AI-Powered Disruption of US Cardiovascular Healthcare

Healthcare

We initiate coverage on Echo IQ Limited (ASX: EIQ) with a fair valuation of $0.91, representing a 176% expected upside from the current share price of $0.33. EIQ is an Australian-based AI-powered company that has developed AI-based software for the earlier, more accurate, consistent and speedier (takes just a few seconds) diagnosis of Aortic Stenosis and Heart Failure (two of the leading segments of cardiovascular disease). Cardiovascular diseases are the leading cause of death in the USA and globally and are one of the highest contributors to healthcare expenses. Consequently, EIQ's technology has the potential to help solve a significant healthcare problem and given the strength of its patented technology's diagnostic outperformance vs current diagnostic approaches, EIQ is positioned well to financially capitalise on this opportunity, with the medium-term goal to focus on the large opportunity in the USA. A key root cause for EIQ's diagnostic outperformance is that its AI was trained off the world's largest echocardiogram results database, something that its competitors cannot emulate; additionally, the value proposition of other AI players in this space is not geared to diagnostic decision support which is what EIQ offers (EchoSolv).

Strong AI-powered diagnostic results and associated benefits

EchoSolv has shown outstanding diagnostic outperformance across clinical trials. For AS, this includes being able to accurately identify phenotypes of the disease – 100% accuracy for severe AS (~70% improvement over human review) and the ability to identify mild/moderate cases of AS, which human review often misses. Similarly, with HF, 97% of cases were detected vs only a ~ 50% detection rate via human review. EchoSolv's ability to accurately and earlier detect at-risk patients benefits hospitals themselves, in terms of resultant improvements to their productivity, costs, patient turnover and achievement of better patient health care outcomes, leading to the likely strong uptake of the technology (this can also be seen in the current pipeline of business that EIQ has achieved).

Well-positioned just prior to a USA-based revenue ramp

FDA 510(k) clearance has been given for the AS offering, with submission for the HF offering to happen later in the year. The strength of the clinical results the HF offering has shown, added to EIQ's partnership with the USA's number 1 ranked hospital for its FDA clearance required validation study, means that clearance for the HF offering will very likely be received soon. EIQ's progress with reimbursement codes and its revamped management team, which includes US-based commercialisation experts, leads to EIQ being well placed to monetise on the very large revenue opportunity that the USA market presents.

Valuation

We value EIQ at $0.81 in our Base Case and $1.01 in our Upside, with both cases reflecting conservative assumptions (refer to the Valuation section). EIQ's software-based business model is inherently high margin, with just a few cents of COGS to achieve US$150 and higher one-time use revenue.

Valuation (A$m)	Base case	Bull case
Present value of FCF (EV)	564	703
Debt	-	-
Cash (adjusted)	4	4
Equity value (A$)	**568**	**708**
Assumed Total Diluted Shares O/S (m)	701	701
Implied price (A$ cents)	**0.81**	**1.01**
Current price (A$)	0.33	0.33
Upside (%)	*145.7%*	*206.0%*

Date	30 Apr 2025
Current Price (A$)	0.33
Target Price (A$)	0.81-1.01
Price / NAV (x)	0.36x
Market Cap (A$m)	194
52-week L/H (A$)	0.10 / 0.33
Free Float (%)	66.9%
Bloomberg	EIQ.AU
Reuters	EIQ.AX

Price Performance (in A$)

Business description

Echo IQ (ASX: EIQ), listed on the ASX in Dec 2010, is an Australian medical technology company focused on the application of artificial intelligence (AI) to enhance the diagnosis of structural heart diseases, with a primary focus on Aortic Stenosis and Heart Failure. The company's mission is to improve patient outcomes by facilitating earlier and more accurate detection of life-threatening but treatable cardiac conditions.

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

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Investment Rationale

There are many reasons to support the view that EIQ's competitive positioning and hence its ability to advantageously commercialise on the significant opportunity in the USA is strong; these include, amongst others, exclusive access to NEDA, commercial tie ups with tier 1 health care names, reimbursement approval progress and well-crafted adjacency entry into the Heart Failure segment.

Echo IQ Limited (ASX: EIQ) is an innovative Australian AI powered Software as a Medical Device company that is favourably positioned just prior to a likely significant revenue ramp in the USA given the strength of the outperformance that its diagnostic decision support platform EchoSolv has showcased for both Aortic Stenosis and Heart Failure across several large clinical studies and pilots that have been done in collaboration with some of the most respected names in healthcare – St. Vincent's in Australia and Beth Israel and the Mayo Clinic (currently in progress) in the USA. EIQ has already been granted FDA 510 (k) clearance for its Aortic Stenosis offering, EchoSolv AS, allowing for a sizeable pipeline of integrated & integrating hospitals that will soon start to generate revenues for the Company in addition to a pipeline of opportunities in advanced stages of discussions. EIQ's Heart Failure focused offering, EchoSolv HF, was recently the subject of a successful pre-submission meeting with the FDA, with the FDA having approved the design of EIQ's planned validation study for EchoSolv HF that will be done in partnership with the Mayo Clinic and is the final prerequisite prior to lodgement seeking FDA clearance for EchoSolv HF (highly likely). EIQ has done well in getting EchoSolv AS reimbursable under the Miscellaneous CPT code and has an application lodged for Category 3 approval. Given EchoSolv AS' proven abilities to outperform existing diagnostic metrics in terms of materially higher rates of accuracy, earlier detection, speedier diagnosis and reduction in diagnostic biases that lead to benefits accruing not only to just the patients but to the wider healthcare system, it is likely that EchoSolv AS will in time also qualify for Category 1 reimbursement approval after qualifying for Category 3 approval, which is expected later this year. EIQ's comparative advantage vs competitors is based on advice from its tier 1 Scientific Advisory team and its diagnostic AI based off deep learning done on the largest echocardiogram database in the world (NEDA), **leading to assurances that EIQ can monetise on the large commercial opportunity available in the USA consequent to its technology being able to help solve challenges associated with a major healthcare issue.**

AI-powered ability to tackle healthcare's largest problems

Cardiovascular diseases are associated with some of the most adverse health care issues both in the USA and globally in terms of the number of deaths caused and the cost burden placed on the healthcare system, consequent to delayed/missed diagnosis. EchoSolv's diagnostic outperformance is based on its clinically proven ability to add value to echocardiography, which is the main tool used for diagnosing Aortic Stenosis and Heart Failure, which are 2 of the leading forms of cardiovascular diseases. Leveraging its exclusive access to NEDA, EIQ has been able to develop its AI algorithms underpinning EchoSolv to accurately detect Aortic Stenosis and Heart Failure based on the measurement data input from echocardiograms. This leads to actionable diagnostic results in just a few seconds, which are also materially more accurate. For Aortic Stenosis, across multiple studies, EchoSolv has shown a perfect 100% ability to detect severe forms of Aortic Stenosis (~70% improvement vs human review). Across all its robust clinical study results, EchoSolv AS achieved an average diagnostic accuracy of 98.6% for Aortic Stenosis vs human review diagnostic accuracy of ~ 60%. The efficacy of this outperformance is enhanced by EchoSolv AS being able to detect cases earlier on in the disease's progression, including with higher accuracy, mild to moderate cases of Aortic Stenosis that conventional human review often misses. In terms of wider benefits, EchoSolv AS has shown an ability to be able to more effectively and earlier identify patients with severe Aortic Stenosis that would benefit from aortic valve replacement, leading to not only improved outcomes for patients but also to the

prospect of EIQ partnering with medical device companies and accruing an additional lucrative licensing based stream of revenues in addition to its core insurance based reimbursement revenues. EIQ's recent announcement of a commercial pilot with Edwards Lifesciences in Australia is in accordance with EchoSolv's ability to be monetised across different end markets, apart from just into hospitals. EchoSolv HF has also shown marked diagnostic outperformance by being able to identify 97% of patients with Heart Failure (human review achieves only ~50%). Across clinical studies, it has been established that hospitals can also materially benefit by virtue of better patient outcomes, higher procedure volumes (revenues), lower costs and a reduction in the risks associated with misdiagnosis. This has especially been the case for the Heart Failure offering (new BICD study currently underway to confirm benefit with Aortic Stenosis too), with EIQ's offering showing high rates of predictability of future hospitalisation for patients, allowing for the delivery of timely interventional treatments that not only save lives but accrue economic benefits to hospitals given the high cost of administering emergency and inpatient care. EIQ's ability to use AI in this regard is considered best in class, given that its main competitors use AI to aid in echo image analysis, rather than aid in diagnostic decision support.

Levers in place to monetise on the material USA opportunity

Given that there are said to be 30m echos conducted p.a. in the USA and of this 6m are estimated to be for Aortic Stenosis and separately another 10m for Heart Failure and the anticipated expenditure growth associated with Aortic Stenosis is said to be 10.3% until 2033 and 8.4% p.a. for Heart Failure, **the revenue generation potential for EIQ is very significant.** The monetisation likelihood of this opportunity is enhanced by EIQ's diagnostic outperformance across several clinical trials, receipt of FDA 510(k) clearance for one of its offerings with clearance for the other expected soon, partnerships with some of the leading hospitals and KOLs in the USA, workflow integrations across a robust pipeline of hospitals and good progress with CPT code reimbursement approvals. Additionally, a revamped US-based leadership team that is experienced with prior commercialisation ramps adds to the assurance that EIQ will be able to execute on this opportunity. Indicators point to EIQ being positioned well in this regard, such as its commercialisation discussions and entered partnerships with end markets other than just hospitals – e.g with cloud image reporting platforms that allow for an expedited scale up and **its well-crafted proposed revenue sharing model with hospitals that incentivises hospital uptake and endorsement of its offerings.**

Conservative valuation finds scope for material upside

The $ TAM opportunity that can be availed by EIQ is very large, consequent to the significant health care problem that EIQ helps to solve. As can be seen in our valuation section across both our Base and Upside Cases, we have carefully included several layers of additional buffers and conservative assumptions to stress test our bullish investment thesis for EIQ. For example, the Base Case includes additive delays vs currently expected timelines for revenue generation, revenue ramp, EchoSolv HF launch and reimbursement code approvals. In addition, across both cases, to stress test our projections and ensure that they are in line with our conservative approach, we have used a high WACC of 20% (materially higher than what the CAPM model or peer-based benchmarking suggests for EIQ). Despite this, we estimate the intrinsic fair mid-point valuation for EIQ to be $0.91, representing the scope of a 176% upside from the current price of $0.33. As part of this calculation, we also materially increased the assumed share count by ~19% from the current number of shares outstanding to account for equity dilution risks. **Main risks for our thesis include: market size overestimation, strategy execution delays, non-receipt of FDA 510(k) clearance**

for EchoSolv HF, issues with receiving higher category reimbursement codes, funding risks and competition risk.

Using cutting-edge AI to solve vital healthcare problems

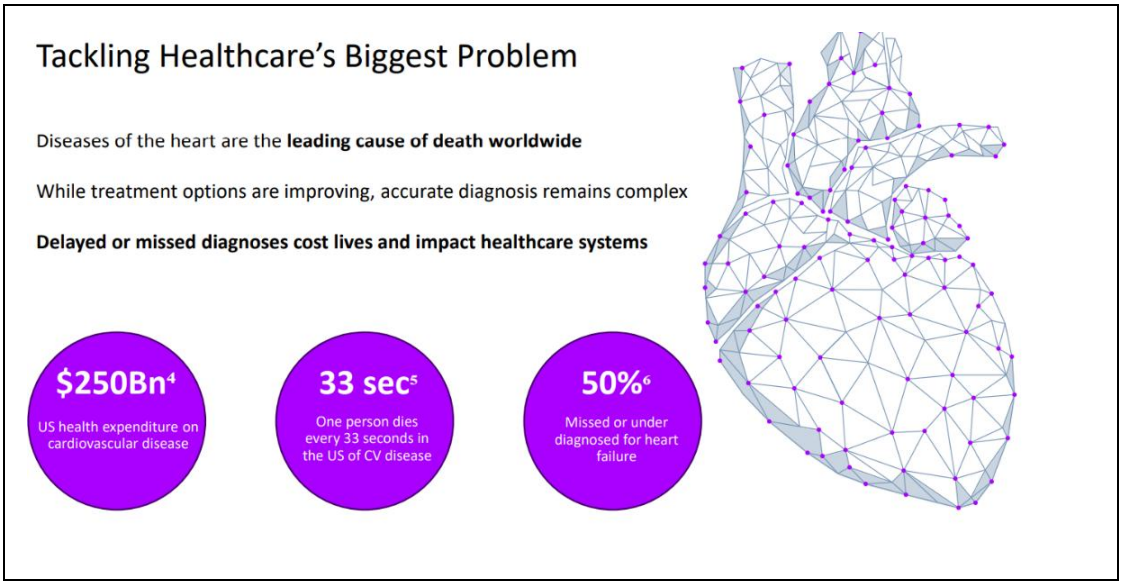
EIQ's mission, which is to harness the power of artificial intelligence to help in the earlier and more accurate diagnosis of cardiovascular diseases, is aimed at solving an immense global healthcare problem.

EIQ's AI powered clinical decision support platform EchoSolv has been clinically proven to be highly effective in the earlier and more accurate diagnosis of Aortic Stenosis **(EchoSolv AS)** and subsequently also for Heart Failure **(EchoSolv HF),** which are both damaging cardiovascular diseases, with the Aortic Stenosis offering already having received FDA 510(k) clearance and steadfastly ramping up in its commercialisation phases that currently includes a near term integration pipeline of 60 individual hospital sites in the USA, in addition to 41 distinct hospitals that have already integrated or are currently actively integrating EchoSolv AS as part of their diagnostic work flow.

Cardiovascular diseases are the leading cause of death worldwide and in the USA – refer below to **Figures 1 and 2**. These diseases are also significant (often the highest or close to the highest) contributors to health care expenditures for most countries, with delayed or missed diagnoses leading to more onerous cost burdens on the sufferers and the healthcare systems. Within cardiovascular diseases, structural heart diseases such as Aortic Stenosis and Heart Failure, which the company's core AI-driven diagnostic technology addresses, constitute approximately 15% of the disease burden. As the company matures in the commercialisation of these two areas of focus, it also plans to cater to other cardiovascular diseases, such as Pulmonary Hypertension, **thereby expanding the addressable market size that its AI-driven technology can cater to.**

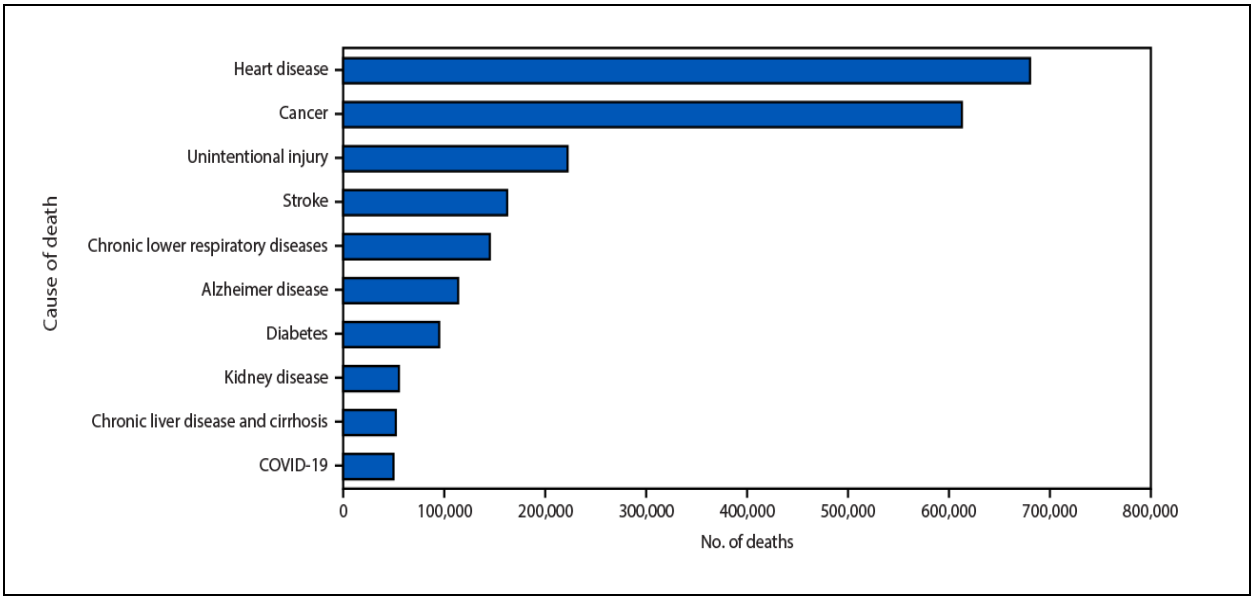
Hence, EIQ's mission, which is to harness the power of artificial intelligence to help in the earlier and more accurate diagnosis of cardiovascular diseases, is aimed at solving an immense global healthcare problem. In this regard, as detailed below across several different clinical settings and trials, EIQ's patented AI technology exhibited significant potential to help more people get matched with the right lifesaving treatments for cardiovascular disease in a timely manner.

Figure 1: Cardiovascular disease burden



Sources: Company

Figure 2: Leading causes of death in the USA



Sources: CDC

Diagnostic effectiveness for Aortic Stenosis

Across several clinical trials and studies, EchoSolv AS has shown a consistent ability to materially outperform the diagnostic accuracy and efficiency of both human-only diagnosis and other competitor offerings.

Across several clinical trials and studies, EchoSolv AS has shown a consistent ability to materially outperform the diagnostic accuracy and efficiency of both human-only diagnosis and other competitor offerings. EchoSolv AS achieved an average diagnostic accuracy of 98.6% for Aortic Stenosis vs human-only diagnostic accuracy of ~ 60%. A key performance differentiator in favour of EchoSolv AS is that, irrespective of the patient's age, sex, or race, its offering achieves consistent diagnostic accuracy. For instance, prior studies have shown a bias in the diagnosis of women, with human-only assessment leading to women being 66% less accurately diagnosed than men. Whereas, EchoSolv AS has not shown any bias in its identification of patients by sex, race or gender.

Across both its main clinical trials, EchoSolv AS showcased a 100% ability to accurately diagnose severe cases of Aortic Stenosis – as per the St Vincent's Clinical Study, which is explained in greater detail below, this represented a significant 72% increase vs human-only diagnosis for severe Aortic Stenosis.

Additionally, in other aspects of diagnostic outperformance vs traditional approaches and competitor offerings, EchoSolv AS can effectively and more early diagnose with higher accuracy mild to moderate cases of Aortic Stenosis that are quite often missed by traditional human review and other approaches.

