

ANNUAL REPORT

YEAR ENDING JUNE

2024

**BEYOND PAIN SCORES:
PERSONALISED
PAIN PROFILES
DELIVERING
BETTER OUTCOMES**

www.painchek.com



CORPORATE DIRECTORY

Board of Directors

Mr John Murray	Non-Executive Chairman
Mr Philip Daffas	Managing Director
Mr Adam Davey	Non-Executive Director
Mr Ross Harricks	Non-Executive Director
Ms Cynthia Payne	Non-Executive Director

Company Secretary

Ms Natalie Climo

Registered Office

Suite 401, 35 Lime Street
Sydney NSW 2000

Principal Place of Business

Suite 401, 35 Lime Street
Sydney NSW 2000

Website

Website: www.painchek.com

Auditor

BDO Audit Pty Ltd

Share Registry

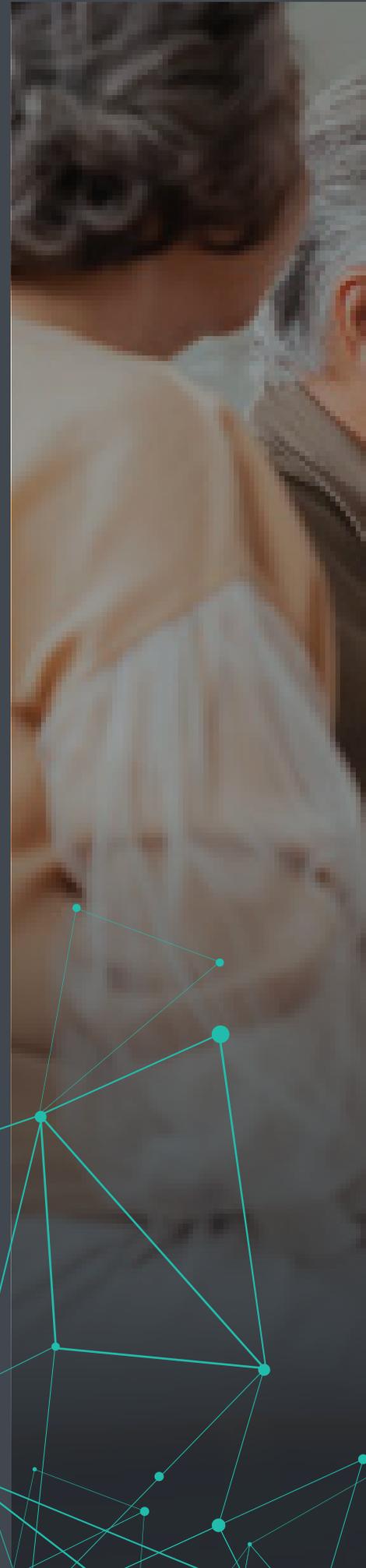
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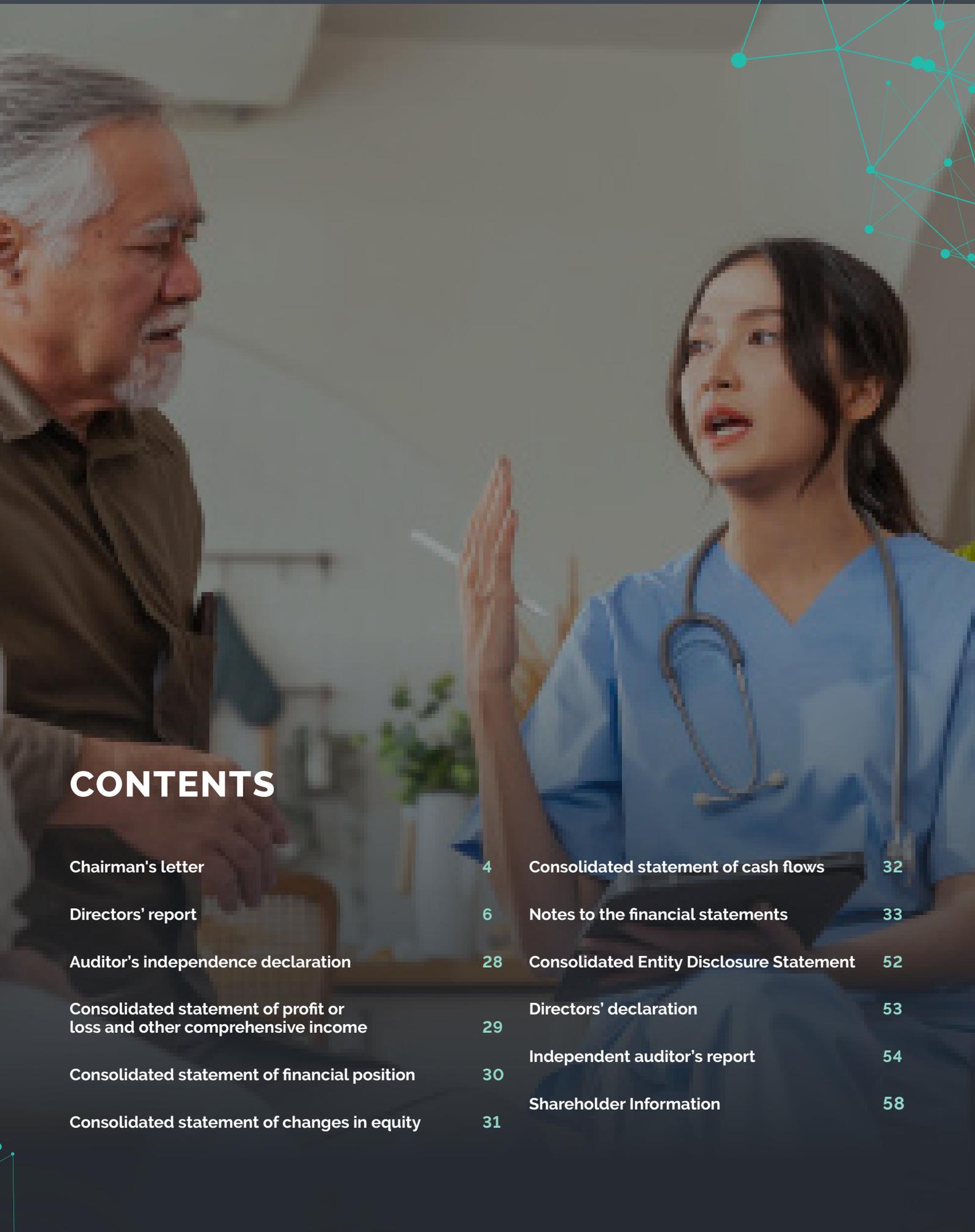
Stock Exchange

Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

ASX Code

PCK





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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

It is with pleasure that I present the 2024 Annual Report for PainChek Limited (ASX:PCK) and the financial results for the Company.

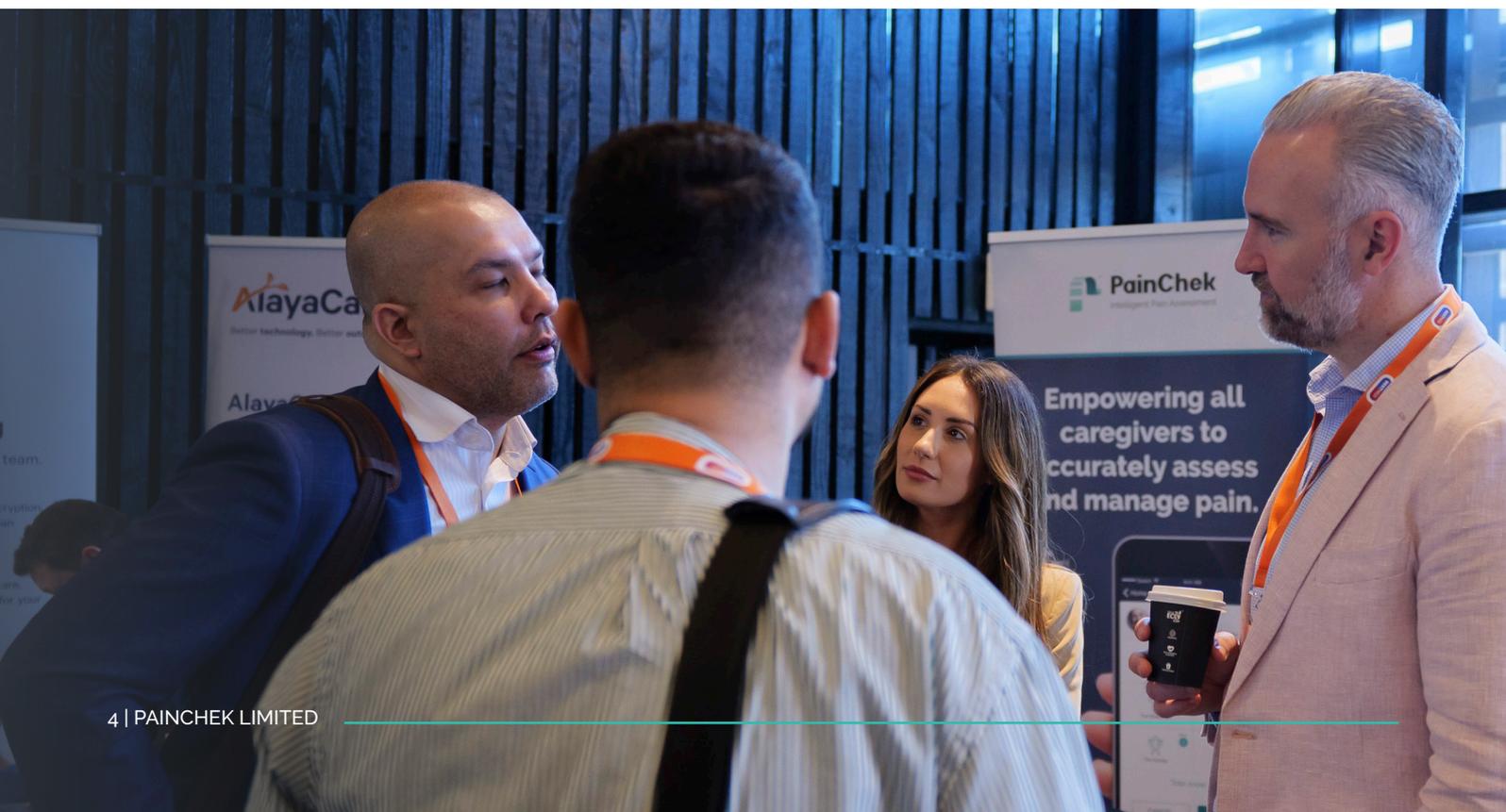
This has been another year of growth and international expansion for the Company. There are now more than 90,000 contracted licences for our Adult App across three continents, predominantly in the residential aged care sectors in ANZ and the UK. With more than 6,000,000 pain assessments conducted as of June 30th 2024, the Company is delivering on its goal to provide best practice pain management applications for all people everywhere.

