2021

	Consolidated 31 December 2021		Consolidated 30 June 2021	
	No. of Ordinary Shares	\$	No. of Ordinary Shares	\$
12. Contributed Equity				
At 1 July	380,707,713	27,940,029	257,757,713	20,356,670
Share issue: capital raising (i)	-	-	50,000,000	2,506,000
Share issue: acquisition of Echo IQ Pty Ltd (ii)	-	-	30,000,000	3,000,000
Share issue: corporate advisor shares (iii)	-	-	30,000,000	1,500,000
Executive Director shares issued (iv)	-	-	4,000,000	100,000
Exercise of options (v)	3,625,000	225,362	8,950,000	631,140
Share issue: Performance shares conversion (vi)	10,000,000	214,000	-	-
Capital raising costs (vii)	-	-	-	(153,781)
Contributed equity at end of period	<u>394,332,713</u>	<u>28,379,391</u>	<u>380,707,713</u>	<u>27,940,029</u>

- (i) In March and April 2021, the Consolidated Entity raised \$2,506,000 for the placement of 50,000,000 fully paid ordinary shares to fund the acquisition and growth of Echo IQ Pty Ltd.
- (ii) A component of consideration for the acquisition of Echo IQ Pty Ltd was 30,000,000 shares at \$0.10 per share.
- (iii) Corporate advisors for the acquisition of Echo IQ Pty Ltd received 30,000,000 shares at \$0.05 per share.
- (iv) In July 2020, 4,000,000 shares were issued to Mr Andrew Grover as payment for his director fees in relation to the prior financial year (as disclosed in the remuneration report).
- (v) During the period, 3,625,000 shares were issued after vested options were exercised (half year ended 31 December 2020: 8,950,000). All issued shares are fully paid.
- (vi) On 6 July 2021 5,000,000 ordinary shares were issued subsequent to the vesting of Class D Performance Shares. On 29 October 2021 5,000,000 shares were issued subsequent to the vesting of Class E Performance Shares.
- (vii) In the prior financial year, there was a capital raising in March and April 2021, the associated costs of which were \$153,781.

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Notes to the Financial Statements
For the Half Year Ended 31 December 2021

	Consolidated Entity 31 December 2021 No.	Consolidated Entity 30 June 2021 No.
<u>Performance shares</u>		
Balance at beginning of period	10,000,000	11,500,000
Consolidation of capital	-	-
Lapse of performance shares	-	(1,500,000)
Issue of performance shares	(10,000,000)	-
Balance at end of period	-	10,000,000

The vesting criteria for Class D and Class E Performance Shares were met during the period and the shares were issued.

	Consolidated Entity 31 December 2021 No.	Consolidated Entity 30 June 2021 No.
12. Contributed Equity (continued)		
<u>Unlisted options</u>		
Balance at beginning of period	175,550,000	85,500,000
Expiry of options	(1,500,000)	(2,500,000)
Exercise of options	(3,625,000)	(8,950,000)
Options granted	30,000,000	100,000,000
Balance at end of period	200,425,000	175,550,000

	Consolidated Entity 31 December 2021 \$	Consolidated Entity 30 June 2021 \$
13. Reserves		
<u>Share based payments reserve</u>		
Balance at beginning of period	3,618,878	1,496,602
Options granted (i)	2,018,853	2,315,416
Options exercised	(65,362)	(193,140)
Performance shares issued (ii)	(214,000)	-
Options lapsed (iii)	(73,213)	-
Balance at end of period	5,285,156	3,618,878

(i) The fair value of options at grant date is determined using the Binomial method. 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.

(ii) On 6 July 2021 and 29 October 2021 the D Performance Shares and E Performance Shares (respectively) were issued as the milestones were met. The corresponding value of \$214,000 was taken to share capital.

Notes to the Financial Statements
For the Half Year Ended 31 December 2021

13. Reserves (continued)

- (iii) On 6 July 2021 1,500,000 options expired with the vesting criteria being unmet. The corresponding value of \$73,213 was taken to retained losses.