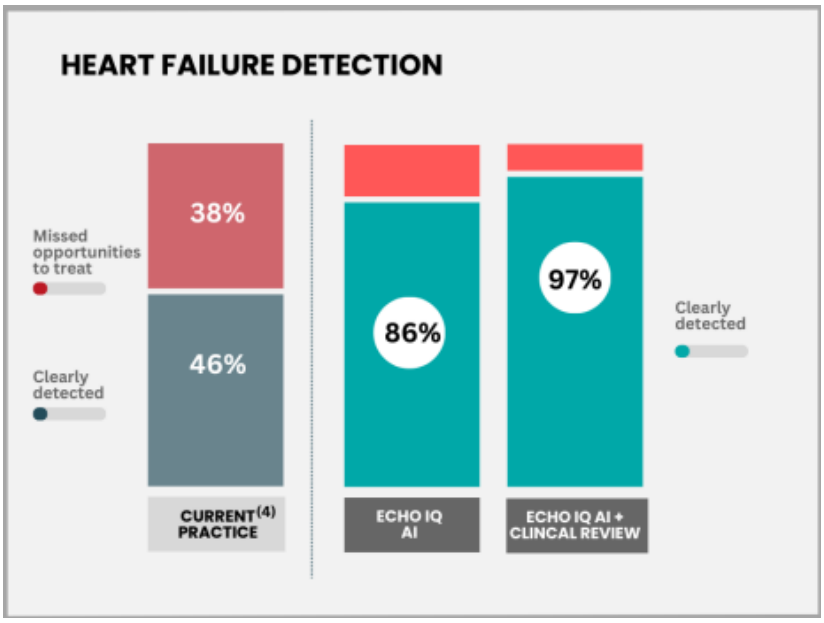
Diagnostic Effectiveness for Heart Failure

In the case of Heart Failure, EchoSolv HF also showcased notable outperformance compared to human-only diagnosis. The 2024 St Vincent Institute study demonstrated that EIQ's proprietary AI-backed solution correctly identified 86% of patients with Heart Failure, in comparison to a matched group without Heart Failure, without any human review.

In a study done in collaboration with the University of Notre Dame, Echo IQ's AI-powered diagnosis for Heart Failure correctly identified 97% of high-risk individuals who subsequently developed Heart Failure when used in conjunction with human review.

Furthermore, these studies also showcased how the Company's AI solution is highly effective in Heart Failure disease diagnosis very early on in the healthcare journey, prior to any symptoms being present at clinical review. For example, those deemed high risk for Heart Failure by Echo IQ's AI at baseline were subsequently hospitalised at almost ten times the rate of those found to be low risk. This is a major finding, given the high costs of emergency and inpatient care in hospital settings and reinforces the potential economic benefits to be derived from the application of this AI to identify patients at risk of future events.

Figure 3: EchoSolv HF – diagnostic outperformance



Sources: Company

Figure 3 above details EchoSolv HF's diagnostic outperformance results vs the current practice of human-only review across key clinical studies. For Heart Failure, the current rates of diagnostic accuracy for human review hover in the range of 40%-50%.

Productivity benefits that accrue to the health care system

In further support of the case for its wider and rapid adoption, in addition to showcasing the robust ability to achieve the earlier and more accurate diagnosis of Aortic Stenosis and Heart Failure, EchoIQ's AI based offering has also been shown to **increase the productive efficiency of hospitals in the course of their clinical work to diagnose and manage these conditions.** Use of the Company's technology has shown to result in a 20% reduction in the time needed by cardiovascular specialists and health care practitioners to examine echocardiogram reports, with EchoIQ's AI solution giving real-time, almost instantaneous results in under 3 seconds, which is vastly lower than the time taken by competitor offerings.

Showcasing the ability to markedly improve the health care outcomes achieved by hospitals, in terms of patient diagnostic accuracy and earlier diagnosis, in addition to operational efficiencies obtained in terms of time saved per diagnosis, would be causal to the

achievement by individual hospitals and hence the wider health care system of **material economic cost savings.** Although evidence for such an effective link is already present, further data to back this would help EchoIQ to progress even further than the commendable goals it has already achieved in terms of integrations with hospitals and having its offering reimbursable by CPT codes. **In this regard, EchoIQ recently announced an extension of its research and commercial partnership with Beth Israel by way of commencing another study to explore Aortic Stenosis severity and the economic outcomes for hospitals that do not undertake early intervention.** Unlike some of its other studies that were done on retrospective data and were aimed at testing the diagnostic accuracy of its AI solution, the aim of this study is to prospectively evaluate the impact of clinical implementation of EchoSolv AS at Beth Israel Deaconess Medical Center (BIDMC) on healthcare utilisation and patient outcomes for individuals with moderate to severe Aortic Stenosis at one year, compared to patients that do not receive treatment EchoSolv AS diagnosis at BIDMC.

Additionally, EchoSolv AS, in its clinical trials, has been shown to be successful in the earlier identification of patients that are afflicted with similar patterns to those with severe Aortic Stenosis that would benefit from aortic valve replacement by way of identifying individuals with a substantially increased risk of death despite not meeting current treatment guidelines.

Sources of competitive advantage

The stellar results that EchoSolv has been able to showcase across clinical trials, in the application of its technology in real world hospital settings, and across a reader study and a commercial pilot are based on the concerted collaborative application of medical science principles relating to cardiovascular disease with the principles of AI and data driven machine learning that has effectively leveraged EIQ's exclusive access to the world's largest echocardiography database, the National Echocardiography Database of Australia (NEDA). As explained later, this exclusive access to NEDA is one of the key pillars of EIQ's material competitive advantage over other competitors in this space.

EIQ's competitive positioning and commercial and scientific development have also benefited from its tier 1 Specialist Advisors & Scientific Advisory Board, which is comprised of globally recognised experts in cardiovascular medicine, echocardiography, sonography, and applied AI. EIQ's expert panel boasts an impressive collective count of over 1,200 peer-reviewed journals, with expertise across multiple international markets, including the US, Europe, and Asia Pacific. These resources include significant public health expertise, which will help EIQ's commercialisation in multiple jurisdictions, with an initial emphasis on the USA, which may be extended to geographical expansion in other areas.

The strength of EIQ's AI-powered cardiovascular diagnostic offerings is based on their ability to materially improve upon an already widely used and effective diagnostic tool, which is echocardiography

EchoSolve works on the importance of Echocardiography

The strength of EIQ's AI-powered cardiovascular diagnostic offerings is based on their ability to materially improve upon an already widely used and effective diagnostic tool, which is echocardiography.

Echocardiography is the primary diagnostic tool used in identifying a wide range of structural heart diseases; it is particularly effective for assessing the heart's structure and function. The main reasons for Echocardiography's status as a top diagnostic model for cardiovascular/structural heart diseases are listed below.

- **Structural and Functional Assessment**: Echocardiography offers detailed insights into the heart's chambers, valves, and overall function, aiding in the diagnosis of various cardiac conditions.
- **Non-Invasive and Safe**: Unlike some imaging modalities, echocardiography does not involve radiation, making it safe for repeated use across diverse patient populations.
- **Versatility**: It is effective in diagnosing a range of conditions, from valvular heart diseases to cardiomyopathies and congenital heart defects.
- **Real-Time Imaging**: The ability to visualise the heart in motion allows clinicians to assess dynamic cardiac functions and blood flow patterns.

Consequently, the number of echocardiograms that are conducted per year is growing across the world and in the USA and Australia (our revenue model conservatively assumes only a 3.5% p.a growth rate); this is based on this tool's diagnostic primacy, increased adoption and increasing incidences of cardiovascular and structural heart diseases.

However, the accurate and timely detection of structural heart diseases, including Aortic Stenosis and Heart Failure, is impeded by variances in image quality and natural errors in human judgment, even for specialist doctors when they interpret echocardiogram images. **This is the problem that EIQ's patented and proven to be highly effective AI technology solves – leveraging the principles of machine learning and AI, it removes the error factor, allowing for more timely and accurate diagnosis.**

Why AI improves echocardiography-based diagnosis

Artificial intelligence (AI) significantly enhances echocardiography by improving diagnostic accuracy, efficiency, and consistency. As noted, traditional echocardiographic assessments primarily rely on the interpreter's experience, leading to variability in image interpretation in addition to the issue of variances in image quality. AI addresses this by providing standardised evaluations, reducing human error and bias, and ensuring consistent and accurate interpretations across different operators and institutions.

One of the key advantages of AI in echocardiography is its ability to automate image and echo measurement data analysis, leading to faster and more precise evaluation. This automation not only decreases the overall processing time but also reduces the workload for clinicians, allowing for quicker decision-making and improved patient throughput. As noted, Echo IQ's offerings can produce diagnostic results in just a few short seconds.

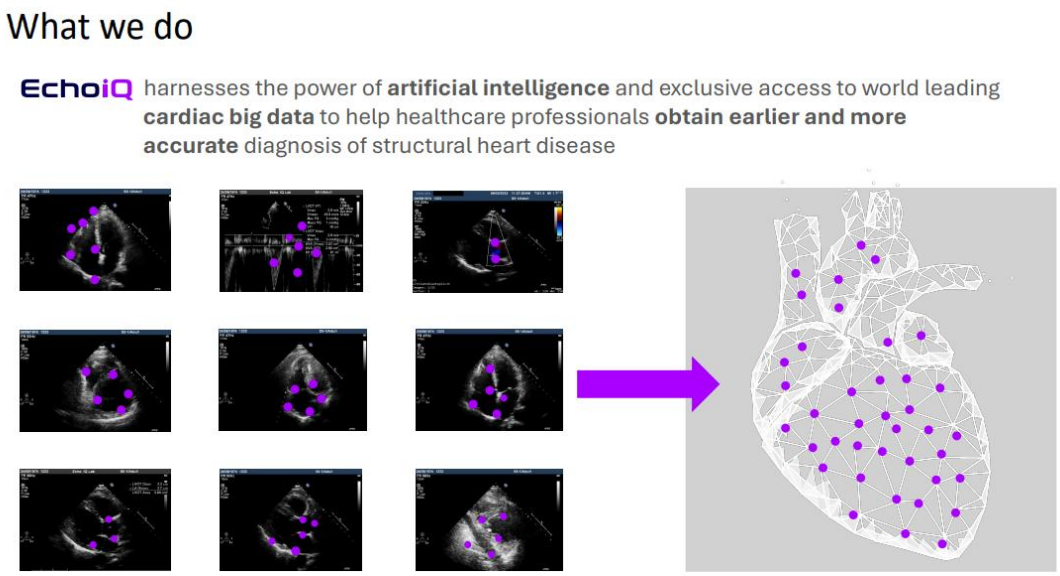
AI algorithms can detect subtle patterns and anomalies in echocardiographic images and lead to the detection of diseases present in echo measurement data that may be overlooked by humans. This capability enables the earlier detection of cardiac conditions, facilitating timely interventions and potentially improving patient outcomes. Across several robust clinical studies and commercial pilots, EIQ's AI-powered diagnostic technology has shown significant outperformance on key performance metrics.

Additionally, as noted earlier, traditional human-only diagnostic approaches tend to misdiagnose or underdiagnose conditions such as Aortic Stenosis and Heart Failure in women and minority groups due to biases in clinical judgment and differences in disease presentation. For example, studies have shown that healthcare providers may exhibit gender biases in their clinical decision-making, often leading to the underestimation of the severity of conditions in women. Cardiovascular diseases, including AS and HF, are often perceived as "male diseases," leading doctors to overlook these conditions in women or to attribute their symptoms to other, less serious causes. In terms of disease presentation,

women tend to develop Aortic Stenosis at an older age than men, and they may have a less severe presentation in the early stages of the disease. This can make the diagnosis more challenging, especially since the disease is often diagnosed at later stages when symptoms become more severe.

Both EchoSolv AS and EchoSolv HF have, under proper clinical settings, across significantly large sample sizes, proven their abilities to overcome these issues, resulting in materially better, either flawless or close to flawless, diagnostic performance. **As shown below in Figure 4, this is because what the underlying AI powered technology does is that it takes measurement data from echocardiograms and then almost instantaneously via the cloud and its AI augmented algorithms produces a 3d model of the heart which facilitates phenotyping and significantly more accurate and timely disease diagnosis including a greater ability to predict the risk of mortality than the continuity equation principles can in the case of standard echocardiogram review.**

Figure 4: How EchoSolv works



Sources: Company

Exclusive license to NEDA for superior competitive positioning

NEDA is the largest echocardiography database in the world and is so by a wide margin – this provides EIQ with a very strong competitive advantage.

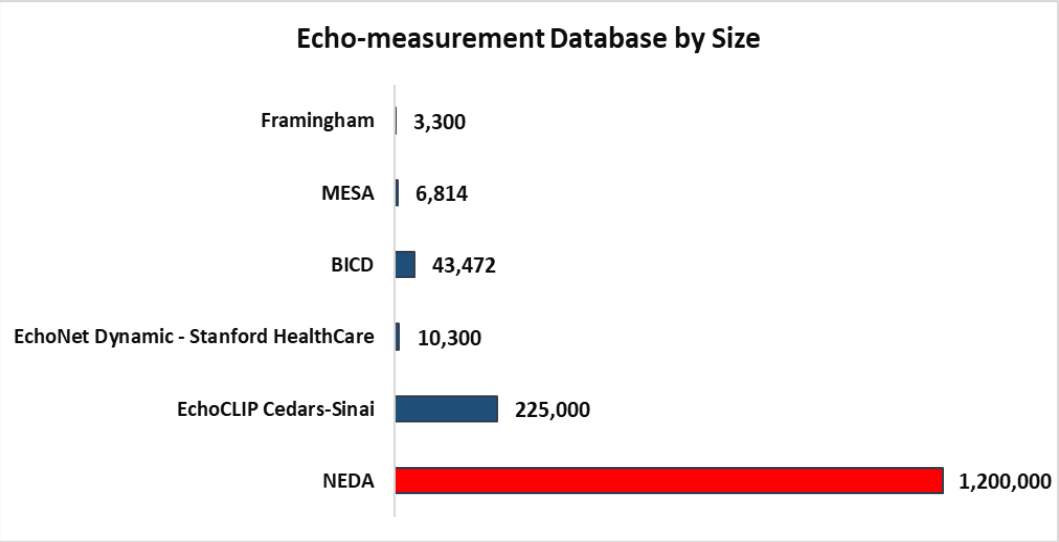
However, in bringing AI-based solutions to enhance echocardiogram interpretations, EIQ is not alone. Despite this, its AI diagnostic offering is noted to possess significant workflow and diagnostic advantages vs its main competitors. These are premised partly on the strength of EIQ's scientific advisory board and management; another key causal factor is EIQ's exclusive license to the National Echocardiography Database of Australia (NEDA) for the purpose of commercialising AI technology.

As shown below in **Figure 5**, NEDA is the largest echocardiography database in the world and is so by a wide margin. This has allowed EIQ to train its diagnostic AI models with the most granular retrospective data on structural heart diseases such as Aortic Stenosis and Heart Failure, allowing the AI to more accurately and earlier recognise the signs of these diseases and correctly phenotype them.

The data that this exclusive license to NEDA has allowed includes the echocardiogram measurement data of ~ 1.2 million individuals, and includes access to 200 million

separate and valuable data points. **The size of this data set and the time of exclusivity left also mean that EIQ has the option to engage in further future product development activities to enhance its pipeline in adjacent areas of cardiovascular diseases as and when the Company decides to, thereby bringing the Company to the point of being a complete cardiac diagnostic solution powered by AI (we have conservatively only partly accounted for this benefit in our valuation).**

Figure 5: NEDA – the leading global source for echocardiogram data



Sources: East Coast Research. American Society of Echocardiography. European Society of Cardiology

EIQ's exclusive license to NEDA includes access to newly added patient data, helping to further strengthen its AI offerings' diagnostic capabilities via enhanced data-driven machine learning. The exclusivity of this license provides EIQ with a significant competitive advantage, creating a substantial barrier to entry for competitors and new entrants looking to commercialise AI technology. Given the scale and depth of NEDA, replicating such a dataset would be both time-consuming and costly.

Adding to EIQ's competitive differentiation, Echo IQ's Specialist Advisor, Professor Geoff Strange, is a co-founder and principal investigator of NEDA; this reinforces EIQ's strong partnership with the NEDA database's ongoing development and data sets.

In October 2021, coinciding with the Company's name change to Echo IQ, the Company also announced an update to its agreement with NEDA. Under the terms of the new agreement, ECHO IQ was given 7 years' exclusive license (with an option for a further 10 years) to novel deidentified health data from selected participating laboratories for the purpose of commercialising AI technology. As of now, Echo IQ has approximately 4 years left on this original agreement with an option for a further 10-year extension at no additional cost.

Competitor analysis

Figure 6: EIQ's main competitors

Segment	Competitors	
Aortic Stenosis	US2.AI	i-Cardio.ai
Heart Failure	Ultromics	

Sources: East Coast Research. Company

Although there are existent competitors in the Aortic Stenosis and Heart Failure segments that are positioned to use AI to increase the effectiveness of echocardiogram interpretation and who also have some sort of FDA clearance allowing them to cater to the US market, there are certain important factors that still allow EIQ to ramp up in its commercialisation as we envisage in our forecasts and moreover still maintain a relatively better competitive positioning and market share.

First of all, the market opportunity for all participants in the US is significant and growing. Additionally, using AI to enhance the effectiveness of echocardiogram interpretations has well-proven benefits. Therefore, the opportunity for innovative AI players such as EIQ, who have already formed strong commercial partnerships, is large enough even amidst the presence of some competitors.

Moreover, EIQ also possesses some unique competitive advantages vs its main competitors; its AI-powered offerings have been trained on the largest echocardiography database in the world, larger than its competitors, providing it with a source of diagnostic competitive advantage both now and into the future.

EIQ's offering is aimed at providing highly accurate diagnostic decision support, whilst some of its competitors merely aid the physician in echo image interpretation. This is a strong point of differentiation in EIQ's favor.

For example, US2.AI's initial developmental training was done off a dataset of echos that numbered only ~1,000. EIQ's offerings unlike its competitors are also notable in their ability to generate reports in just a few seconds; given that the competitors take materially more time because they (US2.AI and Ultromics) unlike EIQ are dependent on interpreting the echocardiogram image, whilst EIQ's offering is more of a diagnostic decision support system that can produce results even if the original image is blurred (US2.AI and Ultromics will not be able to generate results if the image is blurred) because EIQ relies on the measurement data from echo reports not on the image itself. **Hence this point of difference between EIQ's value proposition as being a decision support tool vs the competitors being more of an image analysis tool is a strong one; because firstly this means that these competitors offerings are effectively synergistic to EIQ's and secondly and more importantly the competitors offerings are still reliant on human diagnostic interpretations to effectively identify the cardiovascular disease in question – only EIQ uses AI to automate the diagnostic decision making process.** This is a key point of competitive strength and differentiation in EIQ's favour, especially since its AI algorithms have the ability to flag improbable data measurement inputs in the echo measurements that it works off.

