

ASX ANNOUNCEMENT MARKET RELEASE

31 January 2022

Quarterly Activity Report and Appendix 4C for Q2 FY22

Highlights:

- **Successful listing on the ASX on 26 November 2021, raising \$40 million from existing and new investors at an issue price of \$1.35 per share**
- **Continued progress on Australian based pilots despite the impacts of Covid-19**
- **US market entry strategy progressed and discussions commenced with US research hospitals**
- **Dr Tom Cheek and Dr Jim Bonnette appointed as medical advisors in US**
- **Agreement signed with global life sciences company Eversana to implement UK National Health Service Shared Business Services deployment strategy**
- **Discussions commenced with major UK research institute to undertake workflow improvement studies**
- **Strong cash position with \$43.7 million held as of 31 December 2021**

Artrya Limited (ASX:AYA), "Artrya" or the "Company"), a medical technology company focused on commercialising its patented Artificial Intelligence platform, is pleased to release its Quarterly Activity Report and Appendix 4C Cash Flow Report for the quarter ended 31 December 2021.

On 26 November 2021, Artrya was admitted to the official list of the Australian Securities Exchange (ASX) following the successful completion of a \$40 million initial public offering ("IPO"). The IPO included the issue of approximately 29.6 million fully paid ordinary shares at the issue price of \$1.35 per share. The Company received approximately \$37.2 million in net proceeds from the IPO after the payment of related fees and expenses of approximately \$2.7 million. Final IPO costs of approximately \$0.22 million are expected to be paid during Q3.

Product Development & Regulatory Approval

Pilots of the Salix Coronary Anatomy (SCA) product continued during the quarter in Perth and Sydney with feedback received being incorporated into the next version of the product, released in January 2022.

Regulatory applications for SCA have been submitted in the US (Food & Drug Administration), Canada (Health Canada), Europe (CE Mark) and the United Kingdom (UKCA). An external audit conducted by Notified Body BSI was successfully concluded in December 2021 as part of the CE Mark and UKCA approval processes.

The Salix Coronary Flow (SCF) product development was completed ahead of schedule on 15 December 2021. Calibration, testing and validation against gold-standard data will commence in the new year and the product will be submitted for regulatory approval in mid-2022.

Market Entry & Development

Australia

Active planning for further pilot site establishment progressed with radiology chains and practices across Australia. Discussions have also commenced with the Australian hospital sector.

Commercial release of SCA in Australia remains on target for release in Q4 FY22.

United States

Management continued to work closely with our US team to refine the US market entry strategy well ahead of FDA approval, which is anticipated to be received around the middle of 2022. The entry strategy has been refined with the conclusion of market research of the provider, payer and patient sectors. Work also commenced on preparing for clinical and workflow research studies with major institutions and the identification of prospective locations for research and development facilities.

Two senior clinician appointments in the United States were also made during the quarter.

Dr Tom Cheek is a certified Internal Medicine Physician and Executive with extensive experience in medical management, Medicare Advantage risk, Medicaid, clinical medicine, medical quality and outcome measurement. He is a 25-year veteran of Optum and UnitedHealth Group and is currently the Chief Medical Officer of UnitedHealthcare Clinical Services where he is responsible for improving the clinical care continuum across all products for UCS which include reducing hospitalisations, emergency department visits and increasing the affordability of care. He was previously the Clinical Vice President at Optum Care, Chief Medical Officer at Optum Health, Senior Medical Director at Aetna (one of the largest managed healthcare funds in the US) and Senior Medical Director at University Physicians Healthcare.

Dr Jim Bonnette has more than 40 years of health care experience. Dr Bonnette's areas of expertise include the strategic transformation of health care delivery systems, including value-based care and the federal mandate for health reform. He has extensive knowledge of healthcare providers, payers and physician groups. He works with governments, payers, pharmaceutical manufacturers, GPO's, hospitals, and health systems to improve strategic direction, operational efficiency and financial performance. He is currently Executive Vice President at Optum Health (a subsidiary of UnitedHealth Group) and Chief Health Officer at Cogitativo. He has held a number of senior medical roles, including Chief Medical Officer and SVP of Clinical Operations for Vanguard Health Systems, an integrated health company with 26 hospitals and multiple outpatient centres in the United States.

United Kingdom

In the United Kingdom, Artrya has partnered with global life sciences firm Eversana to activate the National Health Service Shared Business Services (NHS SBS) 2+2-year Framework Agreement, which introduces the Artrya Salix Coronary Anatomy (SCA) product to 1,250 Trust Hospitals throughout the United Kingdom.

Discussions were initiated in December 2021 with a leading UK research institute to undertake studies that will confirm the workflow benefits accruing from use of SCA in the UK NHS Trust Hospital setting.

COVID-19 Impact

The COVID-19 pandemic has not impacted product development to date but has prevented national and international travel. This has adversely impacted sales activity in Australia, limiting exposure at national and international conferences to only virtual attendance and severely restricting personal attendance at prospective customer locations.

Notwithstanding these limitations, the company has significantly increased the number of prospective pilot sites in Australia.

