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Quarterly Update July – September 2017

A number of key milestones were achieved during the past quarter that has resulted in the commercialization of PainChek™ - the world's first regulated medical device App that uses artificial intelligence to assess pain for people who cannot verbalize. The following is a summary of these achievements.

Technology License Agreements:

In early July 2017 the Company acquired a global, perpetual, exclusive license for use of the nViso artificial intelligence (AI) technology for pain assessment. This license provides ePAT with a perpetual access to nViso's market leading facial emotion pain assessment technology and the ability to fast track new developments working with nViso and our newly contracted software development team and data scientists. In the process nViso took an equity stake and became a shareholder in ePAT. In this new license agreement there are no royalty payments to nViso on future sales revenues.

Clinical Studies and Publications:

In July 2017 a research article titled "Pain Assessment in Dementia: Evaluation of a Point-of-Care Technological Solution" was published in the prestigious peer reviewed Journal of Alzheimer's Disease. This confirmed the PainChek™ App as a valid and reliable pain assessment tool for people with moderate to severe dementia, who can no longer self-report their pain. The publication confirmed that there were additional benefits over the current paper based technology.

Regulatory:

In July 2017 we also received regulatory clearance for PainChek™ as a Class 1 Medical Device in Australia (TGA) and Europe (CE Mark).

Branding:

The Company has registered the PainChek™ trademark for the ePAT dementia and children's app. We have registered the trademark for the PainChek™ name and the uniquely designed PainChek™ fonts and app icon in Australia and international markets including UK and USA.

We believe the naming and related designs achieve the brand values we want to communicate with our pain assessment technology that includes;

- Clarity on the core value proposition to our global customer base
- Be seen as a confident and trustworthy partner
- Positioned as an intelligent solution that provides ongoing benefits to multiple customer groups
- Simple and instantly recognizable across all multi-media modes – including mobile and desktop mobile apps

The PainChek™ branding will be used across both the business-to-business and consumer markets. In addition, the design allows for the use of multiple colours and sub branding for future new products e.g. the children's version.

Dementia Support Australia Agreement:

In August 2017 we finalized our first commercial agreement with Dementia Services Australia (DSA). The DSA agreement is a key business milestone as it provides ePAT with two core benefits. Firstly, it is a first commercial agreement with a recognized Australian government sponsored body that has been tasked with the goal of improving the quality of life for people with Dementia. This provides great credibility to PainChek™.

Secondly, DSA's 150 consultants across Australia will be using PainChek™ as a baseline tool to assess pain in up to 5000 people with Dementia each year who reside within the 1500 aged care and home care providers in Australia. Each consultation lasts for a 4-6 week period dependent on the severity of the case. At the conclusion of the DSA consultation, the aged care or community care group will have the option to continue to use PainChek™ for their residents for the longer term through a separate license negotiated with ePAT.

This agreement is designed to help fast track the market awareness and take up of PainChek™ with the carers of the 400,000 people with dementia in Australia.

Capital Raising:

As a pre-revenue company, your Board also took the opportunity of favourable capital market conditions in September 2017 to complete a secondary placement, raising \$3.75 million. This decision was made partially due to the cash payments and related costs required for the exclusive nViso agreement, but moreover to provide certainty of funding for increased commercialization activity during 2018 including recruitment, sales & marketing expenditure and further product development. It also enables us to introduce our technology into global markets. We have significant market opportunities ahead of us, and must continue to build our capability to execute on our plans to develop profitable revenue streams.

Commercialization strategy:

Our goal is to establish PainChek™ as a cost effective solution to carers of people who cannot verbalise their pain, typically suffering from dementia.

We have commenced sales and marketing activities in Australia, including the launch of PainChek™ at the Alzheimer's conference in Melbourne on October 17th-20th, generating significant nationwide publicity and strong customer interest. We have established good contact with healthcare professionals and third-party software suppliers in the residential aged care and community care sectors and have made some positive contacts with operators in the UK as a basis for European market entry in 2018.

In parallel we are continuing the development of PainChek™ for Children and ensuring ensure new international regulatory approvals are achieved on time.

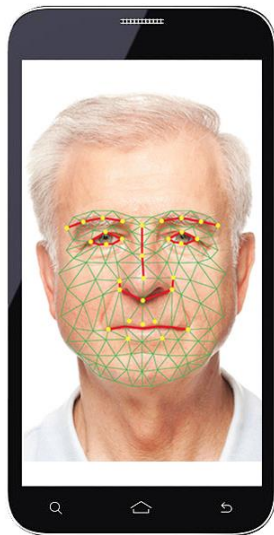
For further information contact:

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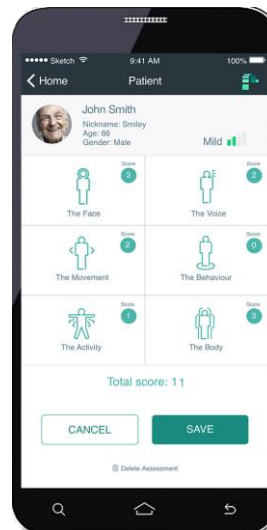
Philip Daffas
Managing Director
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The PainChek™ Technology:

PainChek™ uses cameras in smartphones and tablets to capture a brief video of the person, which is analysed in real time using facial recognition software to detect the presence of facial micro- expressions that are indicative of the presence of pain.



PainChek™ artificial intelligence assesses facial micro-expressions that are indicative of the presence of pain



PainChek™ six domains of pain assessment that calculates pain severity score

This data is then combined with other indicators of pain, such as vocalisations, behaviours and movements captured to calculate a pain severity score. Due to its speed, ease of use and it's reproducibility, PainChek™ will be able to be used to detect and measure a person's pain, and then further measurements can be used to monitor the effectiveness of pain management.

PainChek™ will be rolled out globally in two phases: first, PainChek™ which is designed for adults who are unable to effectively verbalise their pain such as people with dementia, and second, PainChek™ for Children who have not yet learnt to speak.

Appendix 4C

+Rule 4.7B

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

EPAT TECHNOLOGIES LIMITED

ABN

21146035127

Quarter ended ("current quarter")

30/09/2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1.0 Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	-254	-254
(b) product manufacturing and operating costs		
(c) advertising and marketing	-32	-32
(d) leased assets		
(e) staff costs	-27	-27
(f) administration and corporate costs	-269	-269
1.3 Dividends received (see note 3)		
1.4 Interest received	13	13
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	-569	-569
2.0 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-1	-1
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property	-335	-335
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		

2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-337	-337

3.0	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,670	3,670
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	90	90
3.4	Transaction costs related to issues of shares, convertible notes or options	-248	-248
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.1	Net cash from / (used in) financing activities	3,513	3,513

4.0	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,630	3,280
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-569	-648
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-337	-3
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,513	0
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	5,237	2,630

5.0	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,225	614
5.2	Call deposits	12	2,016
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,237	2,630

6.0 Payments to directors of the entity and their associates**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

96

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

7.0 Payments to related entities of the entity and their associates**Current quarter \$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.0 Financing facilities available*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end	Amount drawn at quarter end
\$A'000	\$A'000

9.0 Estimated cash outflows for next quarter**\$A'000**

9.1 Research and development

384

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

130

9.4 Leased assets

9.5 Staff costs

70

9.6 Administration and corporate costs

200

9.7 License acquisition

52

9.8 Total estimated cash outflows**836**

10.0	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31 October 2017

Print name:

Ian Hobson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.