Supported by well-known Key Opinion Leaders

Given the efficacy of its diagnostic results, Echo IQ has garnered support from several esteemed Key Opinion Leaders (KOLS) in the cardiovascular disease field.

These experts contribute their extensive knowledge to the company's Scientific Advisory Board and specialist advisory roles. Notable KOLS include:

- **Professor Huon H. Grey, CBE, MD, FRCP, FESC, MACC: Former National Clinical Director for Heart Disease at NHS England, Prof. Grey** has played a pivotal role in shaping cardiovascular health policies in the UK.
- **Professor Geoff Strange, PhD, FCANZ, FPHSANZ**: Serving as Echo IQ's Specialist Advisor, Prof. Strange is affiliated with the University of Notre Dame and has been instrumental in advancing cardiovascular research. He is also the Chief Investigator of NEDA.
- **Professor David Playford, MBBS, FRACP, PhD, FCSANZ, FESC, FACC**: As Echo IQ's Specialist Advisor and Chair of Cardiology at the University of Notre Dame, Prof. Playford brings a wealth of clinical and academic experience to the team.
- **Dr. Jordan B. Strom, MD, MSc, FACC, FASE:** Dr. Strom is a notable cardiologist contributing to Echo IQ's scientific endeavours.
- **Dr. James D. Thomas, MD, FACC, FASE, FESC**: An esteemed figure in echocardiography, Dr. Thomas offers valuable insights into imaging technologies.
- **Dr. Michael J. Mack, MD, MACC**: Renowned for his work in cardiovascular surgery, Dr. Mack provides expertise on structural heart disease interventions.
- **Dr. David Ouyang, MD, FACC, FASE**: Dr. Ouyang's research focuses on the integration of AI in cardiology, aligning with Echo IQ's mission.
- **Dr. Hashim A. Khan, MD, FACC**: Dr. Khan contributes his clinical experience to support Echo IQ's initiatives.
- **Madeline Jankowski, BS ACS RDCS FASE**: As a specialist advisor, Ms. Jankowski offers expertise in echocardiographic practices.

These KOLS play a crucial role in guiding Echo IQ's research, product development, and clinical strategies, ensuring that the Company's solutions are innovative and clinically relevant, thereby enhancing the odds that the Company's offerings gain rapid commercialisation traction in the US (expected given diagnostic outperformance).

Significant commercial opportunity

EchoIQ's ability to help in the more timely and accurate diagnosis of structural heart diseases helps to solve a significant health care problem, providing the Company with a material commercial opportunity. This is especially so given that Aortic Stenosis and Heart Failure, which are currently the Company's two main key areas of focus, are both within the group of the most significant cardiovascular diseases based on their prevalence, mortality and impact on public health. Due to the ability of EIQ's datasets and AI algorithms to be applied to many other cardiac diseases beyond just Aortic Stenosis and Heart Failure, such as Pulmonary Hypertension and Mitral Valve Failure, investors should note that the future probable commercial opportunity set addressable by EIQ will only grow in time.

Based on issues such as worsening metabolic health, lifestyle factors and inequities in health care access, the incidence of cardiovascular diseases is increasing among younger populations globally, including in the USA; consequently, the need and hence addressable market opportunity for EIQ's innovative technologies is set to only increase in time.

For example, the National Heart, Lung and Blood Institute recently noted[1] that between 2009 and 2020, young adults with diabetes increased from 3% to 4.1%, while obesity rates increased from 32.7% to 40.9%; both of these are key causal risk factors for the later incidence of several cardiovascular issues, including Aortic Stenosis and Heart Failure.

The table below in **Figure 7** lists the key information relating to the market size, future growth and other disease characteristics of Aortic Stenosis and Heart Failure.

Figure 7 : Aortic Stenosis vs Heart Failure

Characteristics	Aortic Stenosis	Heart Failure
Market Size & Future Growth	USD $10 bln p.a health care expenditure currently. Anticipated expenditure growth rate between 2024-33': 10.3%	USD $70 bln p.a health care expenditure currently. Accounts for 17% of all US health care expenditure. Anticipated expenditure growth rate between 2024-33': 8.4%
Number of tests done per year/sufferers in the USA	6m echocardiograms p.a. 5m sufferers with 1.5m new diagnoses per year	~10m echocardiograms p.a. 6.7m sufferers with 1.2m new diagnoses per year
Disease description	Aortic Stenosis is a type of heart valve disease. The valve between the lower left heart chamber and the body's main artery (aorta) is narrowed and does not fully open. This reduces /blocks blood flow from the heart to the aorta and to the rest of the body.	Heart Failure occurs when the heart muscle does not pump blood as well as it should. When this happens, blood often backs up and fluid can build up in the lungs, causing shortness of breath. Certain heart conditions gradually leave the heart too weak or stiff to fill and pump blood properly. These conditions include narrowed arteries in the heart and high blood pressure. Heart failure can be life-threatening.
Symptoms	An irregular heart sound /murmur. Chest pain/tightness with activity. Feeling faint or dizzy with activity. Shortness of breath and fatigue, especially with activity.	Shortness of breath. Fatigue and weakness. Swelling in the legs, ankles and feet. Rapid or irregular heartbeat. Reduced ability to exercise. Wheezing.
Prevalence	The prevalence of AS increases with age; it affects 1 in every 4 people 65 years and above. It is becoming more common as the population ages.	There are 64M sufferers of HF worldwide; it has a 5yr mortality rate of close to 50%.
% of cases accurately diagnosed using current methods & Clinical Challenges	Only ~ 60% of all cases are accurately diagnosed. The primary diagnostic test for AS is via an echocardiogram. However, most people are not sent for an echo in the first place, and even if they are, issues of under-/misdiagnosis remain, leading to treatment rates that are lower than needed.	Only ~50% of all cases are accurately diagnosed. Treatment is available, but patients are frequently misdiagnosed.
Echo IQ Solution	**As noted above, EchoSolv AS has been shown to identify 100% of cases of severe Aortic Stenosis in addition to a group of patients at similar risk of mortality with the disease. The technology has been proven to be fast, consistent and accurate.**	**As noted above, EchoSolv HF has been shown to identify 97% of patients with Heart Failure when combined with human review. This compares to average detection rates of only ~ 50% in current practice.**

Sources: Company

[1] https://www.nhlbi.nih.gov/news/2023/heart-disease-risks-among-younger-adults-rise

In Australia alone, the number of echocardiograms performed annually is approximately 1 million and costs more than $300 million, whilst globally it is estimated that more than 30 million echocardiograms are performed each year. **Hence, the commercial opportunity available to EIQ associated with its AI powered technology's ability to add value to clinicians and heart specialists who are reliant on these tests is undoubtedly very significant.**

Although given the material market size and related FDA 510 k clearance for EchoSolv AS and FDA 510 K clearance strategy for EchoSolv HF, EIQ's near to medium term focus is on ramping up on the attractive commercial opportunity present in the USA, forward looking investors should also note that in due course the Company is also open to expanding across other regions and hence has proactively filed patents protecting its IP in all key markets around the world.

Entry into the Heart Failure segment is a strong strategic move by EIQ allowing it to benefit from the larger overall addressable market opportunity that the Heart Failure segment has vs Aortic Stenosis.

Quantification of the relative Total Addressable Market size opportunity offered by the Aortic Stenosis and Heart Failure segments is done in the Valuation section. However, it is important to point out how advantageous EIQ's move into the Heart Failure segment is, given that this segment offers a much larger market opportunity (US$ $ 70 billion p.a health care expenditure -17% of national US health care spend). Although the ability to monetise on this opportunity will only present itself post the FDA 510 (k) clearance of EchoSolv HF, given that the AI powered algorithm underlying both EchoSolv AS and HF work off the same underlying NEDA database, EIQ will be able to capture this significant additional revenue opportunity without incurring significant additional costs (or anywhere near to).

The emergence of the commercial opportunity that is addressable by EIQ arises due to the medical significance, both in terms of impact to patients and cost impact on the health care system from Aortic Stenosis, Heart Failure and other cardiovascular diseases, as well as EIQ's unique competitive advantages. As discussed more in the next sections, whilst this emergence of this addressable commercial opportunity for EIQ is also helped by favourable regulatory and technological developments associated with the Software as a Medical Device space (SaMD) and the Company's successful execution of FDA 510 k clearance for EchoSolv AS, allowing it to be marketed in the USA, the most effective use of this available opportunity is also critically helped by the different strategic levers that EIQ's management has carefully carved out.

Positive tail winds from the SaMD space

Echo IQ's AI-powered platform, EchoSolv qualifies as Software as a Medical Device (SaMD). This classification is based on the platform's function as a standalone software designed to aid in the diagnosis of Aortic Stenosis, Heart Failure and other forms of structural heart disease. EchoSolv AS operates independently of any specific hardware medical device, aligning with the International Medical Device Regulators Forum's definition of SaMD. **Consequently, EIQ's diagnostic offerings benefit from the significant adoption growth in recent years of AI and technological based digital health solutions, with these newer approaches to health care now having numerous prior successful use cases in terms of their benefits to overall patient health care outcomes, health care expenditures and efficiency to the health care value chain.** The success of this segment can be gauged from assessing market growth: in the period 2019-2023, the SaMD market grew from USD $24.29 billion in 2023 to USD $30.4 billion in 2024, indicating a compound

annual growth rate (CAGR) of 25.2%[2]. In terms of forward projections, the SaMD market is expected to continue to grow at a rapid rate, with the market size expected to increase to USD $ 74.86 billion by 2028, growing at a CAGR of 25.3% from 2024.

The successes of new innovative offerings in the SaMD space are ultimately linked to their ability to provide more accurate and earlier diagnoses of health issues, utilising real-time AI-powered data processing, which is less reliant on subjective human judgement. As noted earlier, EIQ's EchoSolv platform has exhibited these qualities exceptionally well in its diagnostic performance across its clinical studies and commercial pilots.

Associated with this success are a whole host of other benefits. For example, given this segment's successes, this segment is now relatively well understood, leading to the risk of adverse changes in regulation that impact the wider segment and Echo IQ's strategy being low (this is also relevant for the strong likelihood of achieving FDA 510 (K) clearance for EchoSolv HF). For EIQ, this can be seen in the relatively expedited FDA 510 (K) clearance it achieved for Echo Solv AS, taking just 5 months between May and October 2024, whereas historically the average review time for such reviews has ranged from 6 to 9 months.

Additionally, reflecting both Echo IQ's specific strengths and the strengths prevalent in the wider SaMD sector that enables broader and hence faster commercialisation is Echo IQ's growing current base of integrated and actively integrating hospitals and clinics, which has now extended to 40 other hospitals apart from BICD and commercialisation success across segments other than just hospitals such as cloud health image reporting providers and commercial discussions with other segments such as device manufacturers.

Lastly, forward looking investors will take note that since the underlying technology governing these solutions is often patented, as in the case for EIQ, often the best way for larger healthcare companies to either offset the competitive risk that smaller more innovate AI powered players, such as EIQ possess, or to accelerate the expansion of their product portfolios is to acquire these smaller more agile companies by way of an M&A transaction. Consequently, there is a real possibility that some time in the future EIQ is subject to an attractive value accretive M&A bid and this likelihood is also made stronger by the fact that once EIQ successfully achieves FDA 510 (k) clearance for Heart Failure it plans to continue to leverage the data in the NEDA database (which itself is growing) to expand its diagnostic offerings' reach into other related adjacencies such as Pulmonary Hypertension. As noted in our Valuation section, reflecting our conservative approach, we have not taken this real prospect of an M&A and related valuation benefit into account in our Base Case or Upside case, but we discuss what an M&A may mean for EIQ's valuation.

Positive tail winds from the recent FDA 510 k clearance

Significantly enhancing EIQ's commercial opportunity was the October 2024 announcement of EchoSolv AS receiving FDA 510(k) clearance, marking a major strategic milestone and allowing the company to commence its rapid commercial scale-up in the USA.

FDA 510(k) "approval" is effectively a "clearance" for market entry into the USA, not an approval or recommendation for usage by the FDA. FDA 510 (k) approval means that the FDA has determined that EchoSolv AS is substantially equivalent, in terms of safety and effectiveness, to a similar predicate that is already being legally marketed in the USA.

[2] As per data published by the Business Research Company

EIQ's plan to base EchoSolv HF's FDA 510(k) clearance off the earlier clearance of EchoSolv AS and using it as the predicate is another strategically sound move.

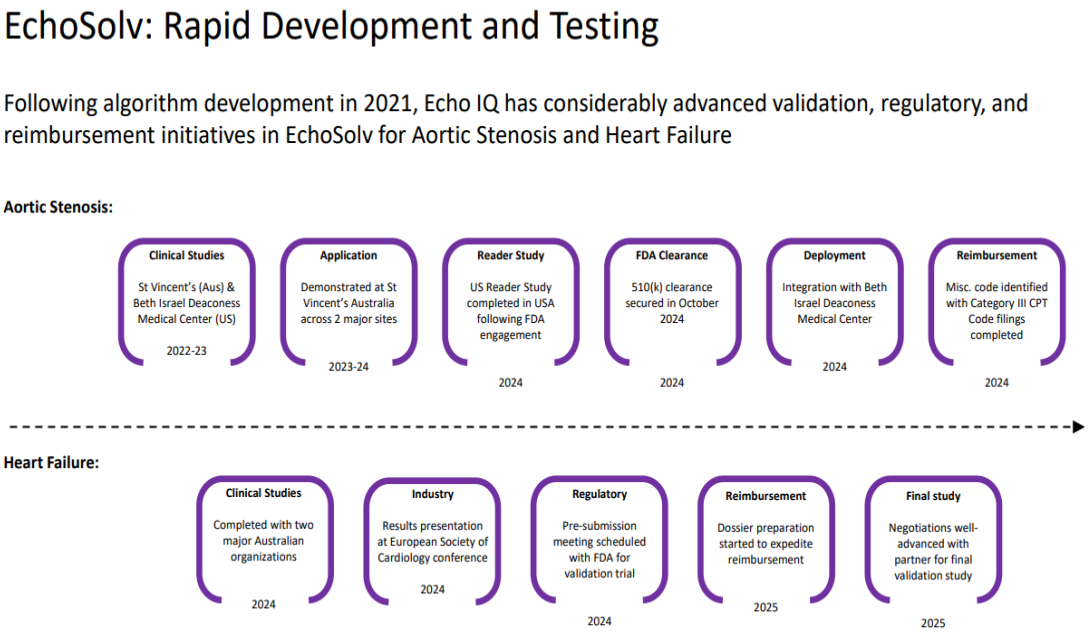
Despite EchoSolv's FDA 510(k) clearance not being an FDA endorsement, it allows EIQ to leverage its earlier pre-emptive and extensive commercialisation discussions with several hospital groups in the USA, as well as commence discussions about licencing opportunities with device manufacturers and pharmaceutical companies. Very importantly, EchoSolv AS' 510 (k) clearance paves the way for the EchoSolv HF to then also seek FDA 510 (K) clearance based on the AS offering being the predicate.

This is a highly effective strategy and is one of the reasons for our forecasted revenue ramp (accelerated revenue growth period) for EIQ in late 2026 and beyond (2027 in the Base Case) based on an expedited FDA 510 k clearance and integration timeline for EchoSolv HF that leverages off both the earlier 510(k) clearance and hospital integration efforts achieved by EIQ for EchoSolv AS. If, instead, EchoSolv HF needed to seek an FDA De Novo pathway for approval and could not seek to use EchoSolv AS as the predicate for 510(k) clearance, then it would face a significantly longer and costlier approval timeline for commercialisation. FDA De Novo approvals are used when there is no valid predicate, and hence, extensive clinical trials are often required, stretching the approval timelines to ~ 18 months at times (as noted, EchoSolv AS received 510 (k) clearance in just 5 months).

Strategic levers in place to capitalise on the commercial opportunity

As shown below in **Figure 8**, EIQ's management has skilfully put in place, advanced, executed and planned for several strategic initiatives across both its EchoSolv AS and EchoSolv HF AI powered offerings in addition to also planning for a clinical product pipeline that in the years 2027 and beyond allows for the further leveraging of the Company's AI powered IP, expertise and exclusive access to the NEDA database to tap into the commercial opportunities presented by other related cardiovascular diseases such as Pulmonary Hypertension.

Figure 8: EchSolv strategic achievement timeline – EchoSolv AS and EchoSolv HF



Sources: Company

Consequently, EIQ is now well placed to begin first revenue generation in Q3 and Q4 of 2025 (but in our Base Case we conservatively assume that this only commences in 2026), with an acceleration in revenues (revenue ramp) expected sometime in late 2026 (conservatively assumed to be 2027 in the Base Case) as EIQ's EchoSolv HF offering begins to be deployed across US hospital sites in addition to other channels, without the need for lengthy integrations, because these sites have already been integrated with EchoSolv AS earlier. **The fact that within a few short months from the time of FDA 510 (k) clearance for EchoSolv AS, EIQ has successfully integrated Beth Israel, and 40 additional hospitals are currently actively integrating, with an additional robust pipeline of 60 hospital sites/clinics in advance discussion stages shows that so far EIQ's commercialisation strategy is proving to be highly effective.**

EIQ's effective forward-thinking and structured approach to the commercialisation of the EchoSolv platform has played a key role in this achievement. Although EIQ executed many of these initiatives in parallel, the company also adeptly sequenced its commercialisation efforts and related clinical study programmes in the manner shown below in **Figure 9** (ordered from earliest to more recent). Apart from the outstanding results achieved in clinical studies that have subsequently helped commercialisation efforts across different segments, other than just hospitals, the Company's successes and current status as being positioned just prior to a revenue ramp are also strong separate validation points for EIQ's effective engagement of commercialisation partners.

Figure 9: EIQ's effective strategic sequencing

1. **Effective Clinical Trials and Pre-FDA commercialisation successes**
2. **FDA 510(k) clearance for EchoSolv AS**
3. **Post FDA 510 (K) clearance commercialisation ramp across hospitals**
4. **Integration of EchoSolv AS at hospital sites**
5. **Successful execution of Reimbursement Strategy**

Sources: East Coast Research

Achieving some early integration successes prior to achieving Miscellaneous Code reimbursement approval for EchoSolv AS is an achievement that EIQ's management should be strongly commended for.

