

ASX ANNOUNCEMENT MARKET RELEASE

19 April 2022

Quarterly Activity Report and Appendix 4C for Q3 FY22

Highlights:

- Incorporated United States subsidiary Artrya USA Inc.
 - Appointed Dr Jacques J. Sokolov Chairman & President Artrya USA Inc.
 - Established international Clinical Advisory Board
 - Progressed validation study negotiations with US hospital research institute
 - Passed CE Mark/UKCA surveillance audit
 - Continued testing with Australian pilots
 - Strong cash position with \$39.9 million held as of 31 March 2022
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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 March 2022.

Market Entry & Development

United States Market

Artrya incorporated the US subsidiary Artrya USA Inc. and appointed Dr Jacques J. Sokolov Chairman and President. Dr Sokolov was appointed US Advisor to Artrya in January 2022. He is a cardiologist and brings to the company significant experience in healthcare delivery and biotechnology.

Artrya also established an international Clinical Advisory Board during the quarter. Chaired by Dr Sokolov, the Board will guide Artrya's clinical program including product design and regulatory approval, research partnerships and the development of new clinical models. In addition to Dr Sokolov, the Clinical Advisory Board comprises:

- Prof Girish Dwivedi, cardiologist and Wesfarmers Chair of Cardiology, Harry Perkins Institute of Medical Research
- Prof Benjamin Chow, cardiologist and Director of Cardiac Imaging, University of Ottawa Heart Institute
- Dr Jack Lewin, cardiologist and previous CEO of American College of Cardiology
- Dr Tom Cheek, internal medicine physician and executive with extensive experience in medical management, Medicare Advantage risk, Medicaid, clinical medicine, medical quality and outcome measurement
- Dr Jim Bonnette, who has more than 40 years of health care experience in the strategic transformation of health care delivery systems, including value-based care and the federal mandate for health reform
- Dr Nicolas Chronos, managing partner of Lake Country Medical Group and interventional cardiologist who is internationally recognised for his pioneering heart disease research.

Also appointed by Artrya USA Inc. during the quarter were Co-CEOs Jory Tremblay, with 30 years of market assessment and scalability expertise, and Ted Schwab who brings 35 years of health care industry experience.

The lifting of Western Australian COVID-19 travel restrictions allowed international travel for the first time in more than two years and also facilitated previously-restricted interstate travel.

In-person meetings have now been held in the United States with prospective hospital research partners, progressing negotiations to commence clinical research studies. It is anticipated that a contract with the first of these will be signed in Q4FY22.

While in the US, Artrya senior leaders attended the American College of Cardiology ACC22 conference. A major topic at ACC22 was plaque characterisation using CCTA, reinforcing the positioning of Salix as a leading solution assisting in the diagnosis of coronary artery disease. In October 2022, the ACC defined Coronary Computed Tomographic Angiography, used by the Artrya Salix product, as the only Class I test with Level A evidence for use as a first-line tool to evaluate patients exhibiting symptoms of coronary artery disease.

Dialogue continued during the quarter with the Food & Drug Administration in progressing Artrya's FDA regulatory application.

Australia

Testing at three Australian pilot sites continued during the quarter. This testing is providing clinical and technical feedback to the Artrya development team and informing ongoing product development.

Further pilots are planned to commence during Q4FY22.

United Kingdom

In March 2022, Artrya successfully completed the second Notified Body BSI audit for the company's UK Conformity Assessment and European CE Mark regulatory processes. This is a further step towards regulatory approvals in these jurisdictions.

Preparations ahead of regulatory approval and subsequent market entry, including economic modelling demonstrating the value of Artrya Salix within the NHS hospital system, were also completed during the quarter.

Product Development

Pilot testing results continued to be incorporated in ongoing product development of Salix Coronary Anatomy.

Calibration and validation of the Salix Coronary Flow (SCF) product, completed in December 2021, will continue in Q4FY22.

Clinical Research & Publication

Research and publication of product performance results provides evidence of the clinical accuracy with which SCA detects and reports coronary artery disease biomarkers.

Research publication abstracts were submitted during Q3FY22 to the US Society of Cardiovascular Computed Tomography, European Society of Cardiology, the Cardiac Society of Australia & New Zealand and The Royal Australian & New Zealand College of Radiologists. Artrya will also be presenting at the Association for Medical Imaging Management conference in Las Vegas in July 2022.

