**ASX ANNOUNCEMENT**
**26 July 2023**

# 30 June 2023 Quarterly Update and Appendix 4C

## PainChek achieves 70,000 commercial licences and 96% annual growth across ANZ, UK including initial sales into North America

PainChek Ltd (ASX: PCK) ("PainChek" or "the Company"), developer of the world's first smart device-based pain assessment and monitoring application, is pleased to announce its quarterly activities and cashflow report (Appendix 4C) for the quarter ended 30 June 2023.

### Highlights

- **96% increase in global contracted bed licences over prior year to 70,000 commercial licences across more than 1,000 aged care facilities in ANZ, UK and initial sales in Canada.**
- **Strong UK growth with a 150% year on year increase in contracted bed licences to 18,800, and a solid sales pipeline in a 440,000 bed market.**
- **Improved patient clinical outcomes demonstrated within aged care have been a key growth driver for PainChek.**
- **89% increase in contracted ARR to $3.4M compared to prior year**
- **99% increase in annual customer revenue to $1,951,000, with Q4 FY23 increasing 81% to $604,000 vs PCP and 6% vs Q3 FY23 (unaudited).**
- **A 90% increase in annual customer receipts to $2,241,000, with Q4 FY23 increasing 26% to $737,000 vs PCP and up 33% vs Q3 FY23. R&D incentive $1,049,000 was received in the quarter.**
- **Cumulative PainChek pain assessments exceed 2,900,000 as of 30 June – an increase of 115% over the previous year.**
- **85% client retention rate on annual renewal.**
- **US FDA clinical study recruitment programme continues to progress positively.**
- **New partnerships include Ethos Labs sales distribution agreement to rapidly access US long term care.**
- The Company will hold an **investor webinar** & Q&A for all shareholders and interested parties on Thursday 27 July 2023 at 11:00am AEDT, further details will be available on the ASX announcements.

### Commentary

Philip Daffas, PainChek CEO, commented:

These quarterly results reaffirm the value and take up of the PainChek technology in multiple markets across three continents. The ANZ team has succcesfully secured 700 aged care facilites covering 50,000 beds onto commercial annual licences. This refects a 25% penetration of the Australian aged care market making PainChek the most popular clinical digital tool in Australian aged care. The UK team has grown the business exponentially to close to 20,000 commercially contracted beds across 300 aged care facilities and are on a similar growth projectory as seen in Australia but in a much larger 400,00+ bed market. In addition we now

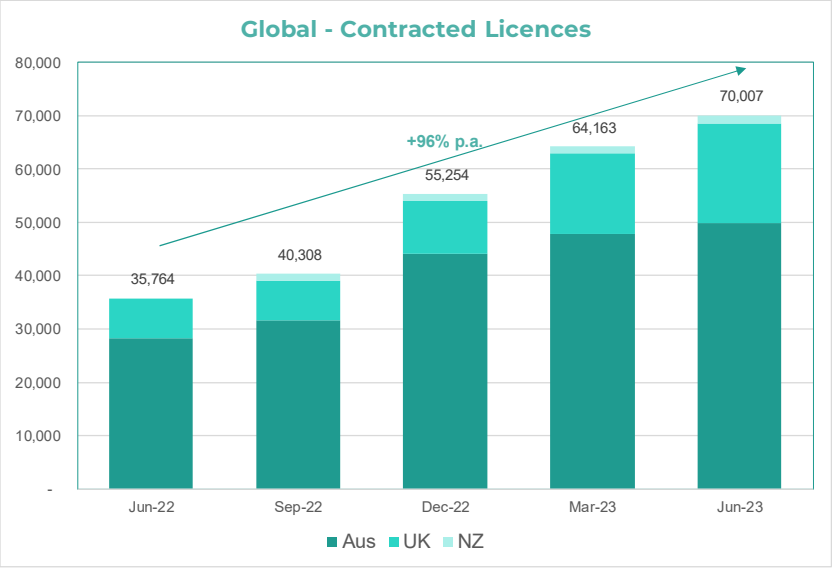
have our first sales in Canada providing a base in North America in advance of our US market entry in 2024. There is a significant pipeline of new sales opportunites in all these markets across aged care, home care and now the hospital sector with our partnership with InterSystems.

