



HomeStay Corporate Update

3 December 2019

- **HomeStay strengthens its relationship with Essence APAC upgrading binding heads of agreement.**
- **HomeStay utilises the Essence APAC IoT solutions to configure its intelligent homes.**
- **Agreement aligns the interests of both parties and expands the range of next generation solutions for the intelligent home offering.**
- **Operational structure now streamlined and integrated to support deployment in Australia, Singapore, and New Zealand.**
- **Graham Russell appointed as Managing Director of HomeStay effective 3 December 2019 with the Company now positioned to secure key contract wins in the aged-care sector.**

HomeStay Care Limited (ASX:HSC) (HomeStay or Company), the in-home care platform powered by IoT devices, is pleased to announce strengthening of relationship with Automation Australia Pty Ltd trading as Essence APAC (**Essence APAC**) with a number of amendments to its binding heads of agreement (**Agreement**) (refer to Company Announcement dated 15 July 2019). This enables HomeStay and Essence APAC Solutions to create cost efficiencies and further support customer deployments whilst continuing to be the exclusive reseller of the Essence APAC solutions in Australia, New Zealand, and Singapore.

Key upgrades to the Essence APAC Agreement

Pursuant to the licence granted under the Agreement, HomeStay has the exclusive right to market, distribute, and sell all Essence APAC solutions (which include Essence Group healthcare-associated IoT). This enables a combined sales and marketing program to expand sales pipelines and customer reach strengthening HomeStay's go-to-market strategy.

HomeStay and Essence APAC have identified opportunities to work even closer with resellers, and partners collaboratively, and assist these parties via the provision of support with sales, marketing, and delivery tools. As such, HomeStay and Essence APAC have aligned with an arrangement whereby the Agreement has been upgraded to reflect a fee structure where Essence APAC shall be issued with equity in lieu of ongoing cash fees payable under the previous Agreement arrangement, enabling Essence APAC to grow with HomeStay's success, and remove administrative resource and cost duplication. Further, termination provisions under the Agreement have been relaxed so as to ensure a long ongoing relationship between Essence APAC and HomeStay.

Key amendments are as below (refer to Appendix A for full material summary of the amended Agreement).

Essence APAC has agreed to the following in consideration for the issue of 50,000,000 fully paid ordinary shares in the capital of HomeStay (**Shares**) (which will be voluntarily escrowed for 12-months from the date of issue):

- remove all cost mark-ups associated with HomeStay's purchase of Essence APAC solutions from Essence APAC, meaning that HomeStay will be getting products at wholesale cost (i.e., the same cost that Essence APAC pays for the Essence APAC solutions from Essence Security International Ltd);



- remove the licence fee (which was a fee of 4% of gross revenue received from the sales of Essence APAC solutions (payable to Essence APAC), as well as an agreed percentage of gross invoiced sales of comparable products if HomeStay were to use devices other than Essence APAC solutions during the term of the Agreement);
- forego the issue of 36,000,000 options (which were exercisable at various prices subject to the achievement of certain revenue milestones);
- remove all fees for all support services (which include technical support, product support, and logistics);
- forego the 12-month gateway review process (which provided for termination at the end of June 2020 if Essence APAC deemed the review to be unfavourable);
- forego its 60-day termination provision for no cause; and
- remove the requirement to enter into a formal agreement to further document the terms of the Agreement (which would involve considerable legal costs for both parties).

Appointment of Graham Russell as Managing Director of HomeStay

HomeStay is pleased to announce the appointment of Graham Russell as Managing Director, effective 3 December 2019.

Graham is currently the managing director of Essence APAC, a global health technology company specialising in Ageing in Place and delivering technology solutions that provide independence for the elderly. Graham is incredibly passionate about helping our older generation stay independent, and pioneering the adoption of seamless technology solutions to help families, care providers and the elderly. Graham has worked with numerous national aged care providers, government, utility and telecommunication companies throughout APAC to transform their clients lives, connect with their families and provide operational efficiencies and financial returns to all involved through his deep relationships in the sector and strong reputation for successful delivery.

Material terms and conditions of Graham's Executive Services Agreement are set out at Appendix B.

Board Changes

Damian Black has resigned as non-executive director of HomeStay effective immediately. The Company thanks Mr Black for his service and wishes him all the best in future endeavours.

Appendices

The attached Appendix A provides an updated material summary of the Agreement.

The attached Appendix B provides details of the Executive Services Agreement.

Authorisation

This announcement has been authorised by the Board of Directors of HomeStay Care Limited.

- ENDS -

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About HomeStay

The HomeStay Intelligent Home platform allows elderly Australians to live independently in their own home for longer. It uses data analysis, as well as human monitoring, to determine residents' routines and detect anomalies. These early insights allow for better decision-making by care providers and families, allowing more focused service, minimising unnecessary care and facilitating welfare checks in a more responsive manner.

HomeStay helps protect and connect our elderly and people with disabilities with a scalable healthcare technology platform that allows them to live in their homes for longer.

