

## 30 September 2023 Quarterly Update and Appendix 4C

### Fourth straight quarter of double digit growth as opportunities present in hospital & infants markets

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 September 2023.

#### Highlights

- 77,000 contracted licences with an ARR of \$3.7M once fully implemented – 10% increase on the prior quarter and 91% increase on prior year.
- 7% quarterly increase in recognised revenue to \$647,000.
- Cumulative PainChek pain assessments exceed 3,400,000 as of 30 September – an increase of 108% over the previous year.
- Three-year commercial contracts with two aged care facilities in Canada
- Uniting Care Queensland (UCQ) signs three-year contract across its 3,750 beds and 46 homes – largest Australian client to date.
- Scotland’s Care Inspectorate regulator announced PainChek in its the top three priorities in the innovation pillar of its quality improvement plan for 2023/24. A Phase 2 ‘test of change’ initiative, if successful, will support a potential national rollout across Scottish Care Homes, giving access to 38,000 licences.
- Existing pilots across 8 UK customers will provide access to a further 8,000 licences, in addition to the already contracted 20,000 licences in the UK.
- Retention rate remains at 85% of clients.
- Positive progress with the FDA de Novo study in Iowa and New York.
- Infant technology updated and ready for direct-to-consumer market introduction.
- Successfully achieved ISO 27001 certification, marking a significant milestone in PainChek’s ongoing commitment to information security and data protection.
- \$3.55 million placement of shares announced, \$2.83 million received in Q1, \$0.72 million to be received end of November 2023.
- The Company will hold an **investor webinar** & Q&A for all shareholders and interested parties on Tuesday 31 October 2023 at 11:00am AEDT, further details will be available on the ASX announcements.

#### Commentary

Philip Daffas, PainChek CEO, commented:

“The Company has had another strong quarter of growth that included some significant strategic agreements. This included the signing of UQC in Australia, our largest single agreement to date. The latest sales in Australia takes our local aged care market penetration close to 30%.

In the UK the sales pipeline continues to expand. We were delighted with the positive and well publicized phase 1 feedback from the Scottish Care Inspectorate and progression to phase 2 commercial agreement that has the full roll out potential of 38,000 aged care beds across Scotland. Successful completion of just these two UK agreements during FY 24 would transform our UK business. We have received confirmation from BUPA UK for an initial 500 bed pilot and which includes a contractual roll out across their 8,000 UK bed estate on a successful completion of the pilot. Progress on both these significant initiatives will be reported in the next quarterly update.

We are also delighted to now have two three-year agreements in Canada and a strong pipeline of Canadian business as we finalise the FDA study and plan for a US market entry in 2024.

Having now completed all the product updates, privacy and technical requirements for the hospital sector, we are on track to commence the Edinburgh Royal Infirmary hospital study in Q2 FY24, to be championed by the Hospital's Pain Specialist's department. The learnings and developments from this project will hold us in good stead for the global hospital market.