Our plan is to significantly grow our Adult App business by entering the North American markets and mainland Europe during FY2025. Our North American business is initially based on the Canadian market where we have a few early customers that we are currently supporting remotely.

Our major goal is to enter the large 2,000,000 bed US residential care market. We have completed our clinical FDA trials in the US and are in the process of submitting our FDA deNovo application for USA regulatory market clearance. We have partners in place in the US to support a rapid market penetration and plan to establish a physical presence in North America during FY2025 to maximise the large market opportunity. We are also exploring partnerships to support entering mainland Europe.

The Company has continued to expand our international partnerships to support growth strategies across ANZ, UK and USA including a re-seller agreement with Nourish in the UK.

The Company conducted a series of parental consumer market testing with the PainChek Infant App as we refined our initial Infant product offering. With the help of new internal and external resources we have now launched an early access program in Australia, targeting parents of 1 to 12 months old infants to participate in a trial of the new product, prior to a broader commercial launch later in the 2025 financial year.



We continue to invest in our product development, technology platform and information security; all of which are critical to the long-term success of the Company.

I thank our hardworking team who continue to progress the Company strategies and business growth through their efforts.

I would also like to thank our shareholders who participated in raising \$8.6 million of new capital during FY2024.



John Murray
Chairman
30 September 2023

Chairman PainChek Limited
(ASX: PCK) ABN 21 146 035 127
Suite 401, 35 Lime Street,
Sydney, NSW, 2000

Registered Office:
Suite 401, 35 Lime Street,
Sydney, NSW, 2000
info@painchek.com



HIGHLIGHTS



Globally 95,000 contracted licences across 1500+ age care facilities in ANZ, UK and Canada



ARR of \$4.6M once fully implemented - 36% increase on prior year.



UK contracted licences reach 36,000 - 93% increase over prior year.



Cumulative PainChek pain assessments reaches 6,000,000 - 128% increase over the previous year.



US FDA de Novo clinical validation study and data collection completed - FDA de novo application submission to follow.



US Partners in place for rapid entry into 2,000,000 bed North American aged care market post FDA de Novo clearance



Launch ready for PainChek® Infant Early Access Program in Australia in Q3 CY24.



DIRECTORS' REPORT

The directors of PainChek Limited ("PainChek" or "the Company") submit herewith the financial report of the Company and its controlled entities ("Group" or "Consolidated Entity") for the year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Names of Directors

The names of the directors of the Company during or since the end of the year are noted below. Directors were in office for the entire period unless otherwise stated:

Mr John Murray LLB (Hons), CA, MAICD
Non-executive Chairman (appointed 30 September 2016)

Mr Murray has 25 years' experience in private equity and venture capital and was a co-founder and Managing Partner of Technology Venture Partners; one of the original and leading venture capital firms in Australia. Mr Murray is a past chairman of the Australian Venture Capital Association. Mr Murray has considerable experience as an investor and a non-executive director of high growth, technology-based companies. He possesses a broad understanding of global trends in technology and its impact on a variety of industries. He is a past Chairman of a private, residential aged care business in Australia. Mr Murray also brings 12 years' experience in executive roles in corporate banking, accounting and IT services industries.

Mr Murray has been on the Board of a number of successful technology rollouts and exits including online travel play Viator, which was acquired by TripAdvisor for approximately US\$200 million in 2014. He is a chartered accountant with an Honour degree in Law and is a member of the Australian Institute of Company Directors. Mr Murray is a director of UK AIM listed company Seeing Machines Ltd and was Chairman of ASX listed company Flamingo AI Limited until October 2019, but otherwise has not been a director of an ASX listed company in the past 3 years.

Mr Philip Daffas BSc, Dip EENG, MBA, GAICD
Managing Director (appointed 30 September 2016)

Philip is a highly accomplished global business leader and people manager with an international career spanning more than 25 years with leading blue-chip healthcare corporates and novel technology start-up companies.

Philip has held senior global business leader positions in Europe, US and Australia. He has been instrumental in building businesses, growing market share and developing extensive high-level customer and industry relationships in each sector on a global basis.

Philip's earlier experience was gained in Europe with market leaders such as IVAC infusion systems and Shiley cardiopulmonary products. He subsequently joined Boehringer Mannheim, initially in the UK managing their diagnostics business and subsequently was promoted to a Global Marketing role in the Diabetes Care business based in Mannheim, Germany.

In 1997 Philip joined Cochlear in the UK as the European Sales and Marketing Manager and subsequently was promoted in 2000 to the VP Global Marketing role based in Sydney, Australia

Other roles in Australia have included General Manager with Roche Diagnostics, Managing Director at Bio-Rad Laboratories and CEO of Applied Physiology, an Australian software start-up company in the intensive care monitoring sector.

Graduated in the UK with a BSc and Diploma in Electronic Engineering, Philip also has an MBA and is a Graduate of the Australian Institute of Company Directors (GAICD). Mr Daffas has not been a director of an ASX listed company in the past 3 years.



GIVING A VOICE TO PEOPLE WHO CANNOT RELIABLY VERBALISE THEIR PAIN

Mr Ross Harricks BE, MBA

Non-executive Director (appointed 30 September 2016)

Mr Harricks' experience in the commercialisation of medical products spans over forty years and over three continents. His experience includes the marketing and commercialising of the computed technology scanner (CT or CAT scanner) in Australia, where he headed up the EMI Electronics Group as General Manager. His remit included developing EMI's medical business in this region.

In 1983, Mr Harricks joined the Nucleus Group as Group Marketing Executive, and later became President of the two Nucleus Group subsidiaries in United States marketing medical equipment and scientific and engineering computing products. In 1989 in the US, Mr Harricks was the CEO of a venture capital-backed start-up company developing specialist scientific and medical lasers.

In Australia Mr Harricks has been a director of ResMed Limited and cofounder of AtCor Medical where he completed an Australian initial public offering in 2005 leading the company until 2007. He was a director of VentraCor from 2005 to 2009. Other than PainChek, Mr Harricks has not been a director of an ASX listed company in the past 3 years.

Mr Harricks works with Australian medical and technology companies assisting in commercialisation of their products into the US and EU markets. His unique expertise and experience includes strategic advising on the best path to early international market endorsement and adoption, and on providing hands-on help with implementation in the American and European markets.

Mr Adam Davey

Non-executive Director (appointed 30 September 2014)

Mr Davey's expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisition, ASX listings, asset sales and purchases, transaction due diligence and director duties. Mr Davey is a Director of Wealth Management at Canaccord Genuity Patersons Limited. Mr Davey has been involved in significantly growing businesses in both the industrial and mining sector. This has been achieved through holding various roles within different organisations, including chairman, managing director, non-executive director, major shareholder and corporate adviser to the board.

Mr Davey is a non-executive director of the Agency Group Australia Ltd and was a director of Ensurance Limited until 2nd July 2021. Otherwise, Mr Davey has not been a director of an ASX listed company in the past 3 years.

Ms Cynthia Payne

Non Executive Director (appointed 30 March 2022)

Ms Payne brings 30 years executive leadership experience as well as significant board and operational experience in residential and home aged care services in Australia. That experience includes over 16 years as CEO for a large private aged care Provider in NSW and before that head of operation manager for a large Not for Profit with home care, residential and retirement living portfolios. She is the founder and Managing Director of Anchor Excellence, a leading consultancy firm in the aged care services industry in Australia that advises boards and management on operational and compliance best practices.