COVID-19

While border closures eased during Q3FY22, enabling travel to re-commence, COVID-19 quarantine and close-contact restrictions hampered sales activity during the quarter.

The evolving COVID environment continues to create uncertainties in the future. However, in the short term we expect the imaging backlog of patients arising from earlier COVID restrictions and potential health complications arising from the coronavirus disease may increase demand for diagnostic support solutions such as Artrya Salix.

Financials

The company's total cash at call and on deposit was \$39.9 million as of 31 March 2022. Net operating cash outflow for the quarter was \$3.82 million, relating to continued Salix product development, clinical and regulatory expenses, commercialisation, and administration expenses. During the quarter Artrya received cash of \$836k from R&D tax credits relating to the 2021 financial year and continued to benefit from the Federal Government's BMTH 3.0 grant program.

Cash outflows from financing activities include the final transaction costs of the Company's successful capital raising and listing on the ASX in November 2021.

Use of Funds (Listing Rule 4.7C.2)

	Prospectus dated 15 Oct 2021 (\$'000)	%	Quarter ended 31 Mar 2022 (\$'000)	% of total
Clinical, R&D & Regulatory	\$13,300	33%	\$807	6.1%
Product Development	\$9,500	24%	\$1,225	12.9%
Sales & Marketing	\$6,100	15%	\$535	8.8%
Corporate & Administrative	\$8,300	21%	\$984	11.9%
Costs of Offer	\$2,800	7%	\$297	10.6%
TOTAL	\$40,000	100%	\$3,848	9.6%

The expenditure for the quarter ended 31 March 2022 set out in the table above is in accordance with the Use of Funds outlined in the Company's prospectus dated 15 October 2021. 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.

This announcement was approved by the Artrya Board.

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

ACN

624 005 741

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(621)	(1,479)
(b) product manufacturing and operating costs	(648)	(2,184)
(c) advertising and marketing	(513)	(1,702)
(d) leased assets	-	(7)
(e) staff costs	(1,353)	(3,327)
(f) administration and corporate costs	(434)	(1,136)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	836	977
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,728)	(8,848)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(766)	(899)
(d) investments **	-	(29,000)
(e) intellectual property	(30)	(168)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	(796)	(30,067)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	40,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	10
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(297)	(3,023)
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	(297)	36,987

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,746	12,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,728)	(8,848)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(796)	(30,067)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(297)	36,987
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period **	10,925	10,925

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 **	10,925	10,925
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)	10,925	10,925

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>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	5																				
7.4	Total financing facilities	285	5																				
7.5	Unused financing facilities available at quarter end		280																				
7.6	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.																						
	Other financing facilities – corporate credit cards																						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Facility</th> <th style="width: 15%;">Facility limit \$A'000</th> <th style="width: 15%;">Amount drawn \$A'000</th> <th style="width: 20%;">Interest rate</th> <th style="width: 20%;">Secured</th> </tr> </thead> <tbody> <tr> <td>American Express – credit cards</td> <td style="text-align: center;">160</td> <td style="text-align: center;">2</td> <td style="text-align: center;">6.99% p.a.</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Bankwest – credit cards</td> <td style="text-align: center;">125</td> <td style="text-align: center;">3</td> <td style="text-align: center;">17.99% p.a.</td> <td style="text-align: center;">Guarantee deposit</td> </tr> <tr> <td></td> <td style="text-align: center;">285</td> <td style="text-align: center;">5</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	2	6.99% p.a.	No	Bankwest – credit cards	125	3	17.99% p.a.	Guarantee deposit		285	5		
Facility	Facility limit \$A'000	Amount drawn \$A'000	Interest rate	Secured																			
American Express – credit cards	160	2	6.99% p.a.	No																			
Bankwest – credit cards	125	3	17.99% p.a.	Guarantee deposit																			
	285	5																					

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,728)
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,925
8.3	Unused finance facilities available at quarter end (item 7.5)	280
8.4	Total available funding (item 8.2 + item 8.3) **	11,205
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) **	4.11
	<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:

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.

** Estimated cash available for future operating activities does not include term deposit funds of \$29m, which have been excluded from cash and cash equivalents in accordance with para. 7 of AASB 107 Statement of Cash Flows. If these term deposits were so included, item 8.4 total available funding would be \$40.2m and item 8.5 estimated quarters of funding available would be 14.74 quarters.

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: **19 April 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.