Planning and preparatory work in the US has not been impacted by the pandemic to date. However, limitations on travel into and within the US may curtail some activities during 2022. Mitigating this is the effective remote-working procedures that have been established over the past 18 months.

Financials

The company's cash balance was \$43.7 million as of 31 December 2021. Net operating cash outflow for the quarter was \$3.6 million, mostly relating to continued product research and development, market entry and commercialisation, and administration expenses. During the quarter, Artrya benefited from the Federal Government's BMTH 3.0 grant programme with \$551k expected to be received during Q3 and Q4.

Cash inflows from financing activities reflects the net proceeds received from new capital raised of \$37.2 million from the IPO, net of transaction costs.

Use of Funds (Listing Rule 4.7C.2)

	Prospectus dated 15 Oct 2021		Quarter ended 31 Dec 2021		% of total
	(\$'000)	%	(\$'000)		
Clinical, R&D & Regulatory	\$13,300	33%	\$652		4.9%
Product Development	\$9,500	24%	\$1,171		12.3%
Sales & Marketing	\$6,100	15%	\$837		13.7%
Corporate & Administrative	\$8,300	21%	\$947		11.4%
Costs of Offer	\$2,800	7%	\$2,542		90.8%
TOTAL	\$40,000	100%	\$6,149		15.4%

The expenditure for the quarter ended 31 December 2021 as set out in the table above is in accordance with the Use of Funds outlined in the Company's prospectus dated 15 October 2021, and there are no material variances against the estimated use of funds.

Related Party Transactions (Listing Rule 4.7C.3)

Payments to related parties included in Item 6 of the attached Appendix 4C Cash Flow Report for the quarter comprised of \$251,125 in salaries and superannuation guarantee payments for executive and non-executive directors.

For further information please contact

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About Artrya

Based in Perth, Australia, Artrya was founded in 2018 and commenced operations in early 2019. Artrya Ltd is listed on the Australian Securities Exchange (ASX: AYA).

Artrya is an applied artificial intelligence healthcare company that works alongside clinicians to improve the diagnosis of coronary heart disease and develop a holistic overview of a patient at risk. The company has developed deep learning algorithms that will allow for the prediction and prevention of acute coronary events.

For more information, see www.artrya.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Artrya Limited	
ABN	Quarter ended ("current quarter")
53 624 005 741	31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(498)	(858)
	(b) product manufacturing and operating costs	(737)	(1,536)
	(c) advertising and marketing	(824)	(1,189)
	(d) leased assets	-	(7)
	(e) staff costs	(1,046)	(1,973)
	(f) administration and corporate costs	(543)	(702)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	141
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(3,645)	(6,120)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(100)	(132)
	(d) investments	-	-
	(e) intellectual property	(78)	(138)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(178)	(270)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	40,000	40,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	10	10
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2,465)	(2,726)
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)	-	-
3.10	Net cash from / (used in) financing activities	(37,544)	(37,283)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,025	12,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,645)	(6,120)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(178)	(270)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	37,544	37,283
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	43,746	43,746

5.	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	43,746	43,746
5.2	Call deposits	-	-
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)	43,746	43,746

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	251
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																				
7.1	Loan facilities	-	-																				
7.2	Credit standby arrangements	-	-																				
7.3	Other (see table 7.6 below)	285	13																				
7.4	Total financing facilities	285	13																				
7.5	Unused financing facilities available at quarter end		272																				
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Other financing facilities – corporate credit cards</p> <table border="1"> <thead> <tr> <th>Facility</th> <th>Facility limit \$A'000</th> <th>Amount drawn \$A'000</th> <th>Interest rate</th> <th>Secured</th> </tr> </thead> <tbody> <tr> <td>American Express – credit cards</td> <td>160</td> <td>9</td> <td>6.99% p.a.</td> <td>No</td> </tr> <tr> <td>Bankwest – credit cards</td> <td>125</td> <td>4</td> <td>17.99% p.a.</td> <td>Guarantee deposit</td> </tr> <tr> <td></td> <td>285</td> <td>13</td> <td></td> <td></td> </tr> </tbody> </table>			Facility	Facility limit \$A'000	Amount drawn \$A'000	Interest rate	Secured	American Express – credit cards	160	9	6.99% p.a.	No	Bankwest – credit cards	125	4	17.99% p.a.	Guarantee deposit		285	13		
Facility	Facility limit \$A'000	Amount drawn \$A'000	Interest rate	Secured																			
American Express – credit cards	160	9	6.99% p.a.	No																			
Bankwest – credit cards	125	4	17.99% p.a.	Guarantee deposit																			
	285	13																					

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,645)
8.2	Cash and cash equivalents at quarter end (item 4.6)	43,746
8.3	Unused finance facilities available at quarter end (item 7.5)	272
8.4	Total available funding (item 8.2 + item 8.3)	44,018
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	12.07
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer:	
	8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer:	

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer:
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>

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.

Date: **31 January 2022**

Authorised by: **Board of Directors, Artrya Limited**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.