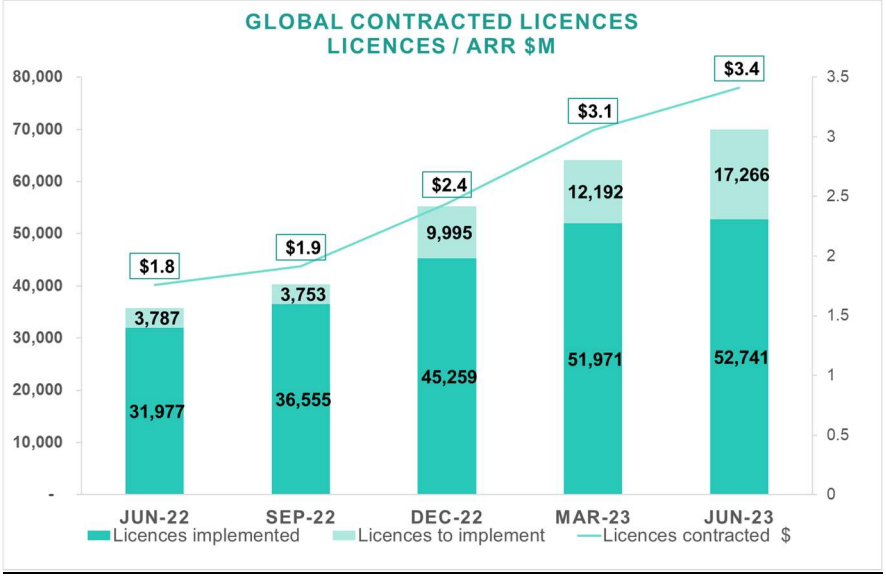
The financial results of over $700,000 in cash reciepts for the quarter and $3.4M June ARR demonstrates we are close to and on track to achieve our initial business goal of $4.8M ARR, or 100,000 beds, which would represent an operational break even number excluding R&D, overheads and investment in new markets.

Moreover, the existing market presence now established across three continents provides the foundations for PainChek to become a global business. We continue to progress with our FDA deNovo clincial study with a targeted FDA submission in Q4 Calendar 2023 and a US regulatory market clearance in 2024. In addition, the business partnerships we now have in the US with PointClickCare, InterSystems and Ethos Labs provide the required capability for rapid access to 1,000,000 aged care beds across North America, establishing the basis for achieving long term profitability.

