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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.

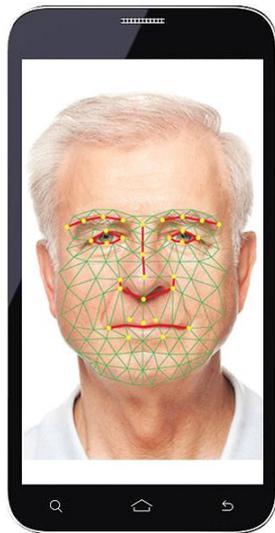
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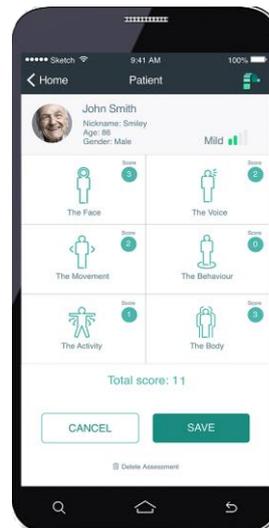
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The PainChek™ Technology:

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.