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 or a Binomial calculation. 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	Class A Director Options	Class B Director Options	Class A Supplier & Employee Options	Class B Supplier & Employee Options	Employee Options
Number of options	9,000,000	9,000,000	26,000,000	26,000,000	2,000,000
Exercise price	\$0.04	\$0.08	\$0.04	\$0.08	\$0.04
Expiry date	30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23	01-Nov-24
Grant date	30-Aug-19	30-Aug-19	03-Sep-19	03-Sep-19	31-Oct-19
Share price at grant date	\$0.03	\$0.03	\$0.03	\$0.03	\$0.04
Risk free interest rate	0.67%	0.67%	0.70%	0.70%	0.88%
Volatility	100%	100%	100%	100%	121%
Option value	\$0.0164	\$0.0151	\$0.0163	\$0.0151	\$0.043

Inputs	Class A Director Options	Class B Employee Options	Class B Director & Employee Options	Employee Options	Employee Options
Number of options	2,000,000	1,500,000	4,000,000	2,500,000	3,000,000
Exercise price	\$0.04	\$0.05	\$0.08	\$0.04	\$0.08
Expiry date	30-Jun-22	30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23
Grant date	24-Feb-20	24-Feb-20	24-Feb-20	22-May-20	22-May-20
Share price at grant date	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Risk free interest rate	0.65%	0.65%	0.63%	0.26%	0.26%
Volatility	61%	61%	61%	113%	84%
Expected life (years)	2.3	2.3	3.3	2.1	3.1
Option value	\$0.0077	\$0.0060	\$0.0050	\$0.0158	\$0.0096

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Notes to the Financial Statements
For the Half Year Ended 31 December 2021

13. Reserves (continued)

Inputs	Class A Supplier Options	Class B Supplier Options	Class A Supplier Options	Class B Supplier Options	Class C Supplier Options
Number of options	2,000,000	2,000,000	5,000,000	10,000,000	10,000,000
Exercise price	\$0.04	\$0.08	\$0.04	\$0.06	\$0.08
Expiry date	30-Jun-22	30-Jun-23	30-Jun-22	31-Dec-23	*
Grant date	13-Aug-20	13-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20
Share price at grant date	\$0.06	\$0.06	\$0.05	\$0.05	\$0.05
Risk free interest rate	0.27%	0.26%	0.25%	0.27%	*
Volatility	100%	83%	99%	82%	*
Option value	\$0.0371	\$0.0276	\$0.0286	\$0.0262	*

*These options will vest in the event there is a takeover offer before the expiry date. No value has been ascribed to these options based on probability assessments made at grant date.

	Supplier Options**	Employee Options	Class A Director Options	Class A Supplier Options	Class B Supplier Options	Class C Supplier Options
Number of options	30,000,000	2,500,000	15,000,000	8,000,000	8,000,000	12,000,000
Exercise price	\$0.05	\$0.05	\$0.05	\$0.10	\$0.17	\$0.25
Expiry date	30/05/2024	30/05/2024	30/05/2024	30/05/2024	30/05/2024	30/05/2024
Grant date	31/05/2021	31/05/2021	31/05/2021	31/05/2021	31/05/2021	31/05/2021
Share price at grant date	\$0.05	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Risk free interest rate	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
Volatility	100%	100%	100%	100%	100%	100%
Expected life (years)	3	3	3	3	3	3
Early exercise factor	2.5x	2.5x	2.5x	n.a.	n.a.	n.a.
Option value	\$0.0256	\$0.0584	\$0.0584	\$0.0614	\$0.0508	\$0.0429

** These options were issued to an advisory firm, the accounting value of which has been capitalised into the assets acquired through Echo IQ. These options were valued using an average share price for the duration of the provision of the introductory and arrangement services from the advisory firm.

	Class D Supplier Options	Employee Options	Employee Options	Employee Options	Employee Options
Number of options	12,000,000	1,000,000	1,000,000	1,000,000	500,000
Exercise price	\$0.30	\$0.20	\$0.30	\$0.08	\$0.12
Expiry date	30/05/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2023
Grant date	31/05/2021	10/06/2021	10/06/2021	10/06/2021	10/06/2021
Share price at grant date	\$0.10	\$0.13	\$0.13	\$0.13	\$0.13
Risk free interest rate	0.17%	-0.03%	0.14%	-0.03%	-0.03%
Volatility	100%	100%	100%	100%	100%
Expected life (years)	3	2	3	2	2
Option value	\$0.0393	\$0.0518	\$0.0554	\$0.0786	\$0.0670

Notes to the Financial Statements
For the Half Year Ended 31 December 2021

13. Reserves (continued)

	Director Options	Director Options	Employee Options	Employee Options
Number of options	25,000,000	2,000,000	2,000,000	1,000,000
Exercise price	\$0.25	\$0.25	\$0.25	\$0.30
Expiry date	28/11/2024	28/11/2024	09/06/2024	09/06/2024
Grant date	29/11/2021	29/11/2021	12/10/2021	12/10/2021
Share price at grant date	\$0.145	\$0.145	\$0.165	\$0.165
Risk free interest rate	0.92%	0.92%	0.49%	0.49%
Volatility	90%	90%	90%	90%
Expected life (years)	3	3	3	3
Early exercise factor	2.5x	2.5x	n.a.	n.a.
Option value	\$0.0583	\$0.0636	\$0.0724	\$0.0661