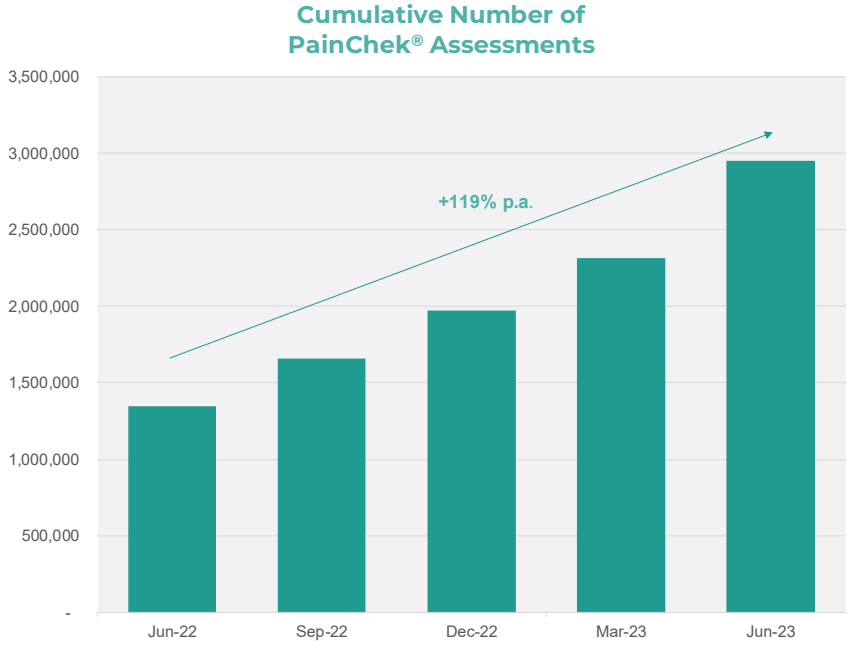
## Global Aged Care Activity Summary

- PainChek has 70,000 contracted licences with an ARR of $3.4M once fully implemented. Approximately 98% are in residential aged care, with the remainder being home care which is closely associated to the aged care:
    - 1,000 aged care facilities now contracted
    - ~50,000 contracted bed licences in ANZ and ~20,000 bed licences in UK – with strong pipeline in both markets
    - Approximately 53,000 licences are now implemented and a further 17,000 contracted licences are to be implemented. There were large contracts signed in the quarter which typically go through a staged rollout.






The PainChek utility continues to grow, with 2.9M cumulative PainChek clinical assessments conducted in aged care as of 30 June 2023, an increase of 119% over the previous year and 27% over the prior quarter, reflecting continued strong quarter on quarter growth in clinical utility and implementation progress.



ANZ market

In ANZ PainChek has contracted ~50,000 licences across 700 aged care facilities representing 25% of the Australian market. Some of our larger clients include:

- Allity (Bolton Clarke) 4,000 beds across some 45 homes
- BlueCross 2,700 beds across 32 homes
- Baptist Care NSW/ACT 2,000+ beds across 17 homes
- Churches of Christ QLD over 2000+ beds across 30 homes
- Ozcare over 2,000 beds across 17 homes
- Anglicare over 2,000 beds across 21 homes

Larger customers contracted in the last quarter include:

- Warrigal 1,450 beds across 12 homes
- Whiddon 1,750 beds across 17 homes
- Anglican Care – 789 beds across 9 homes
- Grampians Health 613 beds across 11 homes
- Doutta Galla Aged Services 530 beds across 8 homes

PainChek has also secured several additional smaller agreements with Home Care and Disability providers in the last quarter. PainChek has a strong pipeline across the ANZ market, with several large providers in the contract negotiation phase and also customers now ready to expand their usage following positive results from initial pilots. This highlights the continued growth across and strong foot hold in the local market.

UK market update

PainChek has ~20,000 contracted licences in the UK, a 150% increase over the prior year. The ARR of these licences, when fully implemented, is $1.0M and there is a strong pipeline for continued sales in Q1 FY24, in a 400,000+ bed market. A key growth driver in the UK is the positive patient clinical outcomes being demonstrated within aged care. Reported results from clients include notable improvements in challenging behaviours in people living with dementia and numerous examples on how PainChek is supporting decisions on treatment plans.

New clients who have recently contracted with PainChek include:

- London Borough of Enfield have agreed to fund PainChek across 80 care Homes (1,900 beds) within their catchment marketing a significant step in local government funding.
- Exemplar Healthcare, a provider to RAC (Residential Aged Care) and Younger Adults (1,800 beds)
- TLC Care a medium sized family run organisation (600 beds)
- Angel Care, our first new client through our integration with Care Control (350 beds), more integration clients in the pipeline.
- Royal Star & Garter, a not for profit organisation will be using PainChek to support their employed Nurse Prescribers to optimise treatment and care plans for their residents (200 beds)

New UK clients and in new sectors:

- HC-One, the largest provider of Care Homes in UK have been trained in the use of PainChek across 3 Care Homes in Wales as part of an evaluation for a potential broader rollout across their 20,000 bed estate.

- Shaw Healthcare, a residential care provider across RAC, Younger Adults and Mental Health have been trialling PainChek in 2 Welsh Homes that support Mental Health, enabling better communication with GPs to optimise treatment plans and improve outcomes for residents.
- POBL, a Welsh Disability provider are using Welsh funded licenses to support an independent evaluation of PainChek within disability, all new Care technology adopted for potential broader rollout across Wales.
- HFT, one of the largest disability providers in the UK will be evaluating the use of PainChek across a mix of people in their care, include Younger Adults with Dementia, Learning Disabilities, Autism, and Mental Health as part of an evaluation for rollout across a potential 2,500 people.