Cynthia is a board advisor to Total Constructions Pty Ltd, a former Director of the Heart Foundation and past Chair of Business Excellence Australia. Cynthia holds a Bachelor of Applied Science (Nursing) with specific interest in Dementia Care, an MBA from the University of New England, is a Member of the Australian Institute of Company Directors, Fellow of the Governance Institute Australia and Certified Chair with The Board Advisory centre.

Company Secretary

Ms. Climo was appointed on 19 January 2024, and has 15 years-experience working in the corporate sector, previously as an in-house lawyer and more recently as a Company Secretary for a portfolio of ASX listed companies.

She holds a Bachelor of Laws and a Graduate Diploma in Legal Practice and has extensive experience in corporate governance and board advisory of ASX listed and unlisted companies.



**ACCURATELY IDENTIFYING PAIN TO
CREATE PERSONALISED PAIN PROFILES
DELIVERING IMPROVED OUTCOMES.**

OPERATIONS REPORT

Financial and operational review

The loss of the Group for the year ended 30 June 2024, after accounting for income tax benefit, amounted to \$8,307,957 (2023 \$7,574,728). The year ended 30 June 2024 operating results are attributed to the following:

- Cost of Sales expense of \$1,945,280 (30 June 2023: \$1,237,004) increased following the increased staff to implement new sales in UK. Cost of Sales includes the costs of Customer Excellence (training, implementation and renewal), Cloud Hosting and Integration fees paid to partners.
- Research expense of \$4,571,166 (30 June 2023: \$3,817,360), increased expenses reflect the investment in completing US based clinical trials preparing for US FDA submission and upgrading the core technology. In the year, costs of \$1,445,524 (30 June 2023: \$327,851) associated with the US FDA clinical study and submission were expensed
- Share based payments in respect of options issued to Directors and employees of \$710,369 (non-cash) (30 June 2023: \$766,093 (non-cash)); and
- Corporate and administration expenses of \$2,910,216 (30 June 2023: \$3,033,062) decreased following reallocation of Cloud Hosting expenses to Cost of Sales, described above, part offset by investment in the regulatory and information security management systems..

Operating Cashflow and Funding

The Group recorded receipts from customers of \$2,637,072 (30 June 2023: \$2,251,294), reflecting the continued customer revenue growth. The Group continues to invest in R&D and during the year receipts from R&D grant were \$1,206,113 (2023: \$1,048,588).

The Group raised proceeds from the issue of shares at the start of the year, raising \$8,208,579 after share issue costs (2023: \$2,695,910).

Review of Operations

The PainChek® App

PainChek® is a unique, clinically validated and regulatory cleared pain assessment technology to assess pain for those who cannot reliably verbalise, ranging from elderly people living with dementia and other cognitive impairments and through to pre-verbal children.

The PainChek® technology uses cameras in smartphones and tablets to conduct a facial scan 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. The pain related indicators are based on the validated and research based Facial Action Coding System (FACS) methods. These results are combined with other observational assessments conducted by the carer to provide an overall pain score, pain severity level and a personalised pain profile of the person being assessed.



PAINCHEK WELL POSITIONED TO ACCESS LARGE GLOBAL MARKET OPPORTUNITES



Aged Care Market
6 MILLION BEDS¹ & \$300M ANNUAL ARR²



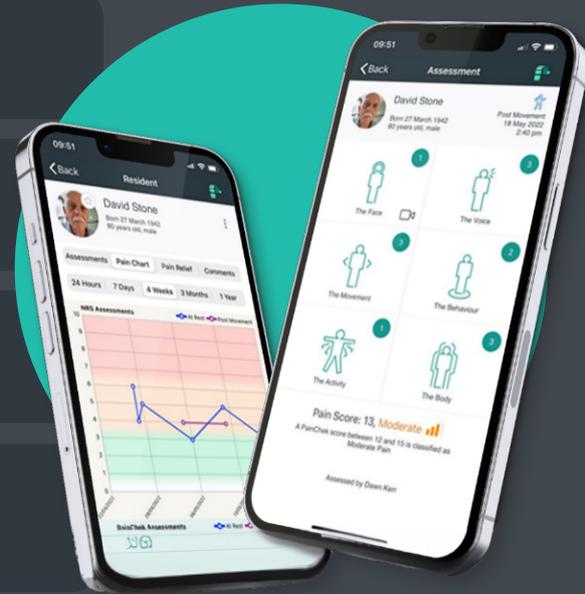
Home Care
UP TO 10X AGED CARE MARKET²



Infant Market
400M PRE-VERBAL CHILDREN
150M ANNUALLY TO FIRST TIME PARENTS³



Hospital Market
~\$1Bn ANNUALLY⁴



1. World Alzheimer Report 2016

3. United Nations Population Facts

2. Management Estimates

4. Management estimates using sources from American Hospital Association, European Commission, Australian Institute of Health and Welfare

The PainChek® technology has regulatory clearance in TGA (Australia), CE Mark (Europe), United Kingdom, New Zealand, Singapore and Canada as a class 1 medical device to assess pain in people who are unable to reliably verbalise, such as people living with dementia and pre-verbal infants.

PainChek® Universal, which has the same regulatory market clearances is a complete point-of-care solution that combines the existing PainChek® App with the Numerical Rating Scale (NRS) and data from PainChek® Analytics. This enables best-practice pain management for people living with pain in any environment from those who cannot verbalise pain to those who can, and those who fluctuate between the two. This means that PainChek is now a tool to assess and document pain for all people within aged care, hospital, and the home care environment.

PainChek three pillar of focus

The Company has continued to grow in the 2024 financial year and investment of resources have been applied to three pillars of focus:



1 Continued acceleration in growth of PainChek Adult App in international markets across Aged Care, Home care & Hospitals.



2 Preparation for US market entry via US FDA regulatory submission with De Novo clearance to follow.



3 Direct to parent market entry of the Infant App.

Canada

- Regulatory cleared
- Initial commercial clients now implemented & growing pipeline

US / FDA *

- 2,000,000 aged care bed market opportunity
- Adult FDA de Novo regulatory clearance validation study completed
- Established go to market partnerships with PointClickCare, InterSystems and Ethos Labs.
- Patent secured

UK

- ~35,000 beds licensed to use PCK
- 500,000 bed market opportunity
- 10+ integration partners
- Patent secured

Europe (EU)

- Regulatory cleared & Patent secured
- Establishing commercial partner contacts in major markets (DE, FR and CHE)
- Ongoing research underpinning new products/ functionality ongoing

Japan

- Patent secured
- Regulatory clearance process in progress

Australia-NZ (ANZ)

- ~60,000 beds licensed to use PCK (30% share in 200,000 aged care bed market)
- 15+ integration partners
- Home care and Disabilities markets commenced

PAINCHEK AROUND THE WORLD... AND ACROSS AUSTRALIA

1500+ Aged Care facilities across 3 continents

Adult App growth in international markets

We have continued to focus on our global strategy encompassing continued growth and expansion with new markets and additional products. There are now 95,000 global commercial Adult licences contracted across ANZ, UK and Canada, providing an Annual Recurring Revenue (ARR) of \$4.6M once entirely implemented. This is a 10% penetration of these existing markets (ANZ 220,000 beds, United Kingdom 500,000 beds and Canada 200,000 beds and with an estimated ARR potential of \$46M) and a 1.5% penetration of the global 6,000,000 beds or \$300M per annum global residential aged care market opportunity.

Growth in the UK has now reached 36,000 contracted licences, more than doubling in 12 months and clearly showing the increased penetration driven by strong clinical outcomes and further growth opportunity in a 500,000 residential aged care bed market. We have invested in a customer excellence operation with increased staff resources to implement, train clients and account manage as the installed base increases.

PainChek's larger UK contracted clients include both government and private based clients providing care and contracting greater than 1,000 beds each from PainChek:

- NHS Bedford, Luton and Milton Keynes ICB
- Exemplar Healthcare
- We Care Group
- Dovehaven Care Homes
- Harbour Healthcare
- Orchard Care Homes
- Greensleeves Trust

The evidence of improved outcomes produced by existing clients and the endorsement of PainChek by the Care Inspectorate, Scotland's regulator, has led to further expansion across Scotland. In addition, Care UK has commenced the rollout of PainChek across its Scottish estate, and Dumfries and Galloway NHS Trust are funding PainChek across several services.