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

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted/ on Issue	Exercised/ Cancelled	Balance at 31 Dec 21
Corporate Advisor Options (i)	4-04-19	4-04-22	4-04-19	\$0.03	\$38,000	2,000,000	-	2,000,000
Class A Director Options (i)	30-08-19	30-06-22	30-08-19	\$0.04	\$147,217	9,000,000	-	9,000,000
Class B Director Options (i)	30-08-19	30-08-23	30-08-19	\$0.08	\$135,876	9,000,000	-	9,000,000
Class A Supplier & Employee Options (i)	03-09-19	30-06-22	03-09-19	\$0.04	\$254,068	19,050,000	(2,000,000)	17,050,000
Class B Supplier & Employee Options (i)	03-09-19	30-06-23	03-09-19	\$0.08	\$282,014	23,500,000	(1,125,000)	22,375,000
Employee Options (ii)	31-10-19	01-11-24	31-07-20	\$0.04	\$37,460	2,000,000	(1,000,000)	1,000,000
Class A Director Options (iii)	24-02-20	30-06-22	24-02-21	\$0.04	\$15,499	2,000,000	-	2,000,000
Employee Options (iv)	24-02-20	30-06-22	24-02-20	\$0.05	\$2,990	1,500,000	(1,000,000)	500,000
Employee Options (v)	24-02-20	30-06-23	24-02-20	\$0.08	\$9,995	2,000,000	-	2,000,000
Class A Director Options (vi)	24-02-20	30-06-23	24-02-20	\$0.08	\$9,995	2,000,000	-	2,000,000
Employee Options (vii)	22-05-20	30-06-22	22-05-20	\$0.04	\$39,610	2,500,000	-	2,500,000
Employee Options (viii)	22-05-20	30-06-23	10-08-21	\$0.08	\$28,815	3,000,000	-	3,000,000
Class A Supplier & Employee Options (vii)	13-08-20	30-06-22	13-08-20	\$0.04	\$74,207	2,000,000	-	2,000,000

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Notes to the Financial Statements
For the Half Year Ended 31 December 2021

13. Reserves (continued)

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted/ on Issue	Exercised/ Cancelled	Balance at 30 June 21
Class A Supplier & Employee Options (vii)	27-08-20	30-06-22	27-08-20	\$0.04	\$143,036	5,000,000	-	5,000,000
Class B Supplier & Employee Options (vii)	27-08-20	31-12-23	27-08-20	\$0.06	\$262,349	10,000,000	-	10,000,000
Supplier Options (vii)	31-05-21	30-05-24	31-05-21	\$0.05	\$769,105	30,000,000	-	30,000,000
Employee Options (ix)	31-05-21	30-05-24	30-05-24	\$0.05	\$145,979	2,500,000	-	2,500,000
Class A Director Options (vii)	31-05-21	30-05-24	31-05-21	\$0.05	\$875,873	15,000,000	-	15,000,000
Class A Supplier Options (x)	31-05-21	30-05-24	31-05-22	\$0.10	\$491,311	8,000,000	-	8,000,000
Class B Supplier Options (xi)	31-05-21	30-05-24	30-11-22	\$0.17	\$304,804	8,000,000	-	8,000,000
Class C Supplier Options (xii)	31-05-21	30-05-24	31-05-23	\$0.25	\$193,207	12,000,000	-	12,000,000
Class D Supplier Options (xii)	31-05-21	30-05-24	31-05-23	\$0.30	\$117,756	12,000,000	-	12,000,000
Employee Options (xiii)	10-06-21	30-06-23	31-12-22	\$0.20	\$51,791	1,000,000	-	1,000,000
Employee Options (xiii)	10-06-21	30-06-24	31-12-23	\$0.30	\$41,534	1,000,000	-	1,000,000
Employee Options (xiii)	10-06-21	30-06-23	05-05-22	\$0.08	\$78,570	1,000,000	-	1,000,000
Employee Options (xiii)	10-06-21	30-06-23	05-05-23	\$0.12	\$25,129	500,000	-	500,000
Employee Options (xiv)	12-10-21	09-06-24	12-10-23	\$0.25	\$144,785	2,000,000	-	2,000,000
Employee Options (xiv)	12-10-21	29-06-24	12-10-23	\$0.30	\$66,119	1,000,000	-	1,000,000
Director Options (xiv)	29-11-21	29-11-24	29-11-23	\$0.25	\$127,283	2,000,000	-	2,000,000
Director Options (xv)	29-11-21	29-11-24	29-11-21	\$0.25	\$1,456,552	25,000,000	-	25,000,000
Total grant date fair value of options on issue at 31 December 2021					\$6,370,929			