New UK Partnerships

- New partnership developed with Quality Compliance Systems (QCS), a key policy developer supporting quality improvements within the Care Sector. PainChek jointly worked with QCS to support with the 2023 review of a national pain management policy designed to help improve pain as assessment and management in those who cannot reliably self-report their pain.
- To support rapid growth and increasing demand, the UK team has built further capacity for customer education and training by partnering with Ark Assessment Limited to use Pharmacists to conduct dementia education training and pain management training using PainChek as part of their medication management service to aged care homes.

North America

In Canada, initial customers using PainChek have provided positive feedback following training and implementation in May. There are ongoing negotiations for further commercial contracts.

PainChek signed a non-exclusive sales distribution agreement with Ethos labs for the sale of PainChek in the US. This new agreement, combined with the existing integration partnership with PointClick Care and InterSystems in the USA, puts in place the grounding for rapid market access and sales penetration in the US once the FDA clearance has been received.

US FDA (Food and Drug Administration)

- PainChek is working with a Clinical Research Organisation to finalise contractual negotiations with a group in Iowa to lead the recruitment of 100 patients for the validation study scheduled to commence in Q1 FY24.
- US FDA de Novo regulatory clearance submission to FDA is currently projected for Q4 Calendar 2023

Japan

PainChek is in close contact through our local Japan consultant with the PMDA Japanese regulatory authorities who are reviewing the PainChek information set to determine the regulatory pathway for the Japanese market. Japan has the highest dementia prevalence (2.3% of the population) among OECD countries in 2017, and is projected to reach 3.8% by 2037 [1]

Global Integration partners

PainChek integrates and works with aged care management and medication management systems providing PainChek with access to more than 1,500,000 aged care beds across Australia, New Zealand, the UK and North America. New partners include Ethos Labs:


Hospitals

- Following a successful demonstration, technical implementation work is now underway for a PainChek® pilot at large UK based hospital network.
- The integration of PainChek with the InterSystems TrakCare EMR (Electronic Medical Record) platform provides a novel point of care hospital pain assessment and pain management solution. Over 400M patient records are managed by TrakCare providing PainChek access to hospital customers in US, UK, Europe, South America and Asia.
- PainChek CEO Philip Daffas was a keynote speaker at the InterSystems Global Summit conference in Miami in June 2023. This conference attracted more than 1,000 of InterSystems global clients and local market representatives. Following the InterSystems Global Summit, PainChek is now pursuing several new market opportunities and with technology partnerships in the hospital sector.

Children's and Infant App

PainChek has conducted the first stage qualitiative market research with first time parents of children below 1 years of age in Australia. The feedback was very positive in terms of product need and potential take up of the PainChek Infant technology for this parental group. We also tested the initial pricing and distribution strategy within Australia. A second round of quantitative market testing is to be conducted in Calendar Q3 2023 with this same client group to finalise the product offering, educational elements and marketing mix. We are scheduling a first stage targeted direct to consumer market entry in Australia during Calendar Q4 2023.