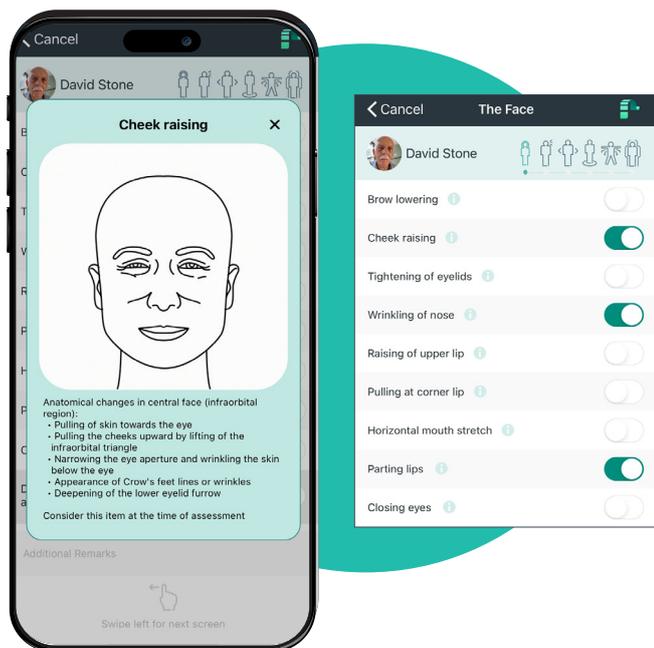
In ANZ PainChek has maintained a growing market penetration; there are almost 59,000 contracted licences, across over 750 aged care facilities representing approximately 30% of the Australian market. Over half of the ANZ contracted licences are contracted by clients with more than 1,000 beds and as the mix moves to larger clients, those clients have a staged rollout to fit in with their digital transformation programmes.

We have now reached more than 6,000,000 clinical pain assessments across all markets, reaffirming the strong product utility. Global client retention rates continued at the 85% level. We have a significantly strong sales pipeline to support continued growth for all existing markets in the upcoming period and continue to focus on maintaining client retention rates within target range of 85% to 90%.

Preparation for US market entry

The US-based FDA clinical study was successfully completed in June 2024 and the Clinical Investigation Report is now being finalised for submission to FDA in the second quarter of FY2025. Total costs of \$1,445,524 (30 June 2023: \$327,851) were expensed during the year.

This study is a pre-requisite to achieving FDA De Novo clearance and market entry into the 2,000,000 residential aged care beds, \$100M per annum North American market. In the meantime, we continue to grow new clients in Canada and build new integration, sales and marketing partnerships with North American aged care and hospital providers.



- 

PointClickCare is the leading care management software system provider to nursing homes in USA & Canada - 1,000,000+ beds
- 

PainChek is integrated into PointClickCare platform – enabling seamless transition of data and broad market access to US care homes
- 

PainChek pursuing other US based integration and reseller partnerships for rapid US market entry in 2025

PAINCHEK IS FINALISING SUBMISSION FOR FDA DE NOVO CLEARANCE AND WELL POSITIONED FOR RAPID NORTH AMERICAN MARKET ENTRY

NORTH AMERICAN LONG TERM CARE MARKET OPPORTUNITY

USA – 15,000 NURSING HOMES WITH 1,700,000 BEDS¹

CANADA – 2,000 CARE HOMES WITH 200,000 BEDS²



**BETTER OUTCOMES
START WITH
BETTER INSIGHTS**

PainChek Infant App

During the year we prepared for the initial market introduction of PainChek Infant in Australia, the world's first AI enabled mobile App for instant pain assessment. There is a global direct to consumer (parent) market of 150 million new borns each year and a global market opportunity that is significantly larger than the global Adult Aged Care market. The PainChek® Infant app will be available through the App and Google Play store and provides the core assessment functionality, as well as a range of other value adding features, including:

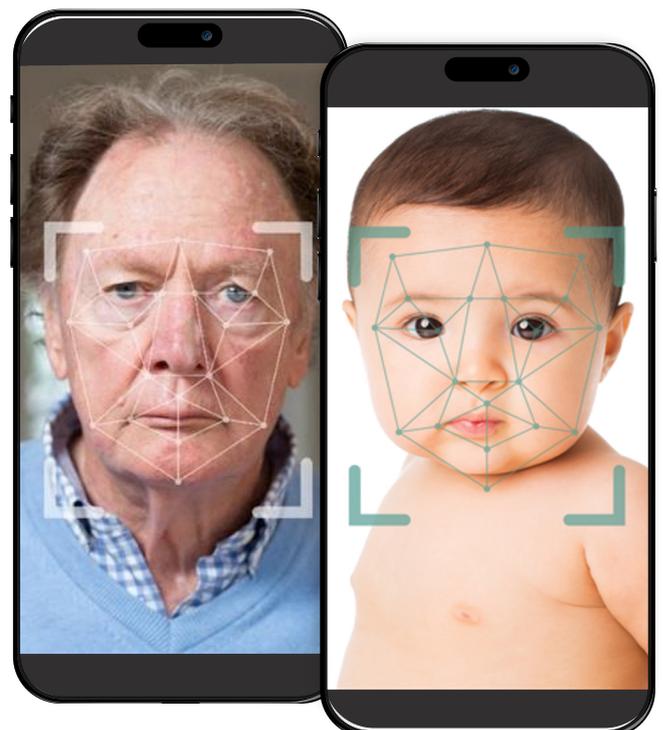
- Monitoring historical pain events
- Documenting treatments, including medications
- Self-guided in-app training
- User-friendliness in a non-clinical environment

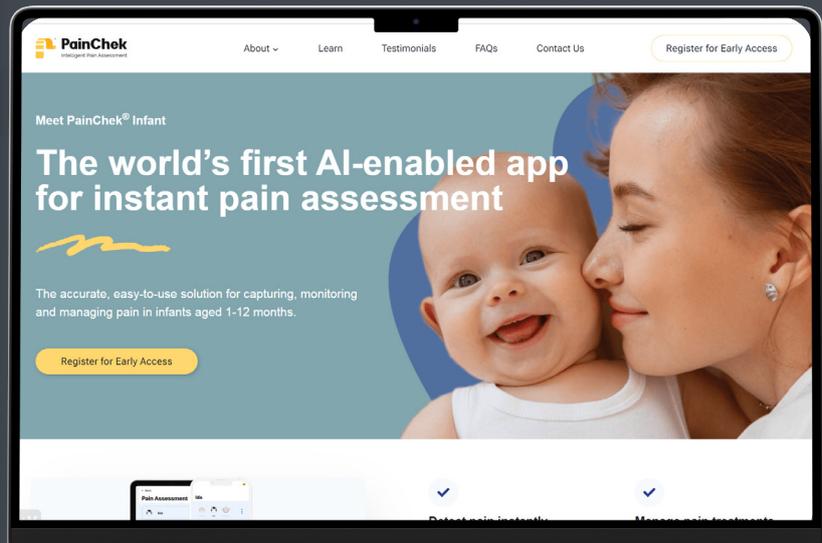
This first phase market entry commenced in August 2024 in Australia, and targets parents of 1–12-month-old infants to register and participate in the PainChek Infant Early Access Program. This is a closed group initiative for eligible parents to become early adopters of the technology and provide valuable feedback prior to the product broad commercial launch in Australia and overseas during FY2025.

The Company has built a go to market commercial team and has engaged with direct-to-consumer digital partners who are specialised in the parental market channels with a large base of first-time parents.

Outlook

Combined, the Adult and Infant App's provide PainChek with a sea of unique and significantly large global market opportunities. With the existing market penetration as evidence of the clinical benefit and with the published patents, trademarks and copyright in place to protect this first to market advantage, the future continues to look bright for the company.





Business Risks

Risk assessments across the Company's business are conducted on a regular basis by the management team and reported through to the Board.

Key areas of potential risk	Mitigation strategies and activities
<p>Strategic execution - Adult App</p> <p>Ability to expand in current markets and expand into new international markets</p>	<ul style="list-style-type: none"> Continued focus on improving execution through alignment to the strategic plans. Board oversight of plans and outcomes through regular briefing from management. US FDA clinical trials complete, now preparing for submission. Good growth in UK and early success in Canadian market. Continue to publish good outcome reports in local markets Continuous improvement of products based on client feedback Continued development of strategic partnerships and integration of PainChek® with multiple major clinical care systems. Closer partnerships to achieve better customer experience in care management system
<p>Strategic execution - Infant App</p> <p>Ability to launch and sell Infant App in international markets</p>	<ul style="list-style-type: none"> Regulatory approval received in European Union, United Kingdom and Australia. In the USA the Infant App is available for use as a Clinical Decision Support device initially for use by Healthcare Professionals. Market research completed, further market research commencing through early access program with expert direct to consumer marketing support.

Regulatory clearances

Distribution of the Company's products is subject to obtaining or maintaining regulatory clearances issued by appropriate governmental authorities and regulatory bodies

- In house regulatory specialist
- External specialists for clinical trials
- Quality control systems implemented for all documentation related to regulatory approvals
- Regulatory committee

Cyber security and privacy risks

Cyber-attacks or security breaches could cause the Company to lose control of its core systems or lose data, which could include personal information. This could result in a breach of law by the Company or the breach of its contractual obligations, which may have a material adverse effect on the Company's business and its reputation.

- Data security and awareness programs in place for all PainChek staff and contractors
- Investment in best practice Information Security Management System protections to protect data and reduce risk of security breaches
- ISO27001 compliance and certification with regular external audits.
- Plans in place to respond to a cybersecurity incident and periodic simulations conducted with management.
- All systems available and backed up in the cloud on third party sites.