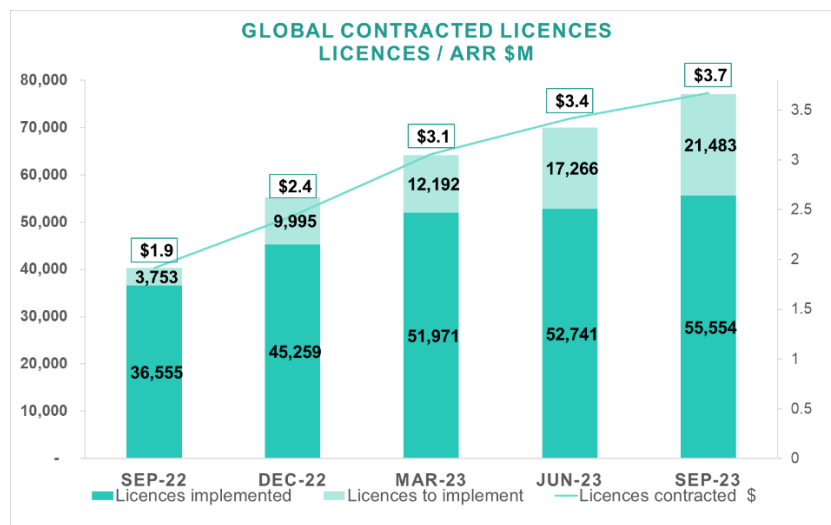
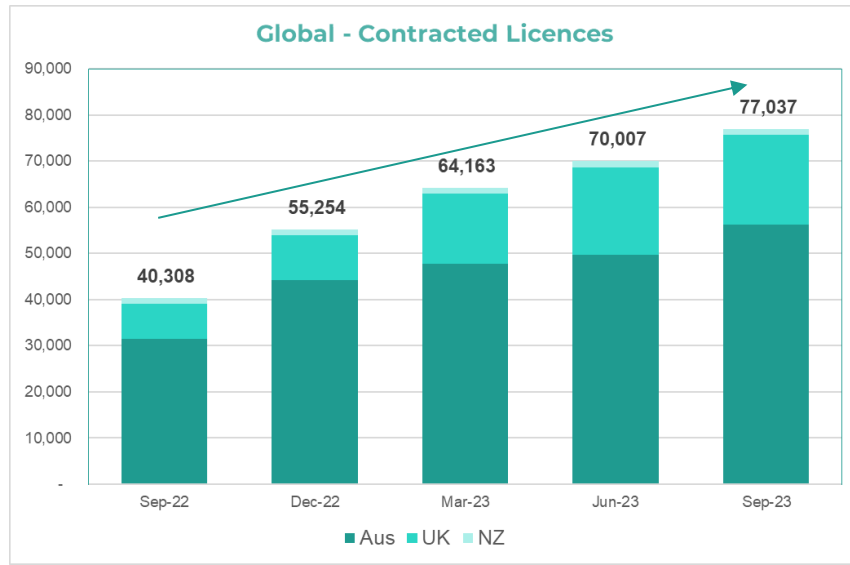
We have finalised the Infant (face only) technology platform for an initial direct to consumer launch targeted at first time parents in Australia and taking recent market research findings into account. In the first launch phase, PainChek Infant will now include a more robust infant facial detection process and in the second phase a new AI based capability, using the microphone in a smart device, to discriminate between an infant cry of pain to a cry of no pain.

Finally, we successfully raised new capital in the past quarter to continue to deliver on the global market strategies. Many thanks to all our shareholders and investors for your ongoing support.

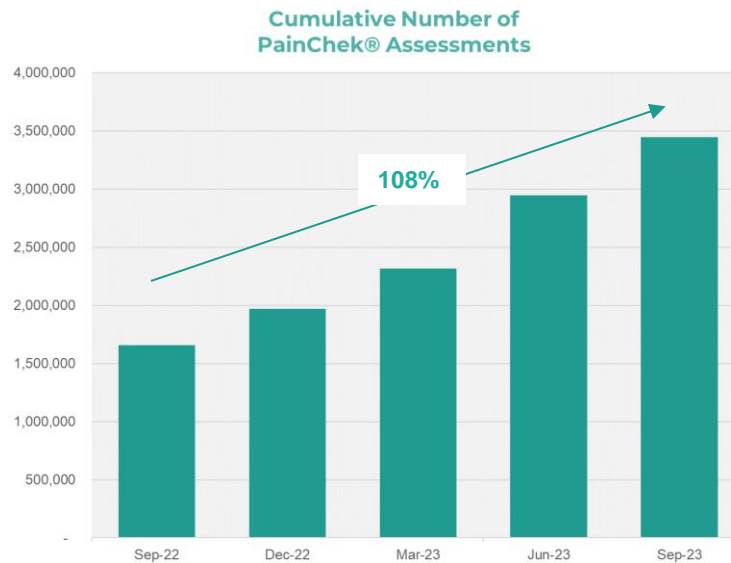
## Global Aged Care Activity Summary

PainChek has approximately 77,000 contracted licences with an ARR of \$3.7M once fully implemented, a 10% increase on the prior quarter and 91% increase on prior year. Approximately 98% are in residential aged care, with the remainder being home care which is closely associated to the aged care sector.

Approximately 56,000 licences have been implemented, these include large contracts signed in the quarter which typically go through a staged rollout.



The PainChek utility continues to grow, with 3.4m cumulative PainChek clinical assessments conducted in aged care as of 30 September 2023, an increase of 108% over the previous year and 17% over the prior quarter, reflecting continued strong growth in clinical utility and implementation progress.



### ANZ market

In ANZ PainChek has contracted ~57,000 licences across ~750 aged care facilities representing around 30% of the Australian market. Some of PainChek’s larger clients include:

- Uniting Care Queensland – 3,750 across 46 homes
- 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 NSW – over 2,000 beds across 21 homes

PainChek secured its largest agreement in the Aged Care market since the inception of the company, contracting Uniting Care Queensland (UCQ) to a three-year deal with an additional two-year optional extension across its 3,750+ beds and 46 homes. This is a landmark agreement that highlights the need for PainChek and the benefits it is providing in the aged care market. The contract is included in the above reported numbers, it was dated 2nd October but committed internally by UCQ in September.