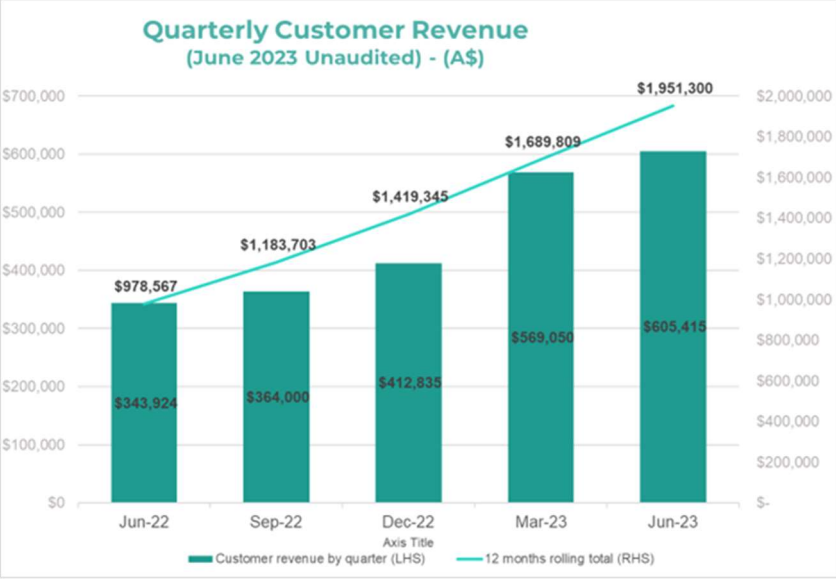
Clinical Research

Recent publications include:

- Kreshnik Hoti, Mustafa Atee, Paola Chivers, Ipsit Vahia and Jeffery Hughes. Technology-guided assessment of vocalisations and their diagnostic value as pain indicators for people living with dementia, *Age and Ageing*, Volume 52, Issue 6, June 2023, afad088, https://doi.org/10.1093/ageing/afad088
- Arabiat, D., Mörelius, E., Hoti, K. *et al.* Pain assessment tools for use in infants: a meta-review. BMC Pediatr 2023;**23:**307. https://doi.org/10.1186/s12887-023-04099-7

## Financial Update

- The recognised revenue from customers was $605,000 (unaudited) for the quarter and $1,951,300 (unaudited) for the 12 months to 30 June 2023, a 6% increase over previous quarter and a 99% increase over the 12 months to June prior year. Quarterly and trailing 12 month recognised revenue have continued to increase.




- Other income recognised in the year to date includes (unaudited):
  - R&D Grant $1,049,000 (FY22: $1,093,000). Recognised this quarter $30,000.
  - Government grants $123,000 (FY22: $751,000). Recognised this quarter $9,000.

## Cashflow

- Receipts from customers in the quarter were $737,000 (Q3 FY23: $551,000) and for the 12 months to June 2023 $2,241,000 (2022: $1,178,000) . Increases in the cash receipts follow the increased commercial sales and the timing of annual renewal dates of customers.
- Receipts from R&D incentive during the quarter were $1,049,000 (Q3 FY23: $Nil).
- Research and development payments were $590,000 (Q3: $529,000). The increase in payments is from the

timing of work on the core technology upgrade that commenced at the end of Q1 and FDA clinical trials.

- Advertising and Marketing payments were $183,000 (Q3: $182,000).
- Staff Costs payments were $1,111,000 (Q3: $986,000). The quarterly increase follows an earlier payment of Superannuation and employee taxes.
- Administration and Corporate costs decreased to $444,000 (Q3: $535,000).
- In accordance with ASX Listing Rule 4.7C.3, the amount of $112,500 stated in section 6.1 of the Appendix 4C paid to related parties and their associates related to director fees and salaries for the quarter. The company made payments to directors during the period of $112,500: $50,000 to non-executive and $62,500 to executive directors.

This announcement has been approved for release by the Board.

For more information:


Lisa Dadswell
Company Secretary, PainChek
lisa.dadswell@boardroomlimited.com.au
02 8016 2819

Philip Daffas
CEO, PainChek
philip.daffas@painchek.com
0406 537 235


(1)https://www.oatext.com/prevalence-of-dementia-among-the-elderly-population-in-japan.php#:~:text=According%20to%20the%20OECD%2C%20Japan,%25%20by%202037%20%5B1%5D.

**About PainChek®**

PainChek® Ltd is an Australian based company that develops pain assessment technologies.

Pain often goes unrecognised and under-treated in people with communication difficulties. PainChek Universal is a clinically validated smartdevice-based medical device that enables best practice pain assessment for all people, everywhere.

PainChek Universal is a complete point-of-care solution that combines the existing PainChek® App with the Numerical Rating Scale (NRS). This enables best-practice pain management for all residents living with pain in any environment — from those who cannot verbalise pain to those who can, and those who fluctuate between the two.