Intellectual property

The value of the Company's products is dependent on the Company's ability to protect its intellectual property, including by trademarks, copyright, patent and moral rights.

- Patents in the Europe, United States, Japan and China managed in conjunction with international patent protection program
- Review of technical & patent landscape for third party IP.

Dependence on technology suppliers

Inability or failure of suppliers to supply the Company with relevant products or services may adversely affect the Company's operating and financial performance.

- Continuing development of open source based proprietary technology to alleviate future supplier risks.
- Plans to further develop in-house technology and additional suppliers.

Dependence on key personnel

The Company currently has a small team of employees and contractors and depends on key people for its success

- Regular remuneration and performance reviews of key staff and staff development.
- Measured expansion for key executive and support roles

Funding

Ability to continue as a going concern is principally dependent upon one or more of the following conditions:

- the successful commercialisation of intellectual property to generate sufficient operating cash inflows; and
- the ability to raise sufficient capital as and when necessary.
- Investor marketing and relations program
- Capital raising strategy and a history of raising capital. In March 2024 the Company successfully completed a placement of shares and share purchase, raising \$5,000,000.
- Executive control over discretionary expenditure projects and Board oversight of budget processes and reporting.
- Proven and established commercial base in Australia, strategic plans being executed for UK expansion and US market entry.

Subsequent events

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Group in subsequent financial years.

REMUNERATION REPORT (AUDITED)

Key Management Personnel

The report discloses the FY24 remuneration arrangements and outcomes for the people listed below, who are the individuals within the Company who have been determined to be Key Management Personnel (KMP) in the financial year to 30 June 2024. Key Management Personnel (KMP) are those people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly.

Remuneration Policy

The remuneration policy of **the Group** has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of **the Company** believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Company, as well as create goal congruence between Directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and other senior staff members, was developed and approved by the Board.
- In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and the industry generally so that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

Performance Based Remuneration

The Company is a technology development entity and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives and Directors, executives and Directors are paid market rates associated with individuals in similar positions within the same industry. Options, equity-based performance incentives and cash bonus' have been and may be further issued to provide a performance-linked incentive component in the remuneration package for the executive and Directors, and for the future performance by the executives and Directors in managing the operations and strategic direction of the Company. All remuneration paid to Directors is valued at the cost to the Company and expensed. Options are valued using an appropriate valuation methodology. For details of Directors' and executives' interests in options and performance rights at year end, refer to section (d) of this remuneration report.

Short term incentive

Generally paid in cash and structured, with a focus on delivery of specific short-term objectives aligned with the company's strategies and goals and the Executives role in meeting these targets.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to align the strategic goals of the Company to create value for shareholders, Directors and executives. The Company believes the policy has been effective in aligning the interests of the Company's key management personnel with the interests of its shareholders. For details of Directors' and executives' interests in equity securities at year end, refer to section(c) of this remuneration report.

	2020	2021	2022	2023	2024
Share price at 30 June	\$0.115	\$0.059	\$0.028	\$0.025	\$0.027
Loss for the year	(\$12,392,659)	(\$6,063,647)	(\$5,720,534)	(7,574,728)	(8,307,957)
EPS for the year	(1.3) cents	(0.5) cents	(0.5) cents	(0.6) cents	(0.6) cents

Fixed remuneration is not linked to group performance. It is set with reference to the individual's role, responsibilities and performance and remuneration levels for similar positions in the market.

No dividends were paid by the Company nor was there any return of capital over the past 5 years.

Performance Income as a Proportion of total compensation

During the financial year a short term incentive performance bonus of \$Nil was paid to Mr Daffas for the year ended 30 June 2023. KPIs not achieved were targets set for recognised revenue and contracted ARR.

The non-executive directors' remuneration will continue to be supplemented with the following annual grant of Performance Rights for the financial years ended 30 June 2023, 2024 and 2025 as follows:

Directors	Fee	Performance Rights	Total remuneration
John Murray	\$ 80,000	\$ 40,000	\$ 120,000
Adam Davey	\$ 40,000	\$ 20,000	\$ 60,000
Ross Harricks	\$ 40,000	\$ 20,000	\$ 60,000
Cynthia Payne	\$ 40,000	\$ 20,000	\$ 60,000
Total	\$ 200,000	\$ 100,000	\$ 300,000

Non-executive director performance rights have no performance conditions as they are provided to supplement fixed director fees

The performance rights vest at end 30 June of each subsequent year provided the director remains a director of the Company at that date.

The notional value of performance rights approved by shareholders will differ to the value required to be recognised for accounting purposes in accordance with AASB 2 *Share Based Payments*.

At the 2022 Annual general meeting, shareholders approved the issue of Performance Rights to the non-executive directors on the following principles and terms:

- each non-executive director will in each end of financial year on 30 June 2023, 2024 and 2025 receive 1/3 of their total annual remuneration in Performance Rights;
- the number of Performance Rights issued for a year will be calculated based on the VWAP of the Company's ordinary shares calculated 5 days either side of and including the date of announcement of the company's annual statutory results for the financial year;
- Performance Rights will vest at 30 June each subsequent year - being the end of the financial year subject to the director remaining a director of the Company at that date;
- each Performance Right has the conditional right to acquire one Share;
- the Performance rights are issued for Nil consideration;
- the Performance Rights expire 3 months after the vesting date;
- the Performance Rights are subject to the terms and conditions of the LTI Plan; and
- the below table summarises the position:

Remuneration for year ended 30 June	Share price calculation date (estimated)	Grant date	Vesting date	Likely date that Performance Rights convert to shares	Expiry Date of Performance Rights if not converted to shares
2023	7/09/2022	23/11/2022	30/06/2023	29/09/2023	30/09/2023
2024	7/09/2023	23/11/2022	30/06/2024	06/09/2024	30/09/2024
2025	6/09/2024	23/11/2022	30/06/2025	05/09/2025	30/09/2025

CEO remuneration review

The Company's CEO remuneration is supplemented with an annual grant of \$250,000 worth of Performance Rights for the financial years ended 30 June 2023, 2024 and 2025.

The Company entered into an agreement on 8th October 2019 with Philip Daffas to increase his fixed and variable cash remuneration to a maximum of \$400,000 per annum which together with the proposed \$250,000 grant of Performance Rights, will result in total statutory remuneration of \$650,000 for FY24. The notional value of performance rights as set out in the AGM Notice will differ to the value required to be recognised for accounting purposes in accordance with AASB 2 *Share Based Payments*.

The Company received Shareholder approval at the 2022 AGM for the issue of Performance Rights to Philip Daffas to the value of \$750,000 over the 3 years ending 30 June 2025, with an annual limit of \$250,000 for Philip Daffas or his nominee(s) to acquire one Share for each Performance Right held pursuant to the LTI Plan and as part of Philip Daffas' remuneration.

The Performance Rights issued for a year will be issued at the VWAP of the Company's ordinary shares calculated 5 days either side of and including the date of announcement of the company's annual statutory results for the financial year preceding the financial year of the grant of the Performance Rights (**Award Issue Price**).

The vesting conditions are summarised:

- a) The Performance Rights awarded for a year will vest over 3 years in equal annual amounts commencing one year after the 1 October of the year of award (these represent tranches 4 to 6 of all Performance Rights issued to Philip Daffas) subject to:
 - i. The Company's Share price achieving a target Share price for each tranche of an award that is vesting (Award Target Price);
 - ii. Philip Daffas remains employed by the Company at the vesting date (unless he is a Good Leaver as defined in the LTI Plan in which case he retains the relevant pro rata portion of the grant subject to the increase in Share price vesting condition); and
 - iii. Accelerated vesting of all Performance Rights which have been awarded in the event of a change of control transaction provided that Award Target Prices have been met (with the compounded return calculated up until the date of change of control).
- b) The Award Target Price for the FY23 award was twice the Award Issue Price for the first annual tranche and thereafter a compounded annual increase in Award Target Price of 20% p.a. for the second and third tranche
- c) The Award Target Price for the FY24 and FY25 Awards is a compounded annual increase in Share price of 20% p.a. from the relevant Award Issue Price

Remuneration Policy of Key Management Personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced Directors and senior executives. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Non-executive Directors

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$400,000 as approved by shareholders at the 2019 AGM. Fees for non-executive Directors are not linked to the performance of the Company.

Directors' Fees

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for reasonable out of pocket expenses incurred as a result of their Directorship or any special duties.

Service Agreements

Philip Daffas, Managing Director (appointed 30 September 2016)

The Company entered into an Executive Services Agreement ("Agreement") with Mr Philip Daffas pursuant to which Mr Daffas was appointed as Managing Director of the Company as at 30 September 2016 which was varied on 8 October 2019. The key terms of the Agreement are:

- A salary of \$250,000 per annum inclusive of superannuation;
- A short term incentive of up to \$150,000 per annum at the boards discretion and 70% payable on achieving the Company financial goals based on recognised revenue and contracted ARR and 30% paid on non financial goals. The financial goals were not achieved, the non financial goals were partially achieved.
- An invitation to apply in respect of each of FY2023, FY2024 and FY2025 for an award of the number of performance rights equivalent to \$250,000 divided by the volume weighted average price (VWAP) of PainChek Ltd shares, calculated 5 days either side of and including the date of announcement of the Company's annual statutory results for the financial year preceding the financial year of the Award, with vesting conditional on terms described above.