- (i) Vested immediately on grant date
- (ii) These options vest over a 9 month period from grant date to 31 July 2020 on the condition that continued employment is satisfied from grant date to 31 July 2020.
- (iii) These options vest over a 12 month period from grant date to 24 February 2021.
- (iv) These options vest immediately but have a voluntary escrow period of 18 months from grant date.
- (v) These options vest immediately but have a voluntary escrow period of 36 months from grant date.
- (vi) These options vest over a 12 month period from grant date to 24 February 2021.

Notes to the Financial Statements
For the Half Year Ended 31 December 2021

13. Reserves (continued)

- (vii) These options vest immediately.
- (viii) These options vest on 10 August 2021.
- (ix) These options vest over a 3 year period (40% after 12 months, 40% after 24 months, balance after 36 months).
- (x) These options vest after a 12 month period and have a service condition for continuous employment during the vesting period. There is also a non-market performance condition to achieve a successful clinical trial with a valve manufacturer.
- (xi) These options vest after an 18 month period and have a service condition for continuous employment during the vesting period. There is also a non-market performance condition to achieve a successful clinical trial with a drug manufacturer.
- (xii) These options vest after a 24 month period and have a service condition for continuous employment during the vesting period. There are also non-market performance conditions to achieve set revenue targets for Echo IQ of USD \$2m and USD \$3m.
- (xiii) These options vest after a 24 month period and have a service condition for continuous employment during the vesting period.
- (xiv) These options vest after a 24 month period and have a service condition for continuous service during the vesting period.
- (xv) These options vest immediately.

Share Based Payment Expense

During the half-year, share based payment expenses of \$2,018,853 (2020: \$631,095) in relation to options issued.

	Consolidated Entity 31 December 2021	Consolidated Entity 31 December 2020
14. Loss per share		
Weighted average number of shares on issue	389,930,449	260,192,406
Loss per share (cents)	(0.91) cents	(0.43) cents

15. Operating segments

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

- Echo IQ segment, which is developing products and services in medical technology;
- Houston We Have Software, which offers products and services across Defence and other sectors; and
- Prometheus Information, which offers products and services for the Health Insurance sector.

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.

	31 December 2021 \$	31 December 2020 \$
Operating revenue		
Echo IQ	-	-
Houston We Have Software	131,955	210,347
Prometheus Information	320,724	291,468
Consolidated Group operating revenue	452,679	501,815

Notes to the Financial Statements
For the Half Year Ended 31 December 2021

15. Operating segments (continued)

	31 December 2021	31 December 2020
	\$	\$
Segment profit/(loss) before tax		
Echo IQ	(669,696)	-
Houston We Have Software	(87,480)	(135,884)
Prometheus Information	144,030	92,047
Unallocated	(2,919,881)	(1,073,465)
Consolidated Group profit/(loss) before tax	(3,533,027)	(1,117,302)
	31 December 2021	30 June 2021
	\$	\$
Segment net assets		
Houston We Have Software	917,179	852,984
Prometheus Information	809,113	1,208,656
Echo IQ	6,382,985	5,199,007
Unallocated	372,151	2,574,955
Consolidated Group net assets	8,481,428	9,835,602

16. Events after the end of the reporting period

There are no matters or circumstances that have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

17. Commitments and contingencies

- a. Contingent assets
There are no contingent assets as at 31 December 2021.
- b. Contingent liabilities
There are no contingent liabilities as at 31 December 2021.

18. Interests in Controlled Entities

Company Name	Place of Incorporation	% Ownership 31 December 2021	% Ownership 30 June 2021
Echo IQ Global Pty Ltd	Australia	100%	100%
HWH Software Pty Ltd	Australia	100%	100%
St Nicholas Mines Pty Ltd	Australia	100%	100%
Prometheus Information Pty Ltd	Australia	100%	100%
Data Distillery Pty Ltd	Australia	50%	50%
Niquaero LLC	Mongolia	100%	100%

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Directors' Declaration

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

1. The interim financial statements and notes that are set out on pages 7 to 23 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and
 - b. complying with Accounting Standard 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.



Andrew Grover
Executive Chairman

28 February 2022



Independent Auditor's Review Report

To the shareholders of Echo IQ Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Echo IQ Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Echo IQ Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Echo IQ Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1, "Going Concern" in the Interim Financial Report. The events or conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

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Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



JJ Frazer

Partner

Bundall

28 February 2022