The PainChek® App uses artificial intelligence and facial recognition to detect pain in those who cannot self-report. This gives a voice to those who cannot verbalise pain, whilst also driving objectivity and consistency in all assessments. For those who can self-report, PainChek Universal also includes access to the Numerical Rating Scale, a well-established standard used to document pain levels amongst these individuals. PainChek Universal also supports pain assessment using both tools at the point of care, for those people whose ability to communicate fluctuates.

PainChek® is being rolled out globally in two phases: first, PainChek® for adults who are unable to effectively verbalise their pain such as people with dementia, and second, PainChek® for infants who have not yet learnt to speak. Both the adult and infant products have received regulatory clearance in numerous markets including Australia, Europe, UK, NZ, Singapore and Canada.

To find out more, visit www.painchek.com

*+Rule 4.7B*

# Appendix 4C
# Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

**PAINCHEK LTD**

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| **21146035127** | **30/06/2023** |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (12 months) $A'000** |
|---|---|---|---|
| **1.0** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 737 | 2,241 |
| 1.2 | Payments for | | |
| | (a) research and development | (590) | (2,259) |
| | (b) product manufacturing and operating costs | | |
| | (c) advertising and marketing | (191) | (817) |
| | (d) leased assets | | |
| | (e) staff costs | (1,111) | (4,285) |
| | (f) administration and corporate costs | (444) | (2,247) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | 6 | 6 |
| 1.5 | Interest and other costs of finance paid | | |
| 1.6 | Income taxes paid | | |
| 1.7 | Government grants and tax incentives | 1,049 | 1,069 |
| 1.8 | Other (GST) | (3) | (28) |
| **1.9** | **Net cash from / (used in) operating activities** | **(549)** | **(6,320)** |

| | | | |
|---|---|---|---|
| **2.0** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | | |
| | (b) businesses | | |
| | (c) property, plant and equipment | 0 | (14) |
| | (d) investments | | |
| | (e) intellectual property | | |
| | (f) other non-current assets | | |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | | |
| | (b) businesses | | |
| | (c) property, plant and equipment | 0 | 1 |
| | (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** | **0** | **(12)** |

| | | | |
|---|---|---|---|
| **3.0** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 0 | 2,696 |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | 0 | 0 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | | |
| 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** | **0** | **2,696** |

| | | | |
|---|---|---|---|
| **4.0** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,091 | 6,141 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (549) | (6,320) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 0 | (12) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 0 | 2,696 |
| 4.5 | Effect of movement in exchange rates on cash held | (30) | 7 |
| **4.6** | **Cash and cash equivalents at end of period** | **2,512** | **2,512** |

| | | | |
|---|---|---|---|
| **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 | 2,512 | 3,091 |
| 5.2 | Call deposits | 0 | 0 |
| 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)** | **2,512** | **3,091** |

| | | |
|---|---|---|
| **6.0** | **Payments to related entities 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 | 113 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |

*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.*

| 7.0 | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end**<br>**$A'000** | **Amount drawn at quarter end**<br>**$A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | | |
| 7.2 | Credit standby arrangements | | |
| 7.3 | Other (please specify) | | |
| 7.4 | **Total financing facilities** | | |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | |
| 7.6 | Include in the below a description of each facility above, including the lender, interest rate, maturity date 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 a note providing details of those facilities as well. | |

| | |
|---|---|
| | |

| **8.0** | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (549) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 2,512 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 0 |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 2,512 |
| 8.5 | **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)** | 4.6 |

*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.*

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: No - The company received a R&D incentive of $1.049m in the quarter, this will not be repeated till later in the FY24 year. The estimated quarters funding in 8.5 above will be 0.9, when excluding the R&D incentive.

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: The company is currently exploring a variety of fundraising options. The company has successfully raised funds from investors and current shareholders in the past and expects this support to continue going forward and in the current quarter Q1 FY24.

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: The company will continue its core business operations and existing strategic projects utilising the $2.5m cash at bank while limiting any new initiatives or new people recruitment till funds are raised.

*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*

**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: 26/07/2023

Authorised by: By the board

(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.