The Agreement may be terminated by either party at any time on the giving of not less than three (3) months' notice in writing.

Iain McAdam, Chief Financial Officer (appointed 22 March 2021)

The Company entered into an Employment Agreement ("Agreement") with Mr Iain McAdam pursuant to which Mr McAdam was appointed as Chief Financial Officer of the Company as at 22 March 2021. The current key terms of the Agreement are:

- A salary of \$259,127 per annum inclusive of superannuation;
- A short-term incentive of up to 20% of base salary, excluding superannuation, paid 50% on achievement of the Company's and 50% on the Employee's annual goals and payable at the discretion of the PainChek Board. The Company goals were based on recognised revenue and contracted ARR which were not achieved. The Employee's goals were to raise \$5m capital, receive the R&D rebate, retain and recruit staff, upgrade the order to cash process and maintain the risk register; these were 80% achieved.;
- An offer of 6,750,000 (750,000 granted in FY24, 1 million granted in FY23 and 5 million granted in FY22) options in accordance with the Company's Long Term Incentive Plan ("LTIP"), 25% vest after 12 months of the grant date and the balance in quarterly instalments over the next 3 years, subject to continued employment and with a restriction on disposal of underlying shares (assuming options have vested and exercised) for 2 years from the date of issue of the options.

The Agreement may be terminated by either party at any time on the giving of not less than three (3) months' notice in writing.

Retirement Benefits

Other retirement benefits may be provided directly by the Company if approved by shareholders. However, no retirement benefits other than statutory superannuation are currently paid.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

(a) Details of Key Management Personnel

Name	Position	Term
Executives		
Philip Daffas	Managing Director	From 30 September 2016
Iain McAdam	Chief Financial Officer	From 22 March 2021
Non-Executive Directors		
John Murray	Chairman	From 30 September 2016
Adam Davey	Non-Executive Director	From 30 September 2014
Ross Harricks	Non-Executive Director	From 30 September 2016
Cynthia Payne	Non-Executive Director	From 30 March 2022

Except as detailed in Notes (b) – (e) to the Remuneration Report, no key management personnel have received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with key management personnel, a firm of which a member of key management personnel is a member or an entity in which a member of key management has a substantial financial interest.

(b) Compensation of Key Management Personnel

Remuneration Policy

The Board of Directors, comprising a majority of Non-Executive Directors, is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Remuneration of Directors is set out below.

The value of remuneration received, or receivable, by key management personnel for the financial year to 30 June 2024 is as follows:

2024	Short Term Employee Benefits		Equity Compensation		Post-employment	Long-term benefits	Total	Performance related %
	Base Salary and Fees	Cash Bonus	Value of Options	Performance Rights	Superannuation Contributions	Long service leave		
	\$	\$	\$	\$	\$	\$	\$	
Directors								
John Murray	80,000	-	-	38,747	-	-	118,747	33%
Philip Daffas	227,845	29,700	-	148,338	24,775	3,703	434,361	41%
Ross Harricks	40,000	-	-	19,373	-	-	59,373	33%
Adam Davey	40,000	-	-	19,373	-	-	59,373	33%
Cynthia Payne	40,000	-	-	19,372	-	-	59,372	33%
Total Directors	427,845	29,700	-	245,203	24,775	3,703	731,226	34%
Iain McAdam	236,208	20,274	44,917	-	25,679	-	327,078	20%
Total	664,053	49,974	44,917	245,203	50,454	3,703	1,058,304	27%

2023	Short Term Employee Benefits		Equity Compensation		Post-employment	Long-term benefits	Performance related %	
	Base Salary and Fees	Cash Bonus	Value of Options	Performance Rights	Superannuation Contributions	Long service leave	Total	
	\$	\$	\$	\$	\$		\$	
Directors								
John Murray	80,000	-	-	63,895	-	-	143,895	44%
Philip Daffas	226,244	36,000	-	145,493	23,756	11,318	442,811	33%
Ross Harricks	40,000	-	-	31,947	-	-	71,947	44%
Adam Davey	40,000	-	-	31,947	-	-	71,947	44%
Cynthia Payne	40,000	-	-	31,947	-	-	71,947	44%
Total Directors	426,244	36,000	-	305,229	23,756	11,318	802,547	43%
Iain McAdam	228,311	25,228	63,502	-	23,973	-	341,014	26%
Total	654,555	61,228	63,502	305,229	47,729	11,318	1,143,561	38%

c) Shares Held by Key Management Personnel

2024	Balance at 1 July 2023	Performance Rights Converted	Bought & (Sold)	Shares issued in lieu of cash	Other	Balance at 30 June 2024
Directors						
John Murray	14,336,231	1,351,351	1,323,857			17,011,439
Philip Daffas	21,524,560	-	3,786,386			25,310,946
Ross Harricks	7,168,117	675,676	1,879,412			9,723,205
Adam Davey	10,885,920	675,676	2,693,793			14,255,389
Cynthia Payne		675,676	1,495,262			2,170,938
	53,914,828	3,378,379	11,178,710			68,471,917
Other key management personnel						
Iain McAdam	48,675	-	198,966	-	-	247,641
	53,963,503	3,378,379	11,377,676	-	-	68,719,558

2023	Balance at 1 July 2022	Performance Rights Converted	Bought & (Sold)	Shares issued in lieu of cash	Other	Balance at 30 June 2023
Directors						
John Murray	12,899,193	792,079	644,959			14,336,231
Philip Daffas	20,499,581	-	1,024,979			21,524,560
Ross Harricks	6,449,597	396,040	322,480			7,168,117
Adam Davey	9,990,361	396,040	499,519			10,885,920
Cynthia Payne	-	-	-			-
	49,838,732	1,584,159	2,491,937			53,914,828
Other key management personnel						
Iain McAdam	12,961	-	35,714	-	-	48,675
	49,851,693	1,584,159	2,527,651	-	-	53,963,503

d) Options Held by Key Management Personnel – Iain McAdam

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Options	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Performance obligation	Vested
24-Mar-21	5,000,000	24-Mar-25	24-Sep-25	\$0.08	\$0.05	Continued employment	81.3%
1-Sep-22	1,000,000	1-Sep-26	1-Mar-27	\$0.03	\$0.02	Continued employment	43.8%
28-Sep-23	750,000	28-Sep-27	28-Mar-28	\$0.04	\$0.03	Continued employment	0.0%

The number of options over ordinary shares in the company provided as remuneration to key management personnel is shown below.

The options carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Painchek Limited.

2024	Balance at 1 July 2023	Received as Remuneration	Exercise of Options	Other	Balance at 30 June 2024	Vested and exercisable	Unvested
Other key management personnel							
Iain McAdam							
24 March 2021	5,000,000	-	-	-	5,000,000	4,062,500	937,500
1 September 2022	1,000,000	-	-	-	1,000,000	437,500	562,500
28 September 2023	-	750,000	-	-	750,000	-	750,000
	6,000,000	750,000	-	-	6,750,000	4,500,000	2,250,000

2023	Balance at 1 July 2022	Received as Remuneration	Exercise of Options	Other	Balance at 30 June 2023	Vested and exercisable	Unvested
Other key management personnel							
Iain McAdam							
24 March 2021	5,000,000	-	-	-	5,000,000	2,812,500	2,187,500
1 September 2022	-	1,000,000	-	-	1,000,000	-	1,000,000
	5,000,000	1,000,000	-	-	6,000,000	2,812,500	3,187,500

There was no exercise of options in the period.

e) Performance Rights Held by Key Management Personnel

The performance rights were granted for nil consideration and are not quoted on the ASX. Performance rights granted carry no dividend or voting rights. When vested, each performance right is convertible into one ordinary share.

The fair value at the date of grant of performance rights issued to the non-executive directors was calculated based on the share price at the date of issue.

Grant date	Vesting date	Grant date fair value
23/11/2022 – Tranche 4	30/06/2023	\$0.03
23/11/2022 – Tranche 5	30/06/2024	\$0.03
23/11/2022 – Tranche 6	30/06/2025	\$0.03

The fair value at the date of grant of performance rights issued to the CEO is determined using a Monte-Carlo option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance right, the underlying share's expected volatility, expected dividends and the risk-free interest rate for the expected life of the instrument.