Other large customers contracted in the last quarter include:

- ElderCare – 1,300 beds across 12 homes (3-year agreement)
- Castalia Performance Pty Ltd – 1027 beds across 10 homes

PainChek has also secured several additional smaller agreements with New Zealand Aged Care, 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 existing customers ready to expand their usage following positive results from initial pilots. This highlights the continued strong foot hold in the local market.

## UK market

PainChek has ~20,000 contracted licences in the UK across 400 aged care facilities. The ARR of these licences, when fully implemented, is \$1.0M, a 5% market penetration into a 400,000+ bed market opportunity. Some of PainChek's larger clients include:

- Exemplar Healthcare – 1,800 beds across 40 homes
- Orchard Care Homes – 1,300 beds across 23 homes
- Greensleeves Trust – 1,300 beds across some 28 homes
- Harbour Healthcare – 1,200 beds across 22 homes
- Future Care – 1,000 beds across 18 homes

A key growth driver in the UK continues to be the positive clinical outcomes being demonstrated within aged care through government and provider funded projects and pilots. Whilst growth has been slow in the quarter due to seasonality the pipeline remains strong.

BUPA UK has confirmed it will be piloting PainChek in seven Care Homes and 500 beds. A successful pilot will allow an opportunity to access BUPA's 8,000 bed estate in early 2024.

PainChek continues to have a strong foothold in the Scotland market, with the Care Inspectorate (Scotland's regulator) recently announcing PainChek is in the top three priorities within the innovation pillar of its quality improvement plan for 2023/24. A Phase 2 'test of change' initiative, if successful, will support a potential national rollout across Scottish Care Homes, giving access to 38,000 beds. PainChek's progress in Scotland has driven interest from Scottish TV (STV), a major TV network in Scotland. STV recently filmed a segment interviewing PainChek and a Scottish Care Provider, Elder Homes for its six o'clock news.

In addition to the Scottish Care Inspectorate and BUPA large opportunities there are several customers currently engaging in pilots for an additional 8,000 beds.

Over 2,800 beds were implemented this quarter supported by PainChek's training partners Ark Training and Ash healthcare. PainChek is recruiting more staff in the UK to train, implement and service the growing client base. There are over 10,000 licences now implemented in the UK, a significant milestone for the region.

## North America

PainChek is proud to report that following successful pilots, its first Canadian clients Sherwood Care and St Michaels Health Group, have both contracted for three-year commercial agreements. In addition to this, both sites have agreed to be reference sites experiencing a range of benefits during the trial period.

PainChek is currently in discussion with several additional large Canadian Aged Care providers, referred by the initial market entry success.

As previously reported, 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 partnerships with PointClickCare and InterSystems in the USA, puts in place the grounding for rapid market access and sales penetration in the US once FDA clearance has been received.

## US FDA (Food and Drug Administration)

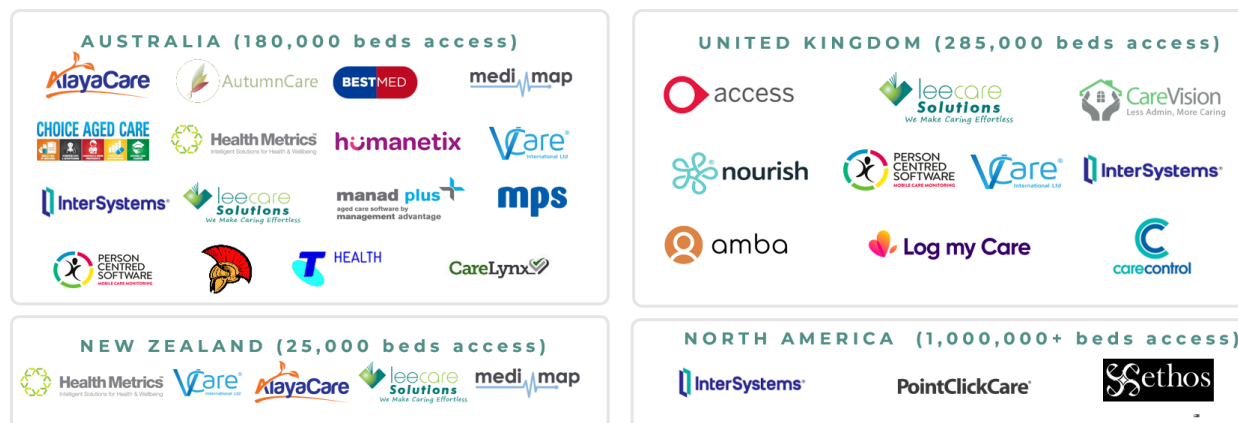
- PainChek finalised contractual negotiations with Dr Kim Bergen-Jackson, Christian Retirement Services, Inc (Oaknoll) in Iowa to lead the recruitment of 100 subjects for the validation study.
- The ethical approval for the study protocol (29<sup>th</sup> August 2023) and four clinical sites (15<sup>th</sup> September 2023) in Iowa has been granted by WIRB-Copernicus Group (WCG IRB).
- The four clinical sites in Iowa have been onboarded, the staff trained, and recruitment of subjects has commenced.
- Negotiations are being finalized with a fifth clinical site in New York and whilst application for ethical approval from its IRB is underway, this is likely to delay commencement of recruitment until early 2024.
- US FDA de Novo submission is now scheduled for Q1 CY24 and clearance is still expected in Q2 CY24.