Achieving some early initial integration successes prior to achieving Miscellaneous Code reimbursement approval for EchoSolv AS is an achievement that EIQ's management should be strongly commended for, because not only did it make it easier to establish reimbursement under the Miscellaneous Code, the integration ramp subsequent to achieving the Miscellaneous Code will make the granting of the other higher Category codes for EchoSolv AS easier in the future too, as discussed below.

The next sections talk about EIQ's clinical studies and commercialisation successes across EchoSolv AS and EchoSolv HF in greater detail, in addition to describing important achievements across other levers. **Indicating the efficacy of EIQ's AI-powered diagnostic technology, it is important to note the large sample size of patients on which these studies have been successfully conducted.**

EchoSolv AS

Clinical Study successes and other scientific presentations

St. Vincent's Hospital Trial

EIQ's flagship clinical trial, aimed at testing the diagnostic efficacy of the company's AI technology for the diagnosis of Aortic Stenosis, was a standout success, with the company announcing superior trial results in April 2023.

The study was fully funded by Edwards Lifesciences (NYSE: EW) and was conducted in conjunction with the National Echo Database of Australia (NEDA). The study applied the AI-backed EchoSolv software to 9,189 patient echocardiograms from two reporting sites at St. Vincent's hospitals in Sydney and Melbourne. The highlights from the study included the following:

- Echo IQ's EchoSolv AI technology identified 72% more patients with severe aortic stenosis than human diagnosis alone (376 vs 218).
- Trial revealed that women were 66% less likely to have been accurately diagnosed than men using human-only assessment: EchoSolv AS resolved this issue with biased results.

Beth Israel Deaconess Medical Centre

This was an important study (results announced December 2022) because it showcased EchoSolv AS' diagnostic ability across a large and broad US based patient population (critical for FDA 510 (k) that was subsequently achieved). The study was performed on 31,141 patient records from BICD. After excluding patients previously known to have been treated with an aortic valve replacement and compared to routine clinical interpretation, it rapidly and clearly identified a cluster of patients meeting guideline definitions of severe aortic stenosis (100% accuracy). This group accounted for a large (~5%) percentage of patients undergoing echocardiography at BIDMC.

The study revealed that this cohort that met current echocardiographic guidelines for severe AS received valve replacement in fewer than 50% of cases, consistent with known rates of treatment (this is suboptimal). In line with the now established view that these types of structural heart diseases are materially under and misdiagnosed, impeding patient health care outcomes, the study showed that human only diagnosis in comparison to EchoSolv AS was able to identify only a quarter of the cases that EchoSolv AS identified in terms of flagging those with an increased risk of death from Aortic Stenosis.

EchoSolv AS was also successful in identifying an additional group of individuals, similar in size to the first, with a similar pattern to those with severe Aortic Stenosis and having a substantially increased risk of death despite not meeting current treatment guidelines. At the core of this are the patients, who stand to gain from the earlier and more accurate diagnosis of a serious but treatable condition. **Additionally, hospitals and clinicians can potentially achieve better patient outcomes, higher procedure volumes, and a reduction in the risks linked to misdiagnosis.** Also standing to benefit are device manufacturers, such as those producing replacement valves, due to a broader pool of suitable candidates for their established treatments that can assist patient health; the current approach leads to many such patients not being referred for replacement valves because they are incorrectly diagnosed.

In late September 2024, the findings from EIQ's clinical study performed with BICD were published in the highly regarded and peer-reviewed publication JACC Advances, a journal of the American College of Cardiology.

As discussed more in the section on commercialisation, consequent to EchoSolv AS' outstanding successes in these two trials, the company put in place a rapid commercialisation strategy that included paid commercial trials and other successful commercial applications prior to the successful FDA 510 (k) submission and associated US Reader Study.

International Cohort Study

The results from this study were published in the Journal of the American Society of Echocardiography and were presented at a major cardiology conference. The study analysed data from 248,646 patients using EchoSolv AS. The distribution of AS severity was similar in both the US and Australian cohorts. The study highlighted EchoSolv AS' potential to enhance clinical decision-making and patient outcomes by providing accurate and timely identification of severe AS cases.

Scientific Presentations

EchoSolv's stellar performances across clinical studies, commercial pilots, presentation of findings at well known scientific conferences and academic journals paves the way for its awareness and hence adoption across the medical community.

Subsequent to the announcement of the successes EchoSolv AS achieved in clinical trials, the technology was prominently featured in a late-breaking science presentation at the European Society of Cardiology (ESC) Congress 2023, held in Amsterdam. In August, Professor Geoffrey Strange, representing the University of Notre Dame, Sydney, and Echo IQ, presented compelling findings on the use of artificial intelligence to detect Aortic Stenosis via echocardiography. Additionally, Professor David Playford, from the University of Notre Dame, Fremantle, and Echo IQ, presented research on the prognosis of mild to severe Mitral Regurgitation as part of the MR-NEDA study.

Investors should note that clinical studies and scientific presentations are a fundamental part of Echo IQ's commercialisation strategy. They provide evidence of the effectiveness of Echo IQ's AI-powered innovation, helping to drive interest in and awareness of Echo IQ's technology amongst the medical community.

Establishing this body of evidence, first across clinical studies and trials and then with commercialisation pilots, has played a critical role in the Company being able to successfully advance on securing reimbursement codes for its solutions in the US.

Early commercial successes

In August 2023, EIQ announced that EchoSolv AS would be used by Australia's largest cardiology provider, Advara HeartCare, which has over 90 centres Australia-wide as part of a paid pilot program (payment to EIQ). The entering into of this paid pilot agreement with Australia's largest cardiology provider is evidence of the level of interest that EIQ's AI-backed technology has been generating and was an early leading indicator of the kind of commercial traction that the technology is now getting across several different customer segments. After the pilot, Advara HeartCare entered into a commercial licensing agreement with EIQ. Investors should note that such commercial licensing agreements can be of notable strategic importance to EIQ because they constitute a revenue stream that is separate from CPT code-related CMS reimbursement. Although Advara's health care activities are conducted in Australia, EIQ has had prior early commercial successes with such licensing agreements with companies that are engaged in the US market as well; for instance, its January 2024 commercial licensing agreement with Respiri Limited (ASX: RSH)

is one such example. EIQ's licensing opportunity across multiple segments is discussed in more detail later, including in the Valuation section.

In a similar vein, EIQ announced on June 6, 2024, that EchoSolv AS was independently validated by Baylor Scott & White Health, one of the largest U.S. hospital networks. The findings were presented by Dr. Pedro Covas at the New York Valves Structural Heart Summit in May 2024. Over a seven-month period, EchoSolv ASwas applied to echocardiographic data from an academic heart hospital within the Baylor Scott & White network (study size: 200,000 patients). The study revealed that EchoSolv AS identified 15% more patients with severe Aortic Stenosis compared to human-only diagnosis, particularly highlighting cases in low-flow states that are often challenging to detect. Baylor Scott & White Health and EIQ are currently engaged in commercial discussions.

This independent validation in a real-world clinical environment underscores the potential of EchoSolv to enhance diagnostic accuracy for Aortic Stenosis, helping to set up EIQ for later successes it executed with FDA clearances, hospital integrations and reimbursement codes.

US Reader study done to support a successful FDA 510(k) application

As noted earlier, in May 2024, EIQ announced the submission of its 510(k) application to the U.S. Food and Drug Administration (FDA) for clearance for EchoSolv AS. Given the earlier robust clinical trial and commercial application results, the application was submitted under a 510(k) expedited process.

A pivotal component of the FDA submission was a reader study conducted at St. Bernard's Hospital in Arkansas that was done prior to the submission. This study assessed whether cardiologists, regardless of experience level, could interpret echocardiographic measurements more consistently and efficiently (time saving) with the assistance of EchoSolv AS. The study met both predefined endpoints, demonstrating improved diagnostic consistency and time savings, and was conducted at the request of the FDA to support the regulatory application.

EchoSolv HF

Clinical Study successes and other scientific presentations

As noted earlier, in 2024, across 2 Australian-based clinical studies, EIQ achieved some impressive results relating to the diagnostic abilities of Echo Solv HF for the earlier and more accurate diagnosis of Heart Failure.

- The Screen-HF study with St Vincent's Institute of Medical Research in Australia found that EIQ's AI-alone detects 86% of heart failure cases vs a detection rate of 46% achieved by the current clinical practice of human-only review.

- The NIL-CHF study with the University of Notre Dame Fremantle found that if EIQ's AI is used in combination with clinical evaluation, the diagnostic accuracy increased to 97% in terms of the ability to identify high-risk individuals who subsequently developed Heart Failure.

These studies, particularly the Screen-HF study at St Vincent's, revealed Echo IQ's AI-powered ability to be highly predictive for future hospitalisation, with those identified as high-risk being subsequently hospitalised (versus baseline) at almost ten times the rate of those found to be low risk. Given the high costs of emergency and inpatient care in hospital settings, these results clearly find the material scope of economic benefits that EIQ's technology can bring to both patients and the wider health care system.

As further evidence of EIQ's AI technology gaining wider attention, after the completion of these studies, their results were presented by invitation at Late Breaking Science sessions at the European Society of Cardiology (ESC) Congress 2024, the world's largest and most renowned cardiology congress.

The efficacy of Echo Solv HF was developed via testing and training using data from NEDA, including a new data set of ~ 82k echos that Echo Solv was not previously trained on. EIQ's AI using NEDA for Heart Failure diagnosis was able to produce results even when traditional diagnostic methods gave indeterminate results (~ 45% of patients, which is a significant portion). The stronger the Heart Failure AI output, the more likely patients were to have their echo findings associated with Heart Failure, and they were more likely to die. The lowest percentile had a 5-year mortality of 5.7% in men and 2.3% in women, compared with the highest percentile having 66.3% and 64.2% 5-year mortality in men and women, respectively.

The strong results across these two clinical studies formed the basis for EIQ's regulatory strategy for FDA approval for Echo Solv HF. After the completion of these trials, the Company requested a pre-submission meeting with the FDA in December 2024, with the meeting being held in Q1 2025. The pre-submission meeting was a success, with the FDA approving the design of EIQ's planned clinical validation study that will be done prior to formal submission to the FDA for regulatory clearance that is expected sometime during Q1 2026 – **although in our Base Case, we conservatively do not ramp EchoSolv HF revenues until 2027.**

Commercialisation Success

EIQ's recent announcement of a partnership with the Mayo Clinic is another impressive achievement. The Mayo Clinic is well recognised as the USA's number 1 ranked hospital. Success with the Mayo Clinic will help expedite wider commercial adoption of EchoSolv.

Given that Echo Solv HF is earlier in its development journey than Echo Solv AS, to a large extent, as explained further in the next sections on EIQ's overarching companywide commercialisation strategy, EchoSolv HF's commercialisation ramp works off and benefits from the earlier successes and plans of EchoSolv AS. For example, for the hospitals that have already gone through the 4-month integration cycle with EchoSolv AS (relates to the time IT systems need to incorporate EchoSolv and includes a 3 month free trial period), Echo Solv HF can be deployed on a plug and play basis absent any new time needed for integration. As noted earlier, another benefit that accrues to Echo Solv HF is that its FDA 510(k) clearance is planned with the Echo Solv AS offering being the predicate, leading to the HF offering avoiding the additional time and cost commitments needed under a lengthier De Novo clearance (novel medical device / diagnostic solution without any substantially equivalent prior device on the market).

Further accelerating Echo Solv HF's likely commercialisation ramp is that, unlike the case for Echo Solv AS, a category 1 CPT reimbursement code already exists that EchoSolv HF could qualify for; it has been estimated that the reimbursement rate for a one-time use of EchoSolv HF can provide a fee of US $250. EchoSolv HF's higher category reimbursement, which the EchoSolv AS offering is projected to reach in time, is also partly due to the case for reimbursement in the Heart Failure segment being especially strong based on the high rates of re-hospitalisation that occurs with under and misdiagnosis of Heart Failure and the

associated adverse cost impact to the health care system (**EIQ's new study with BICD is aimed at further establishing these merits for Aortic Stenosis as well, in line with the goal to achieve higher Category reimbursement approvals).**

Echo IQ recently announced that it has entered into a collaborative partnership agreement with the Mayo Clinic (the USA's top-ranked hospital) to advance its upcoming validation trial aimed at evaluating Echo Solv HF's Heart Failure diagnostic abilities. The results from this validation trial, which are anticipated to be highly successful, are the final clinical requirement by the FDA prior to the Company lodging a formal submission for clearance. The pending validation study will commence in Q2 of 2025 (current quarter) with anticipated completion mid-year, leaving the Company well placed to meet its proposed timelines for a formal submission to the FDA and resultant regulatory clearance of EchoSolv HF.

The Company's agreement with the Mayo Clinic includes the potential for licensing of EchoSolv HF to 30 Mayo Clinic Care Network sites using Mayo's proprietary integration software system for a three-year period. **This is a significant milestone given the Mayo Clinic's premier status in the USA and is a strong indicator of the potential revenue opportunity that the Company's AI-powered diagnostic offerings can tap into in the future.**

Near term commercialisation drivers and achievements

As discussed more in the Valuations section, although based on the current pipeline of successful integrations that includes BICD and other hospitals, it is likely that revenues start accruing to EIQ late in 2025, we have conservatively delayed our revenue ramp assumptions for EIQ until 2026 in the Upside and 2027 in the Base Case. Despite this, the efficacy of EIQ's strategy thus far in terms of the leveraging of its patented AI technology to achieve material outperformance in clinical studies, its multi segment engagement and on boarding of key well known commercial partners in the health care space and its progress made with achieving reimbursement related milestones amongst its other commendable achievements that we outline further below have all helped to position the company well to take advantage of the material commercial opportunity that it is presented with given the health care problems that its AI powered technology has proven to be able to solve.

Patent-related achievements

Echo IQ has done well to protect and safeguard its AI innovations in assisted cardiovascular diagnostics by filing key patents for both EchoSolv AS and EchoSolv HF and ensuring that multiple patents across international jurisdictions have already been filed for EchoSolv AS in order to secure EIQ's intellectual property rights globally, allowing the EchoSolv AS product to rapidly commercialise. In time, it is expected that the patent for Echo Solv HF will be complemented with additional global patents as well.

Product Development

During FY 2024, EIQ achieved key product development initiatives focused on driving cost-efficiencies for the EchoSolv platform, improving platform performance, and strengthening security. Enhancements included features that significantly reduce the cost of running the EchoSolv platform, deliver faster processing of large retrospective studies, and improve ongoing system quality and protection. The introduction of automated testing also streamlined the update cycle, enabling the Company to accelerate product releases without requiring additional development resources.

The EchoSolv platform achieved a material uplift in both functionality and clinical value, further strengthening its appeal to healthcare providers. Strategic investment in user experience led to a more intuitive interface, improved visual clarity, and quicker access to patient records, enhancing clinician workflow. Clinicians can now also activate SMS alerts for immediate notification when high-risk patients are identified, supporting timely clinical intervention.

As noted, the Company continued to expand EchoSolv's clinical scope beyond Aortic Stenosis, with the platform now able to assess echocardiographic data against established guidelines for Heart Failure and diastolic dysfunction, broadening its clinical applicability and market potential.

Following the end of the reporting period, Echo IQ implemented Single Sign-On (SSO) functionality and further enhanced security management, aligning the platform with enterprise-grade customer requirements and reinforcing its readiness for wider deployment.

Integrations, Commercial Pipeline and Partnership-based Growth and other levers

Since the appointment of experienced US-based health care executive, Dustin Haines, as the Company's CEO, the company has shown some impressive rapid achievements in its US commercialisation journey that include progress across integrations, pipeline growth and the entering into of key commercial partnerships and negotiations.

Integrations: As advised earlier, Beth Israel is fully integrated with EchoSolv AS. Alongside the Beth Israel deployment, EchoSolv AS is in the process of integrating into 40 more hospitals. These integrations include 4 that were facilitated via EIQ's existing partnerships with Studycast, a cloud-based echocardiography reporting platform. In addition, the partnership with ScImage, which is also another cloud-based echo reporting platform, has been causal to the current active integrating of 36 MedAxiom-affiliated hospitals and cardiology practices in the United States. Consequently, this takes the number of hospitals currently integrated and integrating with EIQ to 41 and validates EIQ's multi-segment business development efforts.

Commercial Pipeline Growth: In addition to integrations that are currently already in the works, an additional 60 hospitals and cardiology clinics are currently in commercial discussions with EIQ relating to Echo Solv's deployment. The above numbers outline the integrated/actively integrating base of hospitals and the commercial pipeline (hospitals that could very likely be integrated in the future, post-finalisation of discussions) as it relates to EchoSolv AS.

As noted earlier, the recently announced partnership with the Mayo Clinic aimed at helping the FDA 510 (k) clearance for Echo Solv HF also gives rise to the prospect of EIQ being integrated across 30 Mayo Clinic hospital sites. Whether EchoSolv AS is integrated first or Echo Solv HF, once a hospital is integrated with EIQ, with one offering the other diagnostic offering can ramp commercialisation and generate revenues without any integration waiting time period at all. **Figure 10** below shows the constituent breakdown of EIQ's current opportunity set across hospitals and across EchoSolv AS/HF, and whether the relevant hospital has already been fully integrated/is actively integrating or is in negotiations to be integrated.

Figure 10: Pipeline of near-term business

Hospital Name	EchoSolv AS Already Integrated /Integrating	EchoSolv AS in negotiations to be integrated	EchoSolv HF in negotiations to be integrated
-BIDC	1		
-NY, Alabama, Dallas,OK	4		
-ScImage/MedAxiom	36		
-Undisclosed		60	
-Mayo			30
Sub Total	**41**	**60**	**30**
Grand Total	**131**		

Sources: Company, East Coast Research

EIQ's pipeline of near-term business is strong and growing. Although our forecasted increase in the integrated pipeline YoY is constant, in practice as EIQ grows its market share, pipeline growth will likely also accelerate.