Grant date	Vesting date	Grant date fair value	Award Target Price at Vesting Date	Expiry date
20/11/2019 -Tranche 3B	01/10/22	\$0.1536	\$0.0768	01/01/2025
23/11/2022 -Tranche 4B	01/10/24	\$0.0121	\$0.0710	01/01/2025
23/11/2022 -Tranche 4C	01/10/25	\$0.0142	\$0.0852	01/01/2026
23/11/2022 -Tranche 5A	01/10/24	\$0.0171	\$0.0503	01/01/2025
23/11/2022 -Tranche 5B	01/10/25	\$0.0183	\$0.0603	01/01/2026
23/11/2022 -Tranche 5C	01/10/26	\$0.0197	\$0.0724	01/01/2027
23/11/2022 -Tranche 6A	01/10/25	\$0.0149		01/01/2026
23/11/2022 -Tranche 6B	01/10/26	\$0.0156		01/01/2027
23/11/2022 -Tranche 6C	01/10/27	\$0.0165		01/01/2028

The number of performance rights provided and granted as remuneration to key management personnel is shown below

2024	Balance at 1 July 2023	Granted during year	Conversion to shares	Expired	Balance at 30 June 2024	Vested and Exercisable	Maximum value yet to vest \$
Directors							
Philip Daffas							
Tranche 2B	1,031,978			(1,031,978)	-	-	-
Tranche 3A	1,980,198			(1,980,198)	-	-	-
Tranche 3B	1,980,198				1,980,198	-	\$56,014
Tranche 4A	2,815,315			(2,815,315)	-	-	-
Tranche 4B	2,815,315				2,815,315	-	\$ 33,689
Tranche 4C	2,815,315				2,815,315	-	\$ 39,498
Tranche 5A		1,988,863			1,988,863		\$ 46,217
Tranche 5B		1,988,862			1,988,862		\$ 49,524
Tranche 5C		1,988,862			1,988,862		\$ 53,254
Tranche 6A		^					\$ 39,567
Tranche 6B		^					\$ 41,342
Tranche 6C		^					\$ 43,621
John Murray							
Tranche 3							-
Tranche 4	1,351,351		(1,351,351)		-		-
Tranche 5		954,654			954,654	954,654	-
Tranche 6		^					\$37,664
Ross Harricks							
Tranche 3							-
Tranche 4	675,676		(675,676)		-		-
Tranche 5		477,327			477,327	477,327	-
Tranche 6		^					\$18,832
Adam Davey							
Tranche 3	-				-		-
Tranche 4	675,676		(675,676)		-		-
Tranche 5		477,327			477,327	477,327	-
Tranche 6		^					\$18,832
Cynthia Payne							
Tranche 4	675,676		(675,676)		-		-
Tranche 5		477,327			477,327	477,327	-
Tranche 6		^					\$18,832
	16,816,698	8,353,222	(3,378,379)	(5,827,491)	15,964,050	2,386,635	\$496,886

2023	Balance at 1 July 2022	Granted during year	Conversion to shares	Expired	Balance at 30 June 2023	Vested and Exercisable	Maximum value yet to vest \$
Directors							
Philip Daffas							
Tranche 1B	466,635			(466,635)	-		-
Tranche 2A	1,031,979			(1,031,979)	-		-
Tranche 2B	1,031,978				1,031,978	-	\$ 59,422
Tranche 3A	1,980,198				1,980,198	-	\$ 60,301
Tranche 3B	1,980,198				1,980,198	-	\$ 56,014
Tranche 4A	-	2,815,315			2,815,315	-	\$ 23,675
Tranche 4B	-	2,815,315			2,815,315	-	\$ 33,689
Tranche 4C	-	2,815,315			2,815,315	-	\$ 39,498
Tranche 5A	-	^					\$ 46,217
Tranche 5B	-	^					\$ 49,524
Tranche 5C	-	^					\$ 53,254
Tranche 6A	-	^					\$ 39,567
Tranche 6B	-	^					\$ 41,342
Tranche 6C	-	^					\$ 43,621
John Murray							
Tranche 3	792,079		(792,079)				-
Tranche 4	-	1,351,351			1,351,351	1,351,351	-
Tranche 5	-	^					\$38,908
Tranche 6	-	^					\$37,664
Ross Harricks							
Tranche 3	396,040		(396,040)				-
Tranche 4	-	675,676			675,676	675,676	-
Tranche 5	-	^					\$19,454
Tranche 6	-	^					\$18,832
Adam Davey							
Tranche 3	396,040		(396,040)		-		-
Tranche 4	-	675,676			675,676	675,676	-
Tranche 5	-	^					\$19,454
Tranche 6	-	^					\$18,832
Cynthia Payne							
Tranche 4	-	675,676			675,676	675,676	-
Tranche 5	-	^					\$19,454
Tranche 6	-	^					\$18,832
	8,075,147	11,824,324	(1,584,159)	(1,498,614)	16,816,698	3,378,379	\$737,554

^ The performance rights issued for a year are issued at the VWAP of the company's ordinary shares calculated 5 days either side of and including the date of announcement of the company's annual statutory results for the financial year preceding the financial year of the grant of the performance rights (award issue price).

f) Share, Performance Rights and Option Holdings

All shares bought and sold were based on the market share price on the date of transactions. Share based payments were granted in accordance with the terms and conditions agreed with the key management personnel.

g) Short term employee benefits

These amounts include director and consulting fees paid to non-executive directors as well as salary and paid leave benefits awarded to executive directors.

h) Post-employment benefits

These amounts are superannuation contributions made during the year.

Transactions with Directors and Director related entities

There were no other transactions with Directors or Director related entities during the year.

Loans to Key Management Personnel

There was no loans to KMP during the year.

End of Remuneration Report

ENVIRONMENTAL REGULATIONS AND PROCEEDINGS

The Group's operations are not subject to any significant environmental regulations where it operates.

MEETINGS OF DIRECTORS

The number of Directors' meetings held during the financial year each director held office and the number of meetings attended by each director are:

Directors Meetings		
Director	Meetings Attended	Number Eligible to Attend
John Murray	14	14
Philip Daffas	13	14
Ross Harricks	14	14
Adam Davey	14	14
Cynthia Payne	13	14

The full Board currently fulfills the duties of the Remuneration Committee and the Audit Committee.

EQUITY HOLDINGS

The relevant interests of each director in the Company's share capital, options and performance rights at the date of this report are as follows:

Directors	Number of Shares	Number of Options	Number of Performance Rights
John Murray	17,011,439	-	954,654
Philip Daffas	25,310,946	-	13,577,415
Ross Harricks	9,723,205	-	477,327
Adam Davey	14,255,389	-	477,327
Cynthia Payne	2,170,938	-	477,327
Total	68,471,917	-	15,964,050

Insurance of officers

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The company has not insured against or indemnified its auditor.

Proceedings on behalf of the Group

The Group is not aware that any person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

Non-audit Services

The Group did not employ the auditor on assignments additional to their statutory audit duties.

Auditor's independence declaration

The auditor's independence declaration is included on the following page.

Signed in accordance with a resolution of directors.



John Murray
Chairman

30 August 2024, Sydney, NSW

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF PAINCHEK LIMITED

As lead auditor for the review of PainChek Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of PainChek Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 30 August 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated 30 June 2024 \$	Consolidated 30 June 2023 \$
Revenue	3	2,671,938	1,955,864
Other income – R&D Grant & other rebates	4	1,206,113	1,058,399
Other income – Government Grant	5	-	122,520
Cost of sales		(1,945,280)	(1,237,004)
Research and development expenses		(4,571,166)	(3,817,360)
Marketing and business development expenses		(2,048,977)	(1,857,992)
Corporate administration expenses	6	(2,910,216)	(3,033,062)
Share based payment expenses	14	(710,369)	(766,093)
Loss before income tax		(8,307,957)	(7,574,728)
Income tax benefit	7		
Loss for the period attributable to Owners of PainChek Limited		(8,307,957)	(5,720,534)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		11,247	(42,558)
Other comprehensive income for the year, net of income tax		11,247	(42,558)
Total comprehensive income for the year		(8,296,710)	(7,617,286)
Loss and total comprehensive income attributable to:			
Owners of PainChek Limited		(8,296,710)	(7,617,286)
Loss per share:			
Basic and diluted (cents per share)	8	(0.57)	(0.59)

Notes to the financial statements are included on pages 33 to 51.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	Consolidated 30 June 2024 \$	Consolidated 30 June 2023 \$
Current assets			
Cash and cash equivalents	18	3,561,593	2,512,217
Trade and other receivables	9	591,161	260,112
Total current assets		4,152,754	2,772,329
Non-current assets			
Property, plant and equipment	10	29,366	22,831
Total non-current assets		29,366	22,831
Total assets		4,182,120	2,795,160
Current liabilities			
Trade and other payables	11	2,639,163	1,874,154
Provisions	12	252,587	252,875
Total current liabilities		2,891,750	2,127,029
Total liabilities		2,891,750	2,127,029
Net assets		1,290,370	668,131
Equity			
Issued capital	13	43,388,677	35,180,097
Reserves	14	14,789,750	14,068,134
Accumulated losses		(56,888,057)	(48,580,100)
Total equity		1,290,370	668,131