## Japan

PainChek is in close contact, through its local Japan consultant, and still awaiting feedback from the PMDA Japanese regulatory authorities 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 continues to work 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:



## Hospitals

- PainChek will shortly be commencing a pilot in the UK within Edinburgh Royal Infirmary alongside its partner InterSystems. The pilot will be initiated with a team of specialist pain nurses using PainChek across the hospital wards.
- In addition to Lothian Scotland, PainChek is in discussions with several local hospitals on the east coast of Australia to implement PainChek as part of their pain specialist teams.

## Children's and Infant App

PainChek has finalised the Infant technology for an initial direct to consumer launch targeted at first time parents in Australia. The updated product and market strategy takes into account the recent market research findings, and we will continue to receive ongoing feedback in terms of product utility and consumer satisfaction and impact to their infant's care. PainChek Infant initial market introduction will now include a more robust facial detection process that has been developed to compensate for an Infant's rapid head movements and to optimize performance.

PainChek is taking a step wise approach to the commercial launch of the Infant App, initially with a targeted group of first-time parents within Australia and building a community of home-based parental users. This targeted recruitment is scheduled to commence in late Q4 CY23 and expand in Q1 CY24 based on continuous feedback. The learnings from this initial group of users will provide the basis for finalizing the broader commercial launch in Australia and the UK in Q2 CY 2024.

In addition, PainChek has developed a new AI based capability, using the microphone in a smart device, to discriminate between an infant cry of pain to a cry no pain that will be incorporated in the App in a second phase during CY 2024 that will further enhance performance and licencing opportunities.

## Clinical Research

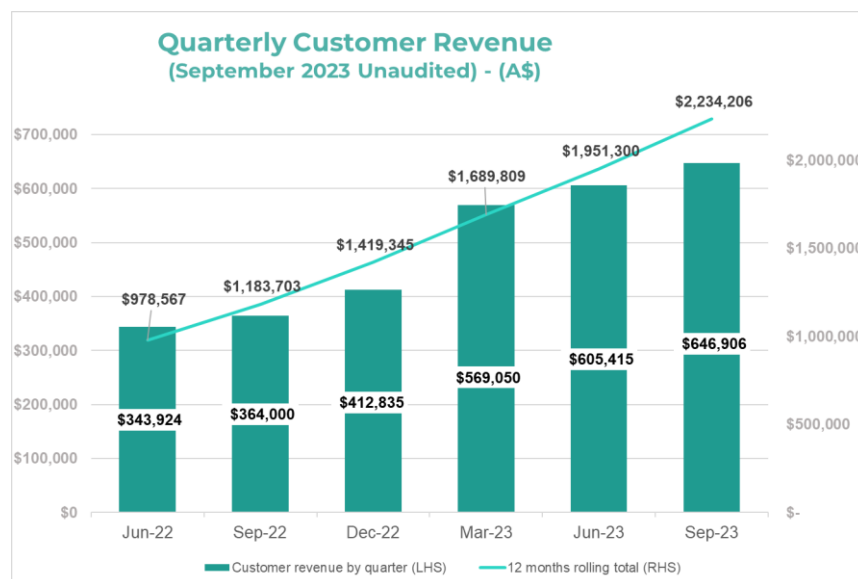
- PainChek Toddler Validation Study – PainChek is now conducting a study to determine whether PainChek Infant may also be used to assess pain in toddlers aged 1 to 3 years of age. The study uses a similar methodology to that used to undertake the initial validation of PainChek Infant with results to be available in Q1 CY24.
- PainChek Infant Minor Surgery Pain Study – This study has been conducted to evaluate the feasibility and clinical utility of PainChek Infant when used by parents to monitor the presence of post-surgical pain and the effectiveness of pain interventions. Results from the study are expected to be available before the end of Q4 CY23.
- Infant Vocalisation Project – PainChek is currently developing AI models to determine when a baby is crying because they are in pain. Using audio files from PainChek audiovisual libraries of infants and toddlers undergoing routine immunisations, the Company has developed models which can discern whether a child is crying, and if they are whether the cry is pain related or not. PainChek intends to use the technology to develop audio-based pain alerts and combine it with its existing facial analysis models to allow detection and quantification of pain. Development of a prototype app is now underway, with delivery expected Q1 CY24.