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Appendix A – Updated material summary of the Agreement

In accordance with ASX guidelines, HomeStay provides the following information:

<i>Description of the Agreement</i>	A binding heads of agreement has been entered into setting out the commercial terms for the appointment of HomeStay as the licensee and exclusive reseller of Essence APAC Solutions in Australia, New Zealand and Singapore (Territory). There is no obligation on the parties to enter into a formal agreement to further document any terms.
<i>Material terms of the Agreement</i>	<ul style="list-style-type: none"> - HomeStay will continue to be appointed as the licensee and exclusive reseller of Essence APAC Solutions in the Territory with effect from 10 July 2019. - The initial term of the Agreement is 3 years. The term may be expanded by further periods of 12 months on written notice by HomeStay not less than 6 months before the expiry of the term. - Essence APAC must provide agreed ongoing support services to HomeStay for no fee. - HomeStay must continue to supply Essence APAC Solutions, training and technology support to all current Essence APAC customers including the additional clients, resellers and partners. - In consideration of appointment as exclusive licensee, HomeStay must issue Essence APAC 50,000,000 Shares on 3 December 2019 subject to Essence APAC (or its nominee/s) entering into a voluntary escrow agreement with the Company whereby the Shares will be escrowed for a period of 12-months from the date of issue. As such, no monthly licence fee shall be payable to Essence APAC (previously a fee of 4% of gross revenue received from the sales of Essence APAC Solutions was payable to Essence APAC, as well as an agreed percentage of gross invoiced sales of comparable products if HomeStay were to use devices other than the Essence APAC solutions during the term). - No options are to be issued to Essence APAC (previously it was agreed to issue a total of 36,000,000 options exercisable at various prices subject to the achievement of certain revenue milestones). - The Agreement may only be terminated: <ul style="list-style-type: none"> o by either party for cause; or



	<ul style="list-style-type: none"> o by the Company without cause or reason by giving Essence APAC 90 days' notice in writing. - In order to maintain exclusivity in the Territory in respect of the appointment as a reseller of the Essence APAC products, HomeStay must purchase a minimum value of USD1,000,000 annually of Essence Group hardware products from Essence APAC during the term. - During the term, HomeStay has a first right of refusal to acquire Essence APAC in the event of a reconstruction transaction, other than in relation to a change in holding between existing Essence APAC management team and principals. - The Agreement provides for confidentiality, representations and warranties, noncompete and indemnities provisions typical for an agreement of this nature.
<i>Significance of the Agreement</i>	<p>This Agreement provides for an exclusive licence to Essence APAC Solutions in the Territory. This secures HomeStay's access to product supply in Australia and creates an opportunity to further expand its offering.</p> <p>The Agreement has a material financial impact on HomeStay with the potential generation of revenue via sale of Essence APAC Solutions in the Territory. The product offering is a tiered offering with different levels of subscription.</p>
<i>Other material information relevant to assessing the impact of the Agreement on the price or value of HomeStay securities</i>	<p>There is no other material information.</p>



Appendix B – Material terms of the Executive Services Agreement – Graham Russell

In accordance with ASX guidelines, HomeStay provides the following information:

Key Terms	Details
<i>Commencement Date</i>	3 December 2019 (at that time that is immediately after the issue of the 30,000,000 Shares referred to below).
<i>Term</i>	Continuing until terminated in accordance with standard termination provisions.
<i>Notice Period</i>	Two months written notice from the Company to the employee and from the employee to the Company. The employee may be terminated immediately for serious misconduct.
<i>Salary</i>	Base salary of \$120,000 per annum plus superannuation.
<i>Equity</i>	<p>Shares</p> <p>30,000,000 fully paid ordinary shares in the capital of the Company (Shares) (at a deemed issue price of \$0.005 per Share) on or before 3 December 2019 (subject to the employee (or its nominee/s) entering into a voluntary escrow agreement with the Company whereby the Shares will be escrowed for a period of 12-months from the date of issue).</p> <p>Performance Rights</p> <p>Subject to shareholder approval, a total of 50,000,000 Performance Rights (noting that if directed by the Company, the employee will apply for these Performance Rights under a prospectus (which the Company shall not delay in preparing once shareholder approval is obtained)) vesting as follows:</p> <ul style="list-style-type: none"> (i) 25,000,000 Performance Rights vesting on \$2,000,000 of revenue being received by the Company during any period between 3 December 2019 and 31 December 2020; and (ii) 25,000,000 Performance Rights vesting on \$3,000,000 of revenue being received by the Company during any period between 3 December 2019 and 31 December 2020, <p>noting that the Performance Rights will otherwise be issued on such terms required to comply with the ASX Listing Rules and subject to the rules of the Company's Performance Rights Plan.</p>
<i>Post-Employment Restraint</i>	A 6-month restraint provision applies from the period commencing immediately after each of the Performance Rights referred to above either vest, or expire (whichever occurs earlier), until which there is no restraint provision.