In terms of sales channels, EIQ's strategy encompasses both in-house and contract sales channels. In terms of contract sales, EIQ has in place a distribution partnership agreement with Cassling Diagnostic Imaging Inc, which is a well-known US medical imaging distributor. Cassling has incorporated EchoSolv into its product lineup, and its sales representatives sell EchoSolv as a supplemental offering to its main product suite across hospitals, specialty care facilities and outpatient centres. This arrangement reduces the need for EIQ to invest material fixed cost resources into SG&A, providing it with adequate leverage to grow its revenue base. The ~ 40 contract sales team at Cassling that are trained to sell EchoSolv provide EIQ with a ~ 70% coverage of the USA market and given that EchoSolv constitutes a secondary sell item to Cassling's main offerings, the contract sales cost for these sales is not high. **Despite this leverage, our Base Case valuation incorporates a projection of a 153% p.a. increase in marketing expenses between 2024 and 2032, whilst in the Upside, this is assumed to be 187% p.a.**

Strategic Partnerships

As seen below in **Figure 11**, EIQ's commercialisation strategy revolves around targeting multiple segments in addition to hospitals to ramp revenues and create customer stickiness (40 of the 41 hospitals' current integrations resulted from EIQ's tie-up with image reporting platforms). Favouring EIQ's strategy is that each of these segments can derive separate benefits from EchoSolv's value proposition of earlier and more accurate diagnosis of structural heart diseases. For example, across several clinical studies, EchoSolv AS has been shown to be effective in the earlier identification of patients who subsequently need to undergo aortic valve transplant procedures. **Consequently, apart from the benefits to the patient and the hospital, the valve manufacturer that supplies the hospital also stands to benefit, and hence, this leads to the scope of an additional licensing stream of revenues in the future.**

Figure 11: EIQ can target multiple end market segments

Sources: Company

EIQ currently has a strategic integration partnership with ScImage Inc., which is a leading US-based provider of cloud-based medical imaging and workflow solutions to hospitals and clinics. This partnership entails EchoSolv's integration into ScImage's cloud workflow offering (EchoSolv is HIPAA compliant). The benefit to EIQ is that such an arrangement removes the need for time-consuming software integrations of the EchoSolv platform directly into hospitals, because ScImage's offering is already integrated across an established user network of 1,200 clinical sites (hence large scope for future rapid further integrations). On the flip side, ScImage also benefits by now being able to market its offering as being augmented by clinically proven AI features.

As noted, this partnership with ScImage sees EchoSolv being deployed across 36 MedAxiom-affiliated hospitals and cardiology practices in the United States. Apart from the benefit of integrations, this partnership enhances EIQ's market reach and, consequently, revenue growth prospects. **It also adds to the stickiness of its revenue base because its AI technology is embedded into established cloud workflow systems.**

In terms of commercial progress across other segments, Echo IQ has recently advised of entering into a fully funded medical device pilot trial with Edwards Lifesciences in Australia.

The agreement with ScImage was the second agreement EIQ entered into with echocardiography image reporting providers. Earlier, the Company had entered into an integration agreement with Core Sound Imaging's Studycast platform, which subsequently led to 4 hospital integrations (the ones across New York, Alabama, Dallas, and Oklahoma identified earlier). These 4 new sites chose to deploy EchoSolv AS as part of their existing use of Studycast. Currently, EIQ is also engaging with other imaging reporting providers similar to ScImage.

In terms of commercial progress across other segments, Echo IQ has recently advised of entering into a fully funded medical device pilot trial with Edwards Lifesciences in Australia. The premise for the trial is well grounded, with the view that more Aortic Stenosis patients who need surgical interventions are identified earlier and get more timely referrals for surgical treatments. Since commencement, the trial with Edwards has utilised EchoSolv-AS across three sites to review ~30,000 echocardiograms.

EIQ is also in commercial discussions with all the device manufacturers for Aortic Stenosis, as well as a number of pharmaceutical companies that have heart failure programs, either currently in the market or under clinical stage development. Investors should expect some positive news relating to these strategic partnerships in the next month or two.

As pointed out earlier, these non-hospital and non-clinic end market segments, which include the following list, all lead to the prospect for a licensing-based revenue stream that is not directly dependent on insurer reimbursement; **this derisks EIQ's business model and potentially adds to its revenue growth potential.**

- Device manufacturers.
- Pharmaceutical companies.
- Hardware and service providers that facilitate remote patient monitoring and predictive personalised medicine

USA market expansion strategy and stock listing

The USA healthcare market is the largest in the world, and hence, EIQ's strategy of focusing on the massive opportunity for its patented AI-powered diagnostic platform, which the US offers, is the right one. As the company grows and builds momentum, EIQ's senior management is open to expanding into other jurisdictions such as Asia, the EU and the Middle East, hence the execution of the global patent strategy.

The appointment by EIQ of US SamD, AI and cardiac industry veterans to its leadership team is intended to accelerate commercialisation in the largest healthcare market in the world.

In line with the US market strategy, EIQ recently appointed a new highly experienced and well-credentialed US-based CEO, Mr Dustin Haines. Dustin is a US-based executive with over 25 years of successful experience working in the biotechnology and pharmaceutical sectors, primarily on accelerated commercialisation initiatives. Upon joining, Dustin's stated focus was to progress on several initiatives aimed at rapid commercialisation in the US market and in the few months that he has joined EIQ has indeed shown expedited achievements across several issues including: reimbursement code establishment, submission of a category III code application, building a large pipeline of business across multiple end market segments apart from just hospitals and successfully guiding several other initiatives including the FDA pre-submission meeting for Echo Solv HF and crafting a high performance team at EIQ.

Given Dustin's strengths in commercialisation and go-to-market strategy, Dustin's appointment followed FDA 510 (k) clearance for Echo Solv AS, which set the stage for EIQ to hold more advanced commercial discussions across several end markets.

EIQ's recent appointments of seasoned healthcare technology executive Sam Dribin to the role of CTO and Ken Nelson to the role of Non-Executive Director are also moves in line with EIQ's US commercialisation focus and the key stage the Company is at in terms of revenue realisation. Sam has extensive prior experience successfully solving problems and achieving results for other Software as a Medical Device companies that are in their integration phase with large US hospital groups and clinics. Additionally, his prior experience overseeing the development of AI medical software that received FDA clearance and his expertise in AI models within the health care space will assist EIQ as it continuously refines its models and engages in future product development initiatives. Ken is an accomplished US-based medical technology executive with prior experience successfully leading commercialisation efforts with multiple cardiac-focused digital health companies.

Further to the USA-focused strategy, EIQ has lodged a listing application with OTCQB, which is a US-based trading platform and is also known as the "Venture Market" and is distinct from the NYSE or the NASDAQ. The aim of this listing is to increase EIQ's visibility to global and particularly US investors. Hence, it includes the prospects of more readily available access to growth capital, which would help both current and future stockholders. Additionally, given the prospects of a dual listing and the generally higher valuation multiples in US markets, this dual listing will likely add upward momentum to its ASX-listed share pricing.

In terms of EIQ's stock, investors should also note that more than 40% of the company's stock is held by the Board and top 20 shareholders, ensuring that the interests of EIQ's leadership align with those of its wider investor base.

Funding and Cash Liquidity positioning

As per the Q4 2024 quarterly, as of December 31, 2024, EIQ had on its balance sheet $5.4 m of cash, which we believe provides it with sufficient liquidity to operate its business until the first revenues start flowing in during H2 2025 (2026 in our Base Case).

The most recent equity capital raise by EIQ occurred in September 2024, when the company secured approximately A$7.1 million through an institutional placement. This placement involved the issuance of 47,366,667 new fully paid ordinary shares at $0.15 per share. The offering was well-received, attracting both existing and new institutional investors.

Apart from the forthcoming cash generation consequent to its revenue ramp, investors should note that any type of future product development work that requires clinical trials and R&D is likely to be addressed by EIQ with a minimal net cash outflow requirement from itself. For instance, earlier this year, the Company confirmed the receipt of ~$1.2m under the Australian Government's R&D Tax Incentive Scheme. The refund is in recognition of EIQ's R&D related expenditure that was incurred in association with the development of the EchoSolv AI-powered diagnostic decision support platform. Additionally, EIQ's commercial pilots done so far have been paid in nature, which also helps to balance its future funding needs. As discussed more in the financials and Valuation section, the nature of EIQ's business model means that it does not need to incur material investment cash outflow – the Company's access to NEDA has several years left to go without any additional expenditure and the Company also does not foresee any near term need to invest further in intangible software assets. **However, despite this, as discussed more in the Valuation section, our projected cash outflow for Intangible Assets increases ~70 times between 2023 and 2032 in the Base Case, and ~115 times in the Upside Case.**

Reimbursement Strategy & Achievements

EIQ has made some notable achievements in relation to CPT reimbursement codes that EchoSolv AS and EchoSolv HF can qualify for.

The progress made in relation to EchoSolv AS can be gauged below in **Figure 12**. Initially, the Company had flagged to the market a reimbursement rate of only US$68 per use for EchoSolv AS. Subsequently due to some well-timed engagement of 3rd party reimbursement consultants in the US and **leveraging the strong proof of concept results from all the earlier clinical studies and commercial pilots in addition to the existent integration at Beth Israel, EIQ was able to identify Miscellaneous CPT Code 93799 which is anticipated to result in a US $148 rate of reimbursement from Medicare for one time use of Echo Solv AS.** The expected level of reimbursement from private/commercial insurers is anticipated to provide a higher reimbursement rate of ~ US$ $230.

Our conservative assumptions regarding the mix between private and public (dominant) underpinning our revenue model are discussed more in the Valuation section. This is an important strategic milestone for EIQ because in the US healthcare sector, reimbursement approval from insurance providers is the primary catalyst for broader commercial adoption by end market users.

What has helped EIQ is its strategic high value partnership with Beth Israel which saw it being already integrated prior to the identification of this higher value Miscellaneous reimbursement code.

Category III CPT Code reimbursement approval for EchoSolv AS was filed earlier this year, with positive approval expected sometime in the next few months.

Investors should note however that although commendable this is just the first step. EIQ has also filed for a Category III CPT code which will create a code for Echo Solv AS as a new and emerging technology allowing it to benefit from higher rates of approval of reimbursement than the Miscellaneous code. Category III code approval is expected later this year in 2025 (conservatively assumed to be 2027 in our Base Case). Despite having its FDA 510 (k) approval based on a predicate, Category III approval will deem Echo Solv AS as a new technology due to all the relative performance advantages that it has vs its main competitors that were outlined before.

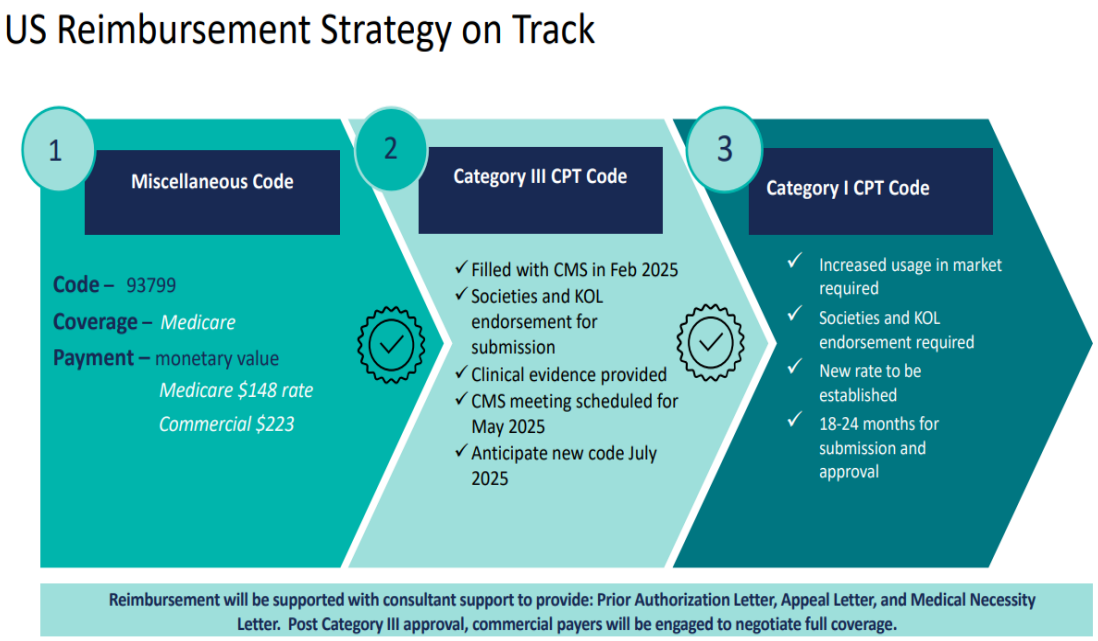
Ultimately EIQ's goal is to achieve the granting of a Category 1 CPT code, which as shown below in **Figure 12** provides for highest average likelihood of approval (80-100%). Category 1 CPT codes are used for established procedures that have been widely performed and accepted in medical practice. In time, as EIQ's commercial adoption and partnerships grow, as it receives more KOL endorsements in addition to the expertise endorsement that it already has as evidenced by virtue of the strength of its Scientific Advisory Team, EIQ's chance for achieving Category 1 code approval will become quite high. Our conservative assumptions relating to EIQ's Category 1 code approval and how it impacts its financials is outlined in greater detail in the Valuation section.

To assist early adopters of the technology like Beth Israel, the Company and its team of consultants have created an extensive suite of supporting documentation and tools which can be used by billing departments to engage with payers and insurers to access the initial Miscellaneous code. These efforts also give rise to the added benefit of the increased likelihood of approval for usage of the Company's AI technology, creating mutual win wins for both the hospitals and EIQ.

Heart Failure Reimbursement

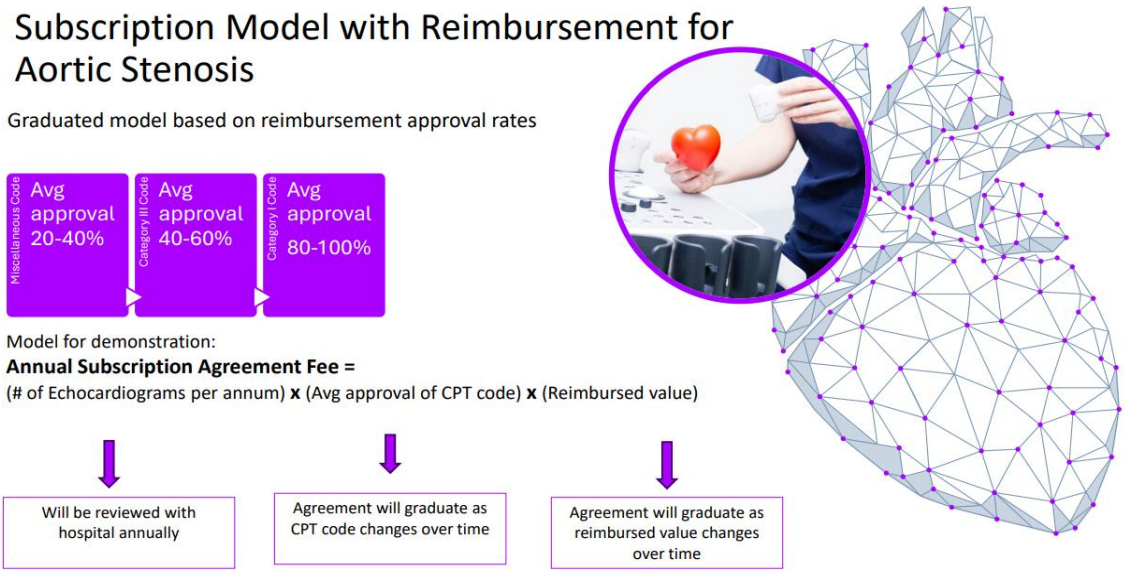
As noted, there is already a Category 1 code that could be availed by Echo Solv HF post its FDA 510 (k) clearance which has a reimbursement rate of US$250 for one time usage. This is also a positive signal for EchoSolv AS to also in time, once it is more widely commercialised, progressing to qualifying for Category 1 Code approval given its similarity with EchoSolv HF (new BICD study to further validate this).

Figure 12: EIQ's reimbursement strategy



Sources: Company

Figure 13: EIQ's plan for a graduated reimbursement model that creates mutual win wins



Sources: Company

Progressive revenue sharing model

As can be gauged above in **Figure 13** the reimbursement model that is associated with the use of EchoSolv across hospital and clinical care settings has inherent advantages both for EIQ and the contracted hospital. For EchoSolv AS (as noted EchoSolv HF already could qualify for the highest category CPT code), as commercialisation ramps up and even more successful proof points are established than all the current documented successes across clinical trials and pilots, it is highly likely that the EchoSolv AS transitions from its current qualification for a Miscellaneous Code to Category 3 code and then to a Category 1 code. As this occurs, the revenue benefit that accrues to EIQ is consequent to:

1. The average rate of approval, in terms of the percentage of patients that CMS authorises for reimbursement approval, increasing.

Revenue sharing and incentive aspect

EIQ's conception of a revenue sharing model with hospitals is a highly effective ploy to reward and hence incentivise hospitals to also push for the wider uptake of Echo Solv AS. Under this innovative approach, if the hospitals can achieve rates of CMS reimbursement higher than the average for the Miscellaneous Code (30% as seen above in **Figure 13**) then the residual benefit is directly monetized by the hospital themselves too. So for example, if BICD, in seeking to help more patients benefit from the earlier and more accurate diagnosis of Aortic Stenosis and also obtain direct cost based operational benefits for its hospitals that result from earlier and more accurate diagnosis of Aortic Stenosis, is able to achieve EchoSolv AS reimbursement approval of 40% of the patients that it seeks reimbursement approval for then it can keep for itself the residual revenue stream generated from the 10% improvement it has achieved over the average approval rate of 30% under the Miscellaneous CPT code. **This creates a virtuous cycle for EIQ, because the hospitals are incentivised to seek increased adoption of Echo Solv AS, and wider adoption itself will help EIQ's revenue model "graduating" to higher rates of revenue generation.**

Valuation

Total Addressable Market Estimates

There are many causal reasons supporting the thesis that the number of echos done in the USA will continue to steadily grow.

Given EIQ's current pipeline of integrated, actively integrating and soon to be integrated hospitals and clinical sites for EchoSolv AS that will shortly start generating revenues for EIQ, we undertook a DCF based approach to value EIQ projecting financials until 2032.

Underlying our valuation for EIQ is a projection of the **Total Addressable Market** size that is monetisable by the Company given a range of factors that we have assumed conservative and defensible estimates for. **Figure 14** below shows our projections for the number of echocardiograms done p.a. for Aortic Stenosis and then separately for Heart Failure in the USA.