Notes to the financial statements are included on pages 33 to 51.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Note	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
<i>Consolidated</i>					
Balance at 1 July 2022		32,484,187	13,344,599	(41,005,372)	4,823,414
Loss for the year		-	-	(7,574,728)	(7,574,728)
Other comprehensive income		-	(42,558)	-	(42,558)
Total comprehensive loss for the period		-	(42,558)	(7,574,728)	(7,617,286)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares (refer to note 13)		2,822,500	-	-	2,822,500
Share issue costs (refer to note 13)		(126,590)	-	-	(126,590)
Reversal of share based payments		-	(66,102)	-	(66,102)
Recognition of share based payments (refer to note 14)		-	832,195	-	832,195
Balance at 30 June 2023		35,180,097	14,068,134	(48,580,100)	668,131
<i>Consolidated</i>					
Balance at 1 July 2023		35,180,097	14,068,134	(48,580,100)	668,131
Loss for the year		-	-	(8,307,957)	(8,307,957)
Other comprehensive income		-	11,247	-	11,247
Total comprehensive loss for the period		-	11,247	(8,307,957)	(8,296,710)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares (refer to note 13)		8,572,500	-	-	8,572,500
Share issue costs (refer to note 13)		(459,920)	-	-	(459,920)
Issue of shares on exercise of options		96,000	-	-	96,000
Reversal of share based payments		-	(18,262)	-	(18,262)
Recognition of share based payments (refer to note 14)		-	728,631	-	728,631
Balance at 30 June 2024		43,388,677	14,789,750	(56,888,057)	1,290,370

Notes to the financial statements are included on pages 33 to 51.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated Year ended 30 June 2024 \$	Consolidated Year ended 30 June 2023 \$
Cash flows from operating activities			
Receipts from customers		2,637,072	2,251,294
Receipt from government grant		-	20,000
Payments to suppliers and employees		(10,977,492)	(9,659,409)
Interest received		6,750	6,351
R&D Grant and other rebates		1,206,113	1,059,047
Net cash used in operating activities	18.1	(7,127,557)	(6,322,717)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	1,200
Payments for property, plant and equipment		(34,252)	(13,642)
Net cash used in investing activities		(34,252)	(12,442)
Cash flows from financing activities			
Proceeds from issue of shares	13	8,668,500	2,822,500
Payment of share issue costs	13	(459,921)	(126,590)
Net cash (used in)/provided by financing activities		8,208,579	2,695,910
Net increase / (decrease) in cash and cash equivalents		1,046,770	(3,639,249)
Cash and cash equivalents at the beginning of the period		2,512,217	6,141,422
Effect of FX on cash balances		2,606	10,044
Cash and cash equivalents at the end of the period	18	3,561,593	2,512,217

Notes to the financial statements are included on pages 33 to 51.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. Significant accounting policies

Basis of preparation

The consolidated financial statements comprises PainChek Limited (referred to as the "Company" or "Parent Entity") and its controlled entities (together referred to as the "Consolidated Entity" or the "Group") and is a listed public company, incorporated and domiciled in Australia. The Group principal activities are development and commercialization of mobile medical device applications that provide pain assessment for individuals that are unable to communicate with their carers.

The financial report is presented in Australian dollars.

The financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations.

The financial information has been prepared on the accruals basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

Statement of Compliance

The financial statements were approved by the board of directors and authorised for issue on 30 August 2024.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

Standards and Interpretations on issue not yet adopted

Certain new accounting standards and interpretations have been published that are not yet mandatory for 30 June 2024 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity has assessed the impact of these new standards and interpretations and does not expect that there would be a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations were applied for the first time during the year, but these changes did not have an impact on the Consolidated Entity's financial statements, and hence, have not been disclosed.

Going concern basis

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity has net operating cash outflows for the year of \$7,125,083 (2023: \$6,322,717) and net current assets of \$1,290,370 (30 June 2023: \$668,131). The consolidated entity also generated a loss after tax of \$8,307,957 (2023: \$7,574,728).

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following conditions:

- the successful commercialisation of its intellectual property in a manner that generates sufficient operating cash inflows; and
- the ability of the consolidated entity to raise sufficient capital as and when necessary.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to its recent history of raising capital and the significant progress made on exploiting its intellectual property, control over discretionary expenditure projects and conversion of customers onto commercial terms.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

Material accounting policies of the Consolidated Entity

Set out below are the material accounting policies that have been applied in the preparation of the consolidated financial statements:

Fair Values

The fair values of consolidated entity's financial assets and financial liabilities approximate their carrying values due to short-term in nature. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

(a) Principles of Consolidation

The consolidated financial statements comprise the financial statements of all subsidiaries of the Company and the results of all subsidiaries from the date that control was obtained. The Company controls another entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is fully transferred. They are deconsolidated from the date control ceases.

The financial statement of the subsidiary is prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest without a loss of control is accounted for as an equity transaction.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the financial statements. Losses incurred by the consolidated entity are attributed to the non-controlling interests in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary, together with any cumulative translation differences in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gains or losses in profit or loss.

(b) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) Impairment of non – financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(d) Share-based Payment Transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a suitable option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient of the equity becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(e) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purpose of the Statement of Cash Flows, cash includes on hand and other funds held at call net of bank overdrafts.

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Management has determined that assessment of expected credit loss associated with trade receivables is immaterial.

(g) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment Less than 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(h) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(j) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Group, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity;
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(i) Revenue from Contracts with Customers and Government Grants

i) Software subscriptions

Revenue from the sale of term (subscription) licences is recognised on a straight line basis over the subscription term. Customers are in general invoiced on a monthly basis and payment is received following invoice on normal commercial terms of 30 days from invoice date.

ii) Training

Revenue from the provision of training services is recognised typically at a point in time when the Group has provided training and has met the performance obligation. Customers are in general invoiced on a monthly basis and payment is received following invoice on normal commercial terms of 30 days from invoice date.

iii) Software support (maintenance)

Revenue for software support is recognised on a straight line basis over the service period as performance obligations require the Consolidated Entity to respond to requests made by customers to provide technical product support and unspecified updates, upgrades and enhancements on a when-available and if-available basis. Customers are in general invoiced on a monthly basis and payment is received following invoice on normal commercial terms of 30 days from invoice date.

iv) Incremental Costs of obtaining Customer Contracts

Commissions on software subscriptions are capitalised and amortised over the term, where the term is greater than 12 months.

v) Contract Liabilities

A contract liability is recognised when a customer initially purchases services and goods, it is released as they are delivered to the customer.

vi) Contract Assets (Trade Receivables and Work in progress)

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Work in progress represents costs incurred and profit recognised for services that are in progress at reporting date and the Company has an enforceable right to payment for its performance completed to date.

vii) Unsatisfied performance obligations

The Company continues to recognise its contract liabilities under AASB 15 in respect of any unsatisfied performance obligations in the Statement of Financial Position.

viii) Financing components

The Company does not recognise adjustments to transition prices or Contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed one year. The Company reviewed its prior year contracts and did not identify material adjustments in timing and amounts recognised as revenue in prior years.

ix) *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented. No adjustments was made to prior year numbers.

(n) Significant accounting judgements and key estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these statements, the key estimates made by management in applying the Consolidated Entity's accounting policies in particular to:

- Going concern – refer note 1 above.
- The valuation of share-based payments - refer to note 14;
- Recognition of Government Grant income when milestones are reasonably assured of being met as detailed in notes 4 , 5 and 11.

2. Segment information

Operating segments are presented using the 'management approach', where information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Group operates predominantly in one segment, being the sale of its pain assessment solutions. The primary financial statements reflects this segment.

3. Revenue

	Consolidated 2024	Consolidated 2023
	\$	\$
Software subscriptions – Recognised over time	2,612,600	1,929,826
Training – Recognised at a point in time	52,588	19,687
Revenue from Contracts with Customers	2,665,188	1,949,513
Interest income	6,750	6,351
Total Revenue	2,671,938	1,955,864

The Consolidated entity's revenues from external customers are divided into the following geographical areas, based on the geographical location of the customers:

	Consolidated 2024	Consolidated 2023
	\$	\$
Australia	2,077,862	1,723,383
United Kingdom	575,239	226,130
Other countries	12,087	-
Total Revenue from external customer	2,665,188	1,949,513

4. R&D and other rebates

	Consolidated 2024	Consolidated 2023
	\$	\$
Government employment allowance	-	9,811
Research & Development Tax Incentive	1,206,113	1,048,588
Total Other Income	1,206,113	1,058,399

Research and development tax incentive

The consolidated entity is eligible for the Commonwealth Government research and development tax incentive. To be eligible the company must meet stringent guidelines on what represents both core and supporting activities of research and development. Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received which generally coincides with lodgement of the return with the regulatory body.

5. Other income – government grants

	Consolidated 2024	Consolidated 2023
	\$	\$
Government grant	-	122,520
Total government grants	-	122,520

In December 2019, the Australian Government signed a grant funding contract with the Company for the national trial of the PainChek application for Australians with dementia living in residential aged care facilities. The Grant ended 31 May 2021.

The intended outcome of the grant is to improve diagnosis and management of pain in people living with dementia in residential aged care. During this period, PainChek Limited also entered into agreements with end users acknowledging the Australian Government grant and allowing for the first period of those agreements to be funded in accordance with the Australian Government grant agreement.

During the year, the Group received \$Nil (FY23:\$20,000) from the Australian Government for an Entrepreneurs' Programme Growth Grant, for expenditure incurred in the previous year.

6. Loss for the year

	Consolidated 2024