## Regulatory & Quality:

This quarter, PainChek was proud to announce that it successfully obtained ISO 27001 certification, accredited by TÜV SÜD. ISO 27001 is an internationally recognized benchmark for information security management. Earning this certification showcases PainChek's commitment to upholding the highest standards of information security, data protection, and risk management. The audit of the Company's information security management system (ISMS) by TÜV SÜD ensured that PainChek's policies, procedures, and controls not only meet but exceed international standards. With this endorsement, PainChek's stakeholders, clients, and partners can have enhanced confidence in the Company's dedication to these measures. This achievement is more than a one-off accolade; it represents PainChek's ongoing promise to maintain and consistently enhance its security protocols, aligning with world-class best practices.

## Financial Update

- The recognised revenue from customers was \$647,000 (unaudited) for the quarter and year to date, a 7% increase over previous quarter and a 78% increase over the September 2023 quarter. Quarterly and trailing 12 month recognised revenue have continued to increase:



## Cashflow

- PainChek announced a \$3,550,000 successful placement of shares on 14 September, with settlement in two tranches. Proceeds from Tranche 1 of \$2,833,779, before costs of \$154,947 were received in September 2023. The Tranche 2 settlement of \$720,000 will be received at the end of November 2023 following the Company's Annual General Meeting. The Tranche 2 includes commitments from directors to subscribe for \$216,000.
- Receipts from customers in the quarter were \$594,000 (Q4 FY23: \$737,000). The decrease in the cash receipts follows the seasonality of the annual renewal dates of customers.
- Research and development payments were \$480,000 (Q4 FY23: \$590,000). The decrease from the timing of milestone payments on the core technology upgrade and FDA clinical trials.
- Advertising and Marketing payments were \$149,000 (Q4 FY23: \$183,000).
- Staff Costs payments were \$903,000 (Q4 FY23: \$1,111,000). The quarterly decrease follows year end payment of Superannuation and employee taxes.
- Administration and Corporate costs increased to \$582,000 (Q3: \$444,000) after payments to partners and year end tax and audit.
- 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:

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### **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](http://www.painchek.com)

+Rule 4.7B

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

<b>Name of entity</b>	
<b>PAINCHEK LTD</b>	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
<b>21146035127</b>	<b>30/09/2023</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1.0 Cash flows from operating activities</b>		
1.1 Receipts from customers	594	594
1.2 Payments for		
(a) research and development	(480)	(480)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(149)	(149)
(d) leased assets		
(e) staff costs	(903)	(903)
(f) administration and corporate costs	(582)	(582)
1.3 Dividends received (see note 3)		
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	0
1.8 Other (GST)	8	8
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,512)</b>	<b>(1,512)</b>

<b>2.0 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(1)	(1)
(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	0
(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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1)</b>	<b>(1)</b>

<b>3.0</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,679	2,679
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,679</b>	<b>2,679</b>

<b>4.0</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,512	2,512
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,512)	(1,512)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,679	2,679
4.5	Effect of movement in exchange rates on cash held	(7)	(7)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,671</b>	<b>3,671</b>

<b>5.0</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>\$A'000</b>	<b>Previous quarter</b> <b>\$A'000</b>
5.1	Bank balances	3,671	3,091
5.2	Call deposits	0	0
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,671</b>	<b>3,091</b>

**6.0 Payments to related entities of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

<b>Current quarter</b> <b>\$A'000</b>
113

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.

<b>Financing facilities</b>		<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
<b>7.0</b>		<b>\$A'000</b>	<b>\$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		

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.

<b>8.0</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,512)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,671
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	3,671
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	2.4
<p><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></p>		
8.6	<p>If Item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Answer:</div> <p>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?</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Answer:</div> <p>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?</p> <div style="border: 1px solid black; padding: 5px;">Answer:</div>	
<p><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></p>		

### 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: 31/10/2023  
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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.