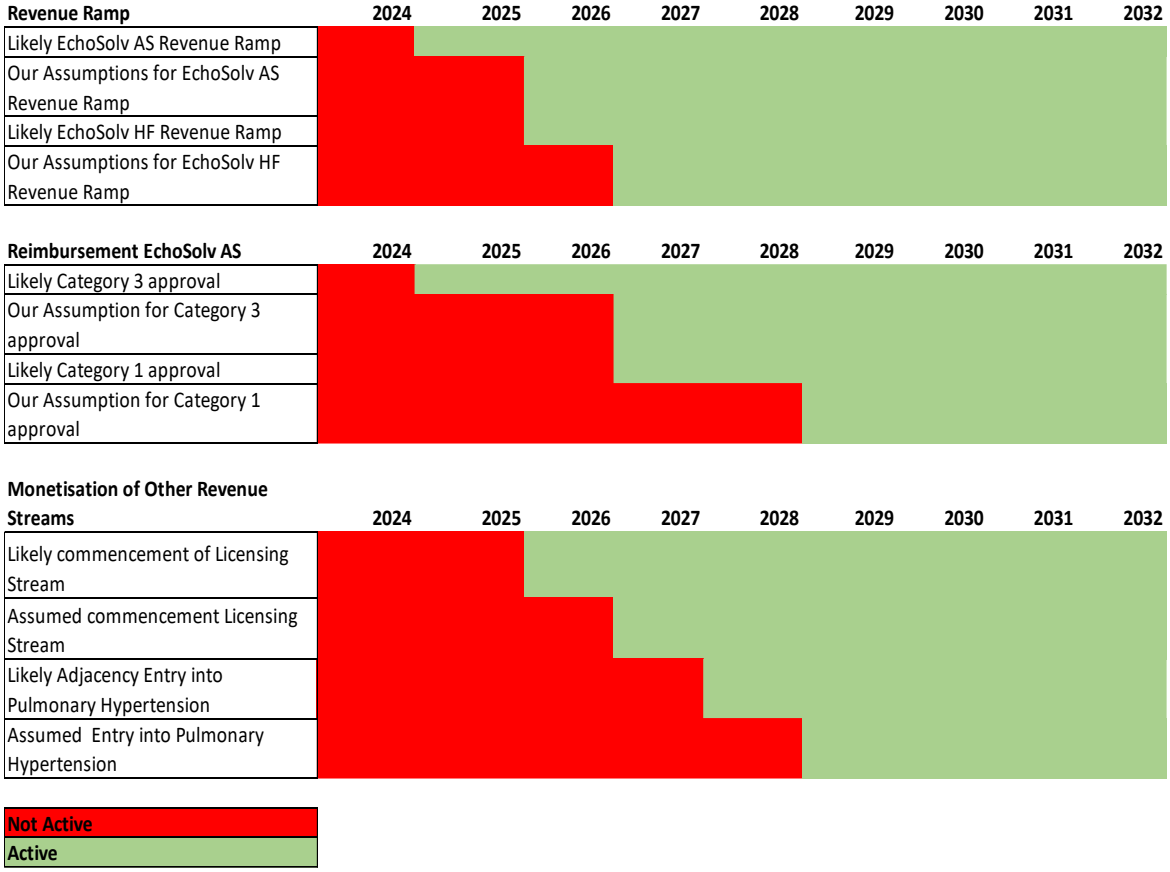
Figure 14: Forecasts for number of Echos by segment in the USA (m)

No of Echos done p.a (m)	2024	2025	2026	2027	2028	2029	2030	2031	2032
Aortic Stenosis	6	6.2	6.4	6.7	6.9	7.1	7.4	7.6	7.9
Heart Failure	10	10.4	10.7	11.1	11.5	11.9	12.3	12.7	13.2
Total	16.0	16.6	17.1	17.7	18.4	19.0	19.7	20.4	21.1

Sources: Company, East Coast Research

The assumed annualised growth rate of the number of echocardiograms done across both segments is 3.5%, and this is conservatively assumed to be less than the anticipated growth in healthcare expenditure that we outlined earlier[3] of 10.3% for Aortic Stenosis and 8.4% for Heart Failure **(the volume portion of both estimates likely > 3.5%).** Investors should note that the projections for the number of echos across both segments are mutually exclusive, with the issue of over estimation due to double counting having been carefully accounted for. Additionally, our estimates conservatively exclude the material market opportunity present outside of the USA that is potentially addressable by EIQ given the scalable nature of its Software as a Medical Device business model and global patent filing strategy.

Figure 15: Assumed product launch and revenue ramp timelines



Sources: East Coast Research

[3] U.S. Minimally Invasive Surgical Instruments Market Size, Share & Trends Analysis Report By Device (Handheld Instruments, Inflation Devices), By Application (Cardiac, Gastrointestinal), By End-use, And Segment Forecasts, 2024 – 2030 **&** Cardiovascular Market by Product Type (Diagnostic & Monitoring Devices, Therapeutic & Surgical Devices, etc.), by Application (Coronary Artery Disease, Heart Failure, etc.), by End-user (Hospitals, Specialty Clinics, etc.), Region and Companies – Industry Segment Outlook, Market Assessment, Competition Scenario, Trends and Forecast 2025-2034." (2025). Market Research Report.

Essential to our TAM estimations across the Base and Upside cases are also assumptions regarding the revenue /ramp timeline for EchoSolv AS, EchoSolv HF and associated timeline for Category 3 and Category 1 reimbursement approvals for EchSolv AS. **Figure 15** above details our assumptions with the "Likely" timeline based off EIQ's current actual progress. However, despite this, the timeline associated with our "Likely" scenarios is an input into our "Upside Case, with the delayed timelines vs EIQ's current actual and expected progress being an input into our "Base Case" scenario. Investors should note that this conservative approach adds to the robustness of our multi-faceted bullish investment thesis for EIQ.

In line with our conservative approach, our Base Case reflects additive delays to the commercialisation schedule than vs what is currently expected.

For instance, EchoSolv AS' AI powered offering is currently integrated and actively integrating across 41 locations and is already associated with a Miscellaneous reimbursement code, hence first revenues will invariably start to stream in for EIQ in 2H 2025. However, our Base Case has this revenue stream commencing only in 2026 and ramping in 2027.

In a similar vein, despite EchoSolv HF likely receiving FDA approval in Q1 of 2026 and being able to avoid a delayed time to revenue due to primarily working off the integrations already done for EchoSolv AS, our Base Case revenue ramp for EchoSolv HF conservatively does not assume a revenue ramp for the Heart Failure offering until 2027. The overall conservativeness of our Base Case is increased by the Base Case's assumptions associated with delayed achievement timelines for EchoSolv AS' Category 1 and Category 3 approvals.

For instance, the likely timeline for Category 3 and Category 1 approvals are incorporated into our Upside Case: in this case, EcholSolv AS starts to generate revenues in 2025, and given that an application for Category 3 reimbursement approval has already been lodged, Category 3 approval is assumed to be received in 2025 itself, as is currently expected. In our Base Case however, we have assumed additive delays that lead to a more conservative TAM and revenue realisation schedule. For instance, since in the Base Case we have assumed that EchoSolv AS will generate revenues with a 1 yr delay to 2026, in line with the compounding affect of delays, we have assumed that Category 3 reimbursement approval under the Base Case will stretch to a 2 year delay (vs the likely/upside case) to 2027. In accordance with this approach, the delta time period between Echo Solv AS' launch in 2025 to when it is expected to receive Category 1 approval is 2 years (2027) under the Likely/Upside case scenario, whilst in our Base case this delta delay is extended to 3 years (2026 to 2029). However as discussed in more detail below, even our Likely/Upside case scenario encompasses deductions stemming from our overall reasonable approach.

Figure 16 below details an additional set of assumptions that we have used associated with Pricing and also includes our assumed end market mix across Medicare and Private/Commercial insurance plan coverage across our Likely/Upside scenario and Assumed/Base case scenarios. As can be seen, across both our Base and Upside Cases, we have assumed that the pricing for Aortic Stenosis stays the same even as it transitions into higher reimbursement code categories – US $ 150. Additionally, the % proportion of private/commercial insurance cover that applies generally to SaMD offerings and just generally (private/commercial cover is usually associated with higher level of $ reimbursement) is materially higher than the low 20% we have assumed under our Likely/Upside Case scenario. Very conservatively, we have assumed 0% private/commercial cover support for EchoSolv AS in our Assumed/Base Case (no TAM /revenue benefit from higher $ reimbursement under private plans). The private / commercial rate of reimbursement for EchoSolv AS has been noted to be ~US $230 which is what we have assumed. Based on these pricing and mix assumptions, we arrive at our estimates for the weighted average price in $USD across our Likely/Upside Case and the Assumed/Base cases across different Category code approval stages for EchoSolv AS and separately for EchoSolv HF which already has a Category 1 code associated with it.

Figure 16: Pricing, mix and reimbursement approval rate assumptions

One time usage Price Assumptions $USD	Medicare	Private /Commercial
Aortic Stenosis Misc Code	$150	
Aortic Stenosis Cat III Code	$150	$230
Aortic Stenosis Cat I Code	$150	$230
Heart Failure Cat I Code	$250	$290

Aortic Stenosis	Approval Rate
Misc Code	30%
Cat III	50%
Cat 1	90%

% Mix Assumptions	Likely	Assumed
Medicare	80%	100%
Private Commercial	20%	0%

Weighted Average Price $USD	Likely	Assumed
AS Misc Code Stage	$150	$150
AS Cat III Code Stage	$166	$150
AS Cat I Code	$166	$150
Heart Failure Cat I Code	$258	$250

Licensing Revenues	Likely	Assumed
% add on from core revenues	12%	7.5%

Pulmonary Hypertension	Likely	Assumed
% add on from core revenues	15%	7.5%

Sources: East Coast Research

Based off the above overarching discussion, we arrive at the segment level TAM forecasts for Aortic Stenosis and Heart Failure as shown below in **Figure 17**. Given the material size of the TAM associated with the Heart Failure offering, EIQ's management should be credited for the strategy that allows its technology and exclusive access to NEDA to also tap into this segment.

Figure 17: Segment level TAM forecasts across 2 scenarios in $USD

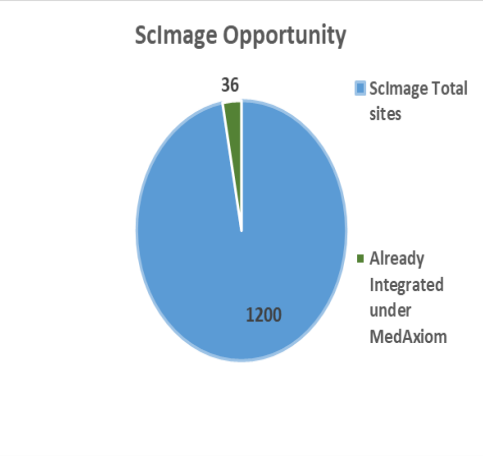
$TAM in $US m	2024	2025	2026	2027	2028	2029	2030	2031	2032
Likely TAM Core AS	$0	$1,031	$1,067	$1,104	$1,143	$1,183	$1,224	$1,267	$1,312
Likely TAM Core HF	$0	$0	$2,764	$2,860	$2,961	$3,064	$3,171	$3,282	$3,397
Assumed TAM Core Revenues AS	$0	$0	$964	$998	$1,033	$1,069	$1,106	$1,145	$1,185
Assumed TAM Core Revenues HF	$0	$0	$0	$2,772	$2,869	$2,969	$3,073	$3,181	$3,292

Sources: East Coast Research

TAM to Revenue forecasts: Market share and underpinning reimbursement approval rate assumptions

Figure 18: Market Share assumptions across time

	2025	2026	2027	2028	2029	2030	2031	2032
Integrations Base Case	131	186	241	296	351	406	461	516
Integrations Upside Case	131	201	271	341	411	481	551	621
Base Case p.a. additions		55	55	55	55	55	55	55
Upside Case p.a additions		70	70	70	70	70	70	70
Total US Hospitals	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Base Case Market Share	**2.2%**	**3.1%**	**4.0%**	**4.9%**	**5.9%**	**6.8%**	**7.7%**	**8.6%**
Upside Case Market Share	**2.2%**	**3.4%**	**4.5%**	**5.7%**	**6.9%**	**8.0%**	**9.2%**	**10.4%**



Sources: East Coast Research, Company

Achieving the projected levels of market share that we have assumed for EIQ's technology, which is scientifically proven to materially assist in cardiovascular disease diagnosis and provide cost based and other benefits to the hospitals themselves, can be inferred as being very reasonable.

Figure 18 above details our Market Share assumptions by year across our revenue forecast horizon from 2025 to 2032 across both our Base and Upside Cases. There are approximately 6,000 hospitals in the USA that conduct echocardiograms. Hence given that by the end of 2025, 131 hospitals and cardiology clinics would have very likely been completely integrated with EchoSolv AS, our p.a. additions of 55 hospitals /clinics under the Base Case and 70 in the Upside that lead to the shown Base Case and Upside Case Market share assumptions shown above (e.g 2028 Base Case 4.9% market share, whilst in the Upside 5.7%) are very defensible. In terms of the critique that these market share projections are inflated, because we are benchmarking the delta additions and the cumulative additions which includes cardiology clinics and hospitals to only the total number of hospitals, the RHS pie chart in **Figure 18** should offer some useful insights. Given EIQ's multiple end market targeting strategy that includes cloud based image reporting providers, the actual number of sites that can, without any integration waiting period, be readily plug and play integrated with EchoSolv is likely much higher than the overall integrated number that we have assumed even by 2032. For example, ScImage itself is deployed across 1200 separate US based hospitals and cardiology practices, with only 36 of them having thus far integrating with EchoSolv – thus there is strong potential for EIQ to readily ramp its market share and hence our assumptions regarding market share even in the Upside case are very reasonable.

Given EIQ's AI powered offerings differentiation and superior positioning vs its competitors, our market share assumptions are very reasonable across both our cases.

Figure 19: Reimbursement approval rate progression and resultant $AUD revenue forecasts

Approval Rate Assumptions	2024	2025	2026	2027	2028	2029	2030	2031	2032
Likely Approval Rates AS	0	30%	50%	90%	90%	90%	90%	90%	90%
Assumed Approval Rate AS	0	0%	30%	50%	50%	90%	90%	90%	90%
Likely Approval Rate HF	0	0%	90%	90%	90%	90%	90%	90%	90%
Assumed Approval Rate HF	0	0%	0%	90%	90%	90%	90%	90%	90%

Upside Case

in AUD	2024	2025	2026	2027	2028	2029	2030	2031	2032
Likely Revenues AS	$0	$3	21.7	$64	$84	$104	$126	$150	$175
Likely Revenues HF	$0	$0	65.8	$108	$141	$175	$212	$252	$294
Add Licensing Revenues	$0	$0	10.5	$21	$27	$34	$41	$48	$56
Add Pulmonary HT revenues	$0	$0	0.0	$0	$17	$21	$25	$30	$35
Total Likely Revenues	$0	$3	$98	$193	$268	$334	$405	$480	$560

HF Discount Factor: 65%

Ramp Factor: 30%

Base Case

in AUD	2024	2025	2026	2027	2028	2029	2030	2031	2032
Assumed Revenues AS	$0	$0	$13	$29	$36	$80	$96	$113	$131
Assumed Revenues HF	$0	$0	$0	$93	$118	$145	$174	$204	$237
Add Licensing Revenues	$0	$0	$0	$9	$12	$17	$20	$24	$28
Add Pulmonary HT revenues	$0	$0	$0	$0	$0	$17	$20	$24	$28
Total Assumed Revenues	$0	$0	$13	$131	$166	$259	$311	$365	$423

aud/usd 0.7

usd/aud 1.428571

HF 2026 Deacceleration factor

85%

Sources: East Coast Research

The progression of the assumed rates of reimbursement approval, across our Likely/Upside Case and Assumed Base Case, that are applied consequent to the market share assumption's application on the TAM, is shown above in **Figure 19.** As indicated above in **Figure 19,** different categories of CMS codes are associated with different average rates of reimbursement. So, with the Miscellaneous Code, the average rate of reimbursement is ~ 30%, meaning that when we apply our % market share assumptions to the TAM for EchoSolv AS, then of that possible revenue stream we have assumed that only 30% flows through to EIQ in the time period that we have assumed that the Miscellaneous Code applies, because only 30% of the provider's pre authorisation request for Echo Solv AS approval will get approved in the time period when the Miscellaneous Category applies. In this manner, the flow through to revenues is 50% during the time period that we have assumed that EchoSolv AS has transitioned to Category 3 approval.

As noted, EchoSolv HF is already associated with a Category 1 code, which generally provides for ~ 90% approval rates. As shown above in **Figure 18**, based on these assumptions and others, we arrive at our AUD-denominated revenue forecasts across both cases until 2032. Adding extra layers of conservativeness across both cases, we have reduced Heart Failure revenue streams by 35% (only 65% flow through from TAM*market share*reimbursement code approval) to account for EchoSolv HF still needing official FDA 510 (k) clearance. However given the range of factors discussed above, such as EchoSolv HF already being associated with a Category 1 reimbursement code, the strength of its clinical trial diagnostic results, its recent collaborative tie up with the Mayo Clinic which encompasses a validation trial for EchoSolv HF and the potential for a licensing agreement,

and the fact that EchoSolv HF will be seeking FDA 510 (k) clearance based off EchoSolv AS' earlier approval, our assumed 65% probability (flow through) for commercial success of EchoSolv HF likely notably underestimates the real higher probability of approval.

Additionally, our use of an AUD /USD exchange rate of 0.70 which is higher than the current rate of ~0.64 conservatively lowers the quantum of our AUD converted revenue stream.

Investors should also note that there are additional reasonableness measures added to our Likely /Upside Case, such as :

- Despite a 2025 likely approval period for EchoSolv AS receiving Category 1 approval, assuming that the Miscellaneous code reimbursement rate of 30% will apply for the whole of 2025.
- Lowering the resultant 2025 revenue stream based on the above methodology by 70% to account for a step wise ramp of revenues (2025 has an effective revenue flow through rate of only 30% for the Upside Case).
- Application of a revenue ramp deaccleration factor of 85% (lowers the revenue stream by 15%) to further moderate the projected 2026 revenue stream in addition to all the moderations outlined above. However, it should be noted that invariably, given the nature of EIQ's business model wherein EchoSolv HF, which is associated with a higher addressable market, can ramp after EchoSolv AS and ramp without a waiting period for integration, there will be a revenue acceleration in the year that the HF offering goes live (2026 in Upside, 2027 in Base Case).

Commercial partnerships and engagements with institutes such as BICD and the Mayo Clinic in addition to partnerships with innovative cloud image reporting platforms leads us to draw assurance that EIQ's revenue ramp will progress well.

Another way to sense check the reasonableness of our revenue forecasts, especially in the Upside Case, is to backward solve to gauge what the 2026 ramped up revenues across both EchoSolv AS and EchoSolv HF imply in terms of the number of echocardiograms needed and how that number compares to the number of echocardiograms potentially done by the current pipeline and integrated/integrating base of 131 hospitals and clinical sites. The 2026 core revenue stream from EchoSolv AS + HF implies, based on an assumed weighted average USD price of ~$225, that ~320K echocardiograms are successfully done using the EIQ technology. The Beth Israel hospital itself has been noted to conduct ~ 30k echocardiograms p.a. Although undoubtedly BICD is a heavy hitter in terms of the number of echocardiograms that it does, Beth Israel constitutes just 1 of the hospitals across the current pipeline and integrated/integrating base of 131. **Hence even in the Upside Case, our revenue forecast assumptions for EIQ are defensible.**

In terms of revenue streams outside of the core EchoSolv AS and EchoSolv HF offerings, **Figure 15** and **Figure 16** above detail our assumptions relating to revenues from Licensing EchoSolv and from an EchoSolv offering targeting Pulmonary Hypertension.

- In our Likely/Upside Case: Licensing revenues are assumed to be 12% of the core EchoSolv AS + EchoSolv HF combined revenues and are assumed to commence in 2026. Revenues from the Pulmonary Hypertension offering are assumed to be 15% of the core EchoSolv AS + EchoSolv HF combined revenues and are projected to commence in 2028.

- Whilst in the Assumed/ Base Case: The Licensing revenue stream's contribution is assumed to be 7.5% , with commencement in 2027. Pulmonary HT's revenue contribution is also assumed to be 7.5% , with commencement in 2029.

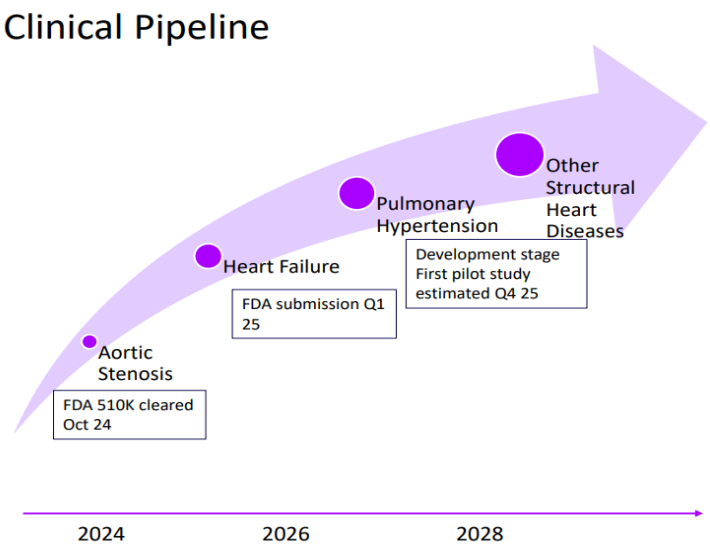
Refer to **Figure 20** below for an overview of the Company's scheduled plan for its clinical pipeline /entry into the adjacency cardiovascular disease diagnostic market that its AI powered technology, EchoSolv can also in time cater to. Even though EIQ itself sees the potential for a commercial ramp of a Pulmonary HT offering sometime in 2027, our Upside Case reflects a 2028 timeline, whilst it is 2029 in the Base Case. EIQ has done some earlier developmental R&D work on a Mitral Regurgitation offering and senior management has hinted at the possibility of an EchoSolv entry into the Mitral Regurgitation space post success with Pulmonary HT, hence the potential revenue upside from EchoSolv's entry into adjacency segments has the potential to notably exceed the levels of even our Upside Case.

Given EIQ's successes with commercial engagements across other end market segments such as with Edwards Lifesciences in Australia (involved in the manufacturing of heart valves for conditions such as Aortic Stenosis) , the number of these end market segments and the utility they can each derive from EIQ's AI powered diagnostic solution, as noted earlier it is likely that the Company will start to also generate licensing based revenues from these end markets that are additive (minor cannibalisation risk issue with core segment has been accounted for) to its main core hospital and clinical based revenue stream.

As noted, in terms of commercial progress across other segments, Echo IQ has recently advised of entering into a fully funded medical device pilot trial with Edwards Lifesciences in Australia. The premise for the trial is well grounded, with the view that more Aortic Stenosis patients that need surgical interventions are identified earlier and get more timely referrals for surgical treatments. Since commencement, the trial with Edwards has utilised EchoSolv-AS across three sites to review ~30 000 echocardiograms. EIQ is also amidst commercial discussions with all the device manufacturers for Aortic Stenosis, and a number of pharmaceutical companies that have Heart Failure programs either currently already in the market or under clinical stage development. Investors should expect some positive news relating to these strategic partnerships in the next month or two.

Additionally, as noted earlier, our revenue projections across both our valuation cases even up to 2032 and beyond do not include any benefit from EIQ's likely diversification into other markets apart from the USA.

Figure 20: Planned Product Pipeline



Sources: Company

Weighted Average Cost of Capital (WACC)

Effectively our WACC that was used to value EIQ was almost ~3 times higher than the WACC associated with larger ASX healthcare companies. This magnitude of difference adequately captures risks associated with EIQ's smaller and earlier stage business.

Complimenting all the reasonableness and sense checks done when projecting EIQ's TAM and associated revenue streams, we have also used a conservative estimate for its WACC. EIQ's Beta is associated with a range of values depending on the time period chosen (0.43-0.99), hence based on the current estimates for the risk-free rate and the equity risk premium its cost of equity capital using the CAPM model does not exceed 10%. Our bullish investment thesis for EIQ is premised on using a much higher equity cost of capital of 20% (to account for risks associated with its early-stage nature), and we have also conservatively used this as a proxy for the overall WACC. Although EIQ does not hold any long-term liabilities on its balance sheet, it is reasonable to assume that in time as revenues and cashflows are generated, to take advantage of the tax deducibility of interest and hence lower its after tax WACC, EIQ will also access sources of debt capital. Despite this, with the aim of using a higher WACC to stress test our valuation, we have assumed that EIQ will remain all equity funded throughout our forecast horizon (increases after tax WACC).

Given that larger ASX Healthcare segment companies with established businesses are associated with significantly lower WACCs in the vicinity of ~ 7% such as Ramsay Health Care (ASX:RHC) and Sonic Healthcare (ASX:SHL), our use of a 20% WACC for EIQ arguably more than adequately captures the systematic risks associated with investing in EIQ.

Costs & Capex related assumptions

Figure 21: Forecasted Gross Margin progression across scenarios

Gross Margin Est	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E	2032 E
Base Case	55%	94%	93%	94%	93%	92%	90%
Upside Case	93%	94%	94%	92%	90%	87%	83%
Current Structure	99%	99%	99%	99%	99%	99%	99%

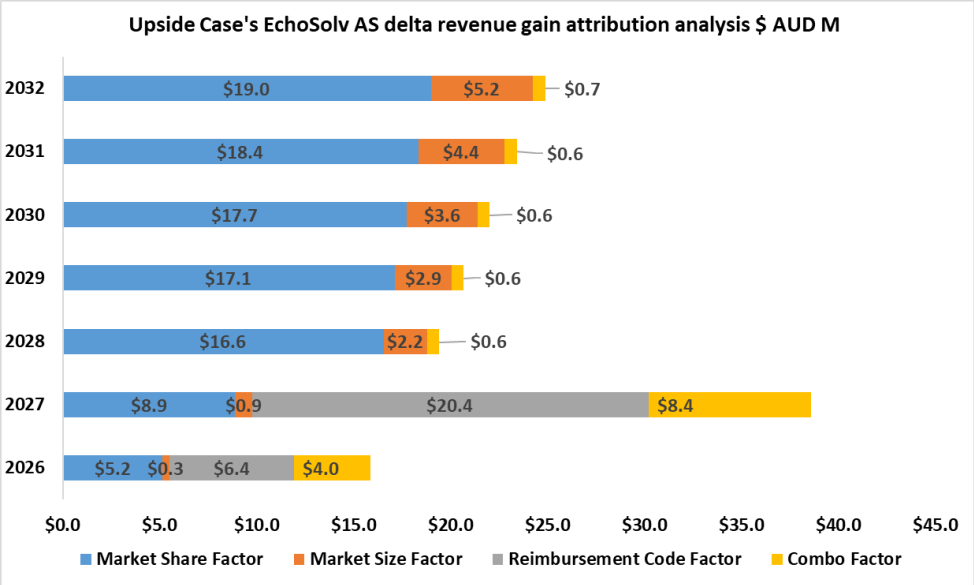
Sources: East Coast Research

EchoSolv is inherently a high gross margin offering, with EIQ's management indicating that of the current indicated US$ 150 pricing for EchoSolv AS, only a few cents are deducted for COGS based on cloud and employee-related costs, indicating a gross margin in excess of 99%. Given that the HF offering is priced at a materially higher price point than $150, our projected gross margin percentage across both the Base and Upside cases shown above in **Figure 21** can be viewed as being reasonable and adequately incorporating diseconomies of scale as the Company's revenues grow coincident to the assumed need of higher and higher COGS investment and rising associated cost intensity.

Figure 22 below shows the key components driving the annual absolute value increase in revenues for EchoSolv AS in our Upside case and in $ AUD m terms. As can be seen, incremental gains in revenues p.a can be attributed to both increases in the market size/ TAM associated with Aortic Stenosis and due to EIQ incrementally capturing more market share. Although the market share gain component is anticipated to dominate the attribution analysis for the period 2028-2032 inclusive, the annual revenue gain in $ terms due to an increase in EIQ's market share in the Aortic Stenosis segment is expected to remain more or less consistent as the business matures across this time period. Consequently, our projection for EIQ's stock-based compensation expense rising rapidly from $0.8m in 2024 to $79.6m in 2032 can be viewed as adequately capturing the reward/incentive based component of

employee expenditure linked to performance, with market share gains being a good proxy for overall company performance on the execution of strategic goals.

Figure 22: Root Causes for YoY revenue growth



Sources: East Coast Research

Figure 23: P&L line item cost progression in $AUD for Upside Case

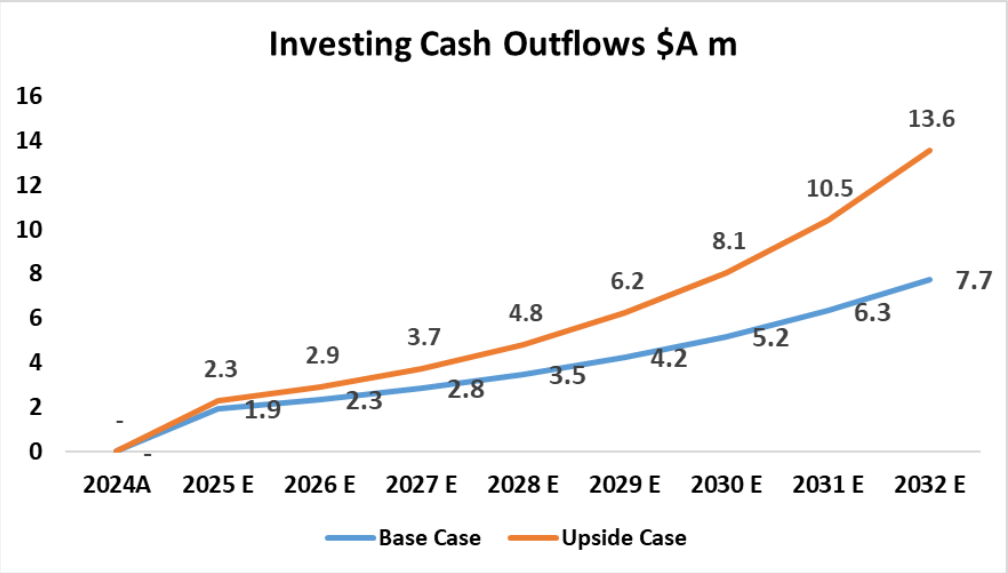
$AUD M Upside Case	*2024 FY*	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E	2032 E
Employee & Other COGS expense	2.9	4.5	7.0	10.9	16.9	26.2	40.6	62.9	97.4
Directors' Fee	0.5	0.8	1.3	2.0	3.2	5.2	8.3	13.3	21.3
Consulting and Professional Fees	1.7	2.5	3.7	5.6	8.4	12.6	18.9	28.3	42.5
Marketing Expenses	0.0	2.7	4.2	6.5	10.1	15.7	24.3	37.7	58.5
Stock Based Compensation	0.8	1.6	2.8	4.9	8.5	14.9	26.0	45.5	79.6

Sources: East Coast Research

Although SaMD business models generally exhibit operating leverage associated with revenue growth, we have conservatively assumed increased cost intensity as revenues grow across both our valuation cases.

Similarly, based on the absolute value levels of market share gains being more or less consistent, our growing YoY assumptions for marketing expenses, as can be seen above in **Figure 23**, should be viewed as adequately accounting for the costs needed to grow even in our Upside scenario. The nature of EIQ's business and other SaMD business models is such that contracts with clients although subject to periodic review, generally contain automatic renewal clauses, meaning that our growing projection for revenues under both the Base and Upside Cases is majorly based on earlier business that EIQ has won. The software aspect of EIQ's business model, in addition to EchSolv's noted diagnostic outperformance vs traditional approaches and competitors, adds to the stickability and scalability of EIQ's business model. Consequently, we view our cost estimations for EIQ as commensurate with its forecasted growth to adequately include buffers for uncertainty. For example, as seen in **Figure 23** above, in the Upside Case, our estimates for Employee and Other COGS expenses are forecasted to grow from $2.9m in 2024 to $97.4m in 2032.

Figure 24: Investing Cash Outflows by Scenario



Sources: East Coast Research

Figure 24 above shows our assumed projections for investing cash outflows across both our cases, with EIQ incurring $0 of investing cash outflows in 2024. Both cases capture the investments required, particularly for intangible assets such as software and NEDA-related expenditures needed to ramp EIQ's core business and also branch out into other adjacencies such as Pulmonary HT. This is especially the case since, through our investment horizon, EIQ has the right to keep on using NEDA without any additional costs, and the Company's management does not foresee any current need for additional software-related IP development/ acquisition costs. In terms of R&D, since EchoSolv's core diagnostic ability has already been established, we view any future development-related expenses needed to grow the core business or enter into adjacencies as being adequately captured by our projections for capitalised development expenditure that are a subpart of the projected investing cash outflows. EIQ's management has specifically advised that they intend to focus on ramping the core business first, prior to incurring additional development-related expenses in other areas.

Valuation Results & Brief M&A discussion

Figure 25 below details our valuation results for EIQ. **The average mid-point intrinsic share price valuation of $0.91 represents the scope of a 176% upside from the current price of $0.33.**

Figure 25: Valuation Results

Valuation (A$m)	Base case	Bull case
Present value of FCF (EV)	564	703
Debt	-	-
Cash*	4	4
Equity value (A$)	**568**	**708**
Current Ordinary Shares O/S (m)	589	589
Assumed Dilutive Shares** (m)	112	112
Total Shares O/S (m)	**701**	**701**
Implied price (A$ cents)	**0.81**	**1.01**
Current price (A$)	0.330	0.330
Upside (%)	*145.7%*	*206.0%*

Sources: East Coast Research

As an added conservative measure, we have grown the share count used in our valuation by ~19% from the current number of shares outstanding to account for dilution risk.

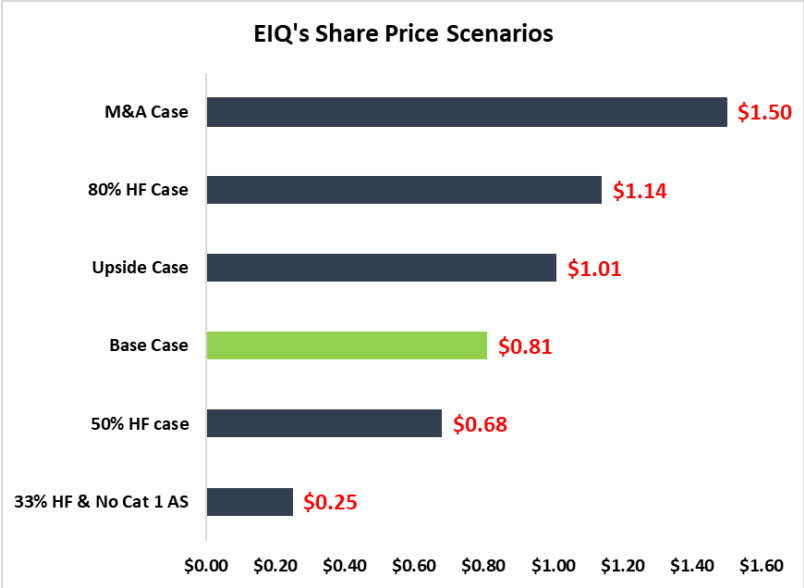
*We have estimated the current cash balance as being ~$4m based on the likely cash burn since the December 2024 Quarterly. ** Conservatively across both the Base and Upside, we have increased the net share count by ~19% from the current number of shares outstanding to reflect likely increases in the short to medium term consequent to the execution of granted options, performance rights and new issuances to fund free cash flow deficits in 2025 and 2026.

Our usage of a 1.5% terminal FCFF growth rate is also lower than the usual 2% assumption. and in line with our overall conservative approach we have also refrained from a full addback of assumed stock based compensation expense in the estimation of FCFF.

Given that the AI-powered medical diagnostic space has been witness to attractive M&A activity, and EIQ possesses strong patented technology that many healthcare companies would desire to quickly gain control of via an M&A, our valuation's omission of an M&A premium likely undervalues EIQ's true valuation potential. For example, in 2023, Philips acquired DiA Imaging analysis, which was focused on AI-based ultrasound image analysis primarily for cardiac end markets. The deal is noted to have been done for ~ EV/Sales of 25, given its ~$100m value and DiA Imaging's ~$4m revenues at acquisition. Using this as a proxy to what an M&A bid on EIQ could mean for its EV and how it compares to our projections, we have applied a lower EV/Sales multiple of 15 to 50% of our projected 2029 Base and Upside Case revenues to gauge implied resultant EVs. Thereafter, these EVs have been discounted to the present using our assumed 20% WACC, resulting in an M&A implied EV that is 66% higher than our non M&A Base Case and 72% higher than our non M&A Upside. **Hence, investors should note that our bullish investment thesis and valuation for EIQ are premised on multiple factors.**

Valuation Sensitivity Analysis

Figure 26: Valuation sensitivity analysis



Sources: East Coast Research

Figure 26 above lists our range for the intrinsic valuation of EIQ's share price across a range of scenarios. As discussed below, very adverse cost assumptions are embedded in the downside cases, in addition to other unlikely adverse events, which add confidence to the bullish investment thesis presented in our Base and Upside Cases. Across each of the scenarios, the basic P&L cost assumptions in absolute $ value terms are the same, guided by the view that EIQ's cost imposts are not impacted by whether or not it gets Category 1 code reimbursement approval for EchoSolv AS or not. Additionally, in the scenarios where we have changed the flow through of Heart Failure segment revenues consequent to TAM and market share assumptions from higher than the 65% assumed in our original Base/Upside Cases to 80% or to lower levels such as 50% and even lower to 33%, we have also largely kept the P&L expense item cost structure as the same, with the rationale being that that the more favourable valuation scenarios benefit from operating leverage, whilst the downside scenarios reflect a compounding of worst case outcomes (this is still consistent with what is shown above in Figure 21).

As a result, the $1.14 share price in the 80% HF upside scenario detailed above encompasses materially all the other assumptions in our original Base and Upside Cases, but just increases the Heart Failure segment revenue flow through from Heart Failure segment TAM*Market share from the original 65% to 80%. The less than 100% assumption here is to account for uncertainty associated with EchoSolv HF's FDA 510(k) clearance, an uncertainty that as we've noted is reasonably quite low (EIQ is already in early-stage commercial discussions with the Mayo Clinic, and the HF offering is already associated with a Category 1 reimbursement code). The $0.25 share price in 33% HF & No Category 1 approval for EchoSolv AS should be viewed as an extreme worst-case scenario for EIQ's stock. As noted, EchoSolv HF has already exhibited very strong diagnostic results

across clinical trials and the non receipt of Category 1 approval (Category 3 approval is still assumed) at all for EchoSolv AS although possible is quite unlikely given EchoSolv HF's association with a Category 1 code and the health care value chain wide benefits including to hospital costs and efficiency that EchoSolv AS has thus far shown. More likely is a delay in the receipt of Category 1 approval for EchoSolv AS that is already conservatively accounted for in our original Base Case. Additionally, as noted, the 33% HF and No Category 1 approval scenario is doubly penalised because the main P&L cost items in absolute $ terms are the same as in the other scenarios, which is an unlikely double penalty downside scenario.

Re-rating of EIQ's stock

EIQ is currently trading well below our midpoint intrinsic valuation estimate. Achieving the following milestones could lead to a re-rating of the stock, moving the share price closer to our target valuation range:

- **Continued positive results relating to onboarded integrations and expanding pipeline.** EIQ's announcement to the market of an increasing number of sites already integrated with EcoSolv, in addition to an increasing number in the pipeline (negotiation stage).

- **Positive results from EchoSolv HF's validation trial with the Mayo Clinic and subsequent submission for FDA approval.** This will reinforce the robustness of the stellar results the HF-focused offering has already received and add to overall momentum given the Mayo Clinic's location and status in the USA.

- **FDA 510(k) predicate-based approval for EchoSolv HF**. Although the probability of this is already quite high, post-further validation of EchoSolv HF with the Mayo Clinic will likely lead to an expedited FDA 510(k) clearance for EchoSolv HF.

- **KOL engagement.** Although a number of notable KOLS have already endorsed EchoSolv and sit on EIQ's scientific advisory board, EIQ's partnership with additional KOLS will help expedite and enhance its commercialisation journey.

- **Reimbursement Category advancement for EchoSol AS.** Positive news regarding Category 3 code approval submission for EchoSol AS. In this regard, what will also help is positive news relating to the recently commenced new extensional study that EIQ is doing with BICD, which is aimed at also exploring the benefits that accrue to hospitals from earlier AS interventions, consequent to using EchoSolv AS.

- **Across end-market commercial engagement and agreements.** Further news in line with additional commercial negotiations/confirmation of commercial agreements in line with the current pilot with Edwards LifeSciences will add to EIQ's revenue potential from non-traditional hospital sources, validating our licensing revenue potential thesis. Additionally, news such as the Mayo Clinic onboarding with EchoSolv AS and HF after initially trialling the HF offering will also help confirm EIQ's market share potential.

- **An announcement of a takeover offer.** As EIQ grows its business, there is a decent likelihood of a larger healthcare company offering to take it over with the aim of boosting its technological capabilities and product offerings. As noted earlier, this is related to EIQ's strong competitive moat driven by its patented AI algorithms and exclusive access to NEDA (the largest database of its kind in the world).

Risks

Although we are confident that our bullish thesis on EIQ is based on reasonable and conservatively defined assumptions, leading to an attractive investment opportunity, we identify the following key risks to our investment thesis:

- **Execution Risk, including FDA 510 (k) clearance.** EIQ is currently a pre-revenue technology company; hence, its successful commercialisation and revenue scale ramp will require effective management skills, execution and resource allocation.

- **EchoSolv HF FDA 510 (k) clearance.** Although based on several reasons, including impressive clinical study results across large sample sizes, and basing approval on EchosSolv AS as the predicate, the risk of non-approval for EchoSolv HF still remains, and if this happens, it would materially negatively impact EIQ's prospects and valuation.

- **Delays or non-approvals of higher reimbursement categories and non-realisation of other revenue streams.** If Category 3 reimbursement code approval is not received for EchSolv AS, then this will significantly negatively impact our valuation thesis (application already lodged and approval is expected in 2025). However, all the indicators thus far point to these approvals being received in time (EchoSolv HF is already associated with a Category 1 code). Similarly, if there are issues with EIQ's expansion into other end market segments for licensing opportunities or issues with entering into adjacencies, then this can also subtract from our overall thesis.

- **Other adverse regulatory changes.** Operating in hospital and clinical settings and working on sensitive and highly important health-related data always opens up a Company to adverse changes in regulation. This may be limited to just adding extra cost burden to EIQ, whilst in the extreme, it may even materially curtail the overall business model (risk is low given the well-established SaMD segment).

- **Competition risk.** Given EIQ's exclusive license to NEDA, which is the largest database of echocardiogram results by a huge margin, and its performance advantages vs competitors who inherently offer a less effective and swift diagnostic service relating to echocardiograms, we have assessed this risk to be generally low. However, competitor strategies can often change based on them making more effective use of changing technologies.

- **Intellectual Property-related risks.** There remains the risk that the intellectual property relating to EIQ's patents may be either illegally infringed upon or the associated rights legally challenged by competitors.

- **Funding/ Equity Dilution risk.** Given that EIQ is not currently generating operating cash flows, it will be reliant on equity fund raises to fund its growth strategy until it ramps up its commercialisation. Our valuation already accounts for this issue to a great extent by assuming that FCFF deficits over the first few years of commercialisation will be completely met with new share issuances (added to the existing share count)

- **Key person risk.** EIQ's commercialisation in the US is dependent on the skills and experience of key staff; losing key personnel could lead to a diminished ability to execute on stated goals.

Appendix I: EIQ's SWOT Analysis

Figure 27: SWOT analysis

Strengths	Weaknesses
(1) Exclusive license to the data set associated with the world's largest echocardiography database, NEDA. This has been pivotal in the development of the company's diagnostic AI algorithms, which are used by EchoSolv. (2) Product development and clinical strategy guided by a tier 1 Scientific Advisory Board / KOLS. (3) Strong core management team that has been boosted by recent US-based hires, including at the CEO and CTO level, who possess significant prior US-based commercialisation and SaMD technology experience. (4) Strong strategy that involves its AI powered diagnostic tech being able to add value to the efficacy of echocardiograms that are already the most widely used diagnostic tool used to diagnose many types of cardiovascular diseases which is the leading cause of death around the world and often also the source of the leading contribution to healthcare expenses. (5) FDA 510 (k) clearance already received for EchoSolv AS offering, with a planned clearance submission for the EchoSolv HF offering to come later this year. (6) Exceptional results across clinical studies and trials for both EchoSolv AS and HF. This confirms diagnostic outperformance vs traditional human review approaches and superior competitive positioning vs competitors. (7) Commercial and research collaboration tie-ups with tier 1 Australian and US-based institutes such as St Vincent's Hospital in Australia, BICD and the Mayo Clinic in the USA. (8) An existing base of hospital sites already integrated with EchoSolv AS, in addition to a pipeline of sites in the negotiation stage. The miscellaneous reimbursement code was already established for EchoSolv AS, with an application for Cat 3 code approval made earlier this year – revenues will start streaming in for EchoSolv AS later this year.	(1) EIQ is still effectively an early-stage SaMD company; hence, its successful commercialisation is subject to both execution and planning risks on behalf of its leadership team, in addition to a host of other factors that it may not necessarily be able to adequately control. (2) EIQ is yet to receive FDA 510 (k) clearance for EchoSolv HF, which is associated with a larger TAM and revenue opportunity than EchoSolv AS. (3) EchoSolv AS is currently only approved for reimbursement under the Miscellaneous Code category, which, on average, is associated with only 30% of reimbursement requests by the provider being approved. Higher Category code approvals although very likely based off EIQ's value proposition are still subject to uncertainty.
Opportunities	**Threats**
(1) EchoSolv HF's FDA 510(k) clearance to be based on EchoSolv AS's use as the predicate. (2) EchoSolv AS's prospects for achieving a Cat 1 reimbursement approval are enhanced by EchoSolv HF's offering, already associated with a Cat 1 code, EchoSolv AS being able to showcase hospital-wide value chain benefits to costs and efficiency in diagnosis, in addition to improved patient health outcomes, and notable current KOL endorsement. (3) Innovative revenue sharing model between EIQ and the Hospitals that incentivises Hospitals to widely use EchoSolv. (4) If one offering is integrated to a hospital site, then the other offering, say EchoSolv HF, can be deployed without an integration waiting period. (5) Important strategic tie-ups with cloud health image reporting platforms such as ScImage allow EIQ the potential to ramp commercialisation scale rapidly. (6) EIQ's end market engagement across non-hospital customers, such as device manufacturers and pharma companies, adds to the prospects of deriving a lucrative additional licensing-based revenue stream. (7) Revenue generation benefits from entry into other cardiovascular disease areas, such as Pulmonary HT, and expansion into areas outside of the US create material upside potential.	(1) Although currently its competitive positioning vs competitors is superior, existing competitors or new entrants may make better use of emerging technologies and or enter into higher value commercial partnerships that displace EIQ. (2) Although the regulatory framework and associated risks within the SaMD echocardiography space that EIQ operates in are well understood and do not currently stand to adversely affect EIQ, future unforeseen changes may negatively impact EIQ's prospects. (3) EIQ is not immune to issues relating to inflationary pressures and the current economic outlook. If conditions worsen, this will subtract from EIQ's revenue ramp.

Appendix II: Management Team

Figure 28: EIQ's Management Team

Name and Designation	Profile
Dustin Haines **Chief Executive Officer** 	Chief Executive Officer Dustin Haines brings 25 years' experience in leading global businesses in pharmaceuticals, biotechnology, and medical devices. Most recently, Mr. Haines was head of Asia, the Middle East, Turkey, and Russia for Gilead Sciences, where he managed over $1.2B in revenue. As a leader, Mr. Haines has launched innovative technologies globally and has extensive experience in regulatory approvals, reimbursement, commercialisation, and scaling businesses.
Sam Dribin **Chief Technology Officer** 	Sam Dribin is a seasoned Chief Technology Officer (CTO) with deep expertise in biotech software development, AI, DevOps, and cloud architecture. With a strong background in building FDA, ISO-13485, and HIPAA-compliant software, Sam specialises in designing secure, scalable, and regulatory-compliant solutions for healthcare and biotech industries. Sam was the Chief Technology Officer at CureMetrix for nine years, where he oversaw the development and FDA clearances of AI software to help physicians identify breast cancer and arterial calcifications in routine mammograms. Sam has a passion for developing innovative software solutions and has played a key role in the success of previous companies.
Deon Strydom **Chief Commercial Officer** 	Deon is an accomplished Chief Commercial Officer with 15 years of experience driving innovation in the Pharmaceutical, Biotechnology, and Medical Device industries. His expertise spans global corporations, early-stage ventures, and startups, where he has successfully led Go-To-Market strategies, strategic partnerships, M&A, licensing, and commercialisation efforts. Deon has a proven track record of delivering growth and market expansion across the US, APAC, and EU.
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.
Jessamyn Lyons **Company Secretary** 	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 who has held positions with Macquarie Bank, UBS (London), and Patersons Securities.

Steven Formica **Non-Executive Director** 	Steven brings practical management and business development experience to the group. 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 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.
Ken Nelson **Non-Executive Director** 	Mr Ken Nelson is a leading US-based medical technology and healthcare executive with over 20 years' industry experience. During his career, he has been pivotal in leading successful commercialisation efforts with multiple cardiac-focused digital health companies, including remote cardiac and diagnostics monitoring business, BioTelemetry, wearable device company, iRhythm and ambulatory ECG solutions monitoring group, Bardy Diagnostics. Currently, he serves as a partner in the Medtech Advantage Fund, which has an exclusive partnership with Medtech Innovator (www.medtechinnovator.org), the largest medical technology and digital health startup accelerator globally.
Dane Brescacin **SVP Regulatory Affairs** 	Dane Brescacin is a regulatory affairs and quality specialist with over 15 years of experience in the biotechnology and medical technology industries. With a strong background in regulatory, quality, and operations, he has successfully led global regulatory strategies, securing FDA clearances, CE Marks, and TGA approvals. Dane has a deep understanding of international regulatory frameworks across different clinical indications and technologies and has guided cross-functional teams through complex submission processes to ensure compliance and market access.
Don Fowler **President USA** 	Don Fowler is an accomplished senior executive with over 40 years of experience in the healthcare industry, specialising in strategic growth, sales leadership, and business transformation. Previously, Don was the CEO of Toshiba America Medical Systems and also held senior executive positions at Siemens Healthcare, overseeing multi-billion-dollar sales budgets, P&L, global marketing strategies, and high-performing teams. His expertise spans executive leadership, financial management, board governance and business development. With a strong track record in driving innovation and market expansion, he continues to influence the healthcare and technology sectors.

Source: Company

Appendix III: Financial Summary

Figure 29: Financial Projections

Profit & Loss (AUD $M)	2024 FY	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales Revenue	**2.0**	**0.1**	**12.9**	**130.9**	**166.4**	**259.6**	**310.8**	**365.0**	**422.9**
Operating expenses	6.8	11.8	16.7	24.0	34.9	51.1	75.7	113.6	172.6
EBITDA	**(4.8)**	**(11.7)**	**(3.9)**	**106.8**	**131.6**	**208.5**	**235.1**	**251.4**	**250.3**
Depn & Amort	0.6	0.8	0.9	1.2	1.5	1.8	2.3	2.9	3.6
EBIT	**(5.4)**	**(12.5)**	**(4.8)**	**105.7**	**130.1**	**206.7**	**232.8**	**248.6**	**246.7**
Finance Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) before tax	**(5.4)**	**(12.5)**	**(4.8)**	**105.7**	**130.1**	**206.7**	**232.8**	**248.6**	**246.7**
Tax expense	0.0	0.0	0.0	26.4	32.5	51.7	58.2	62.1	61.7
NPAT	**(5.4)**	**(12.5)**	**(4.8)**	**79.2**	**97.6**	**155.0**	**174.6**	**186.4**	**185.0**
Cash Flow (AUD'000)	**2024 FY**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**	**2032e**
Profit after tax	(5.4)	(12.5)	(4.8)	79.2	97.6	155.0	174.6	186.4	185.0
Depn & Amort	0.6	0.8	0.9	1.2	1.5	1.8	2.3	2.9	3.6
Changes in working capital	0.1	0.3	(3.1)	(33.2)	(9.1)	(25.3)	(12.6)	(12.7)	(12.5)
Other operating activities	0.8	1.4	2.5	4.3	7.6	13.3	23.2	40.6	71.1
Operating cashflow	**(3.9)**	**(10.0)**	**(4.5)**	**51.6**	**97.5**	**144.8**	**187.5**	**217.3**	**247.2**
Payments for PPE	0.0	(0.8)	(0.9)	(1.2)	(1.5)	(1.8)	(2.3)	(2.9)	(3.6)
Other investing activities	0.0	(1.2)	(1.4)	(1.7)	(2.0)	(2.4)	(2.9)	(3.5)	(4.1)
Investing cashflow	**0.0**	**(1.9)**	**(2.3)**	**(2.8)**	**(3.5)**	**(4.2)**	**(5.2)**	**(6.3)**	**(7.7)**
Equity raised (repurchased)	2.8	13.9	7.9	26.0	0.0	3.6	0.0	0.0	0.0
Net proceeds from borrowings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Financing activities	0.0	0.0	0.0	(73.7)	(90.7)	(144.2)	(162.4)	(173.4)	(172.1)
Financing cashflow	**2.8**	**13.9**	**7.9**	**(47.7)**	**(90.7)**	**(140.6)**	**(162.4)**	**(173.4)**	**(172.1)**
Net change in cash	**(1.2)**	**2.0**	**1.0**	**1.0**	**3.3**	**0.0**	**19.9**	**37.6**	**67.4**
Cash at End Period	2.1	4.1	5.1	6.1	9.4	9.4	29.3	66.9	134.3
Balance Sheet (AUD'000)	**2024 FY**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**	**2032e**
Cash	2.1	4.1	5.1	6.1	9.4	9.4	29.3	66.9	134.3
Total Assets	8.3	11.1	17.2	53.8	69.3	98.5	136.0	192.7	280.8
Total Liabilities	1.5	1.5	2.0	2.8	3.9	5.4	7.5	10.5	14.6
Shareholders' Funds	6.8	9.6	15.1	51.0	65.4	93.1	128.5	182.2	266.3
Ratios	**2024 FY**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**	**2032e**
Net debt (cash)/Equity	9.3%	27.5%	20.5%	6.5%	8.4%	4.3%	17.0%	31.0%	45.0%
Total Cash / Total Assets	25.6%	37.1%	29.8%	11.4%	13.5%	9.5%	21.6%	34.7%	47.8%
Return on Equity (%)	-79.9%	-129.4%	-31.8%	155.4%	149.2%	166.5%	135.8%	102.3%	69.5%

Sources: East Coast Research

Appendix IV: Analyst's Qualifications

Rahul Tiwari, the analyst on this report, is an equity research analyst at Shares in Value (East Coast Research).

- Rahul has a bachelor's and master's degree in applied finance from Macquarie University, a master's in accounting from UNSW, and an MBA from Cornell University in the USA.
- Rahul has several years of experience in wealth management and investments, infrastructure project finance, private equity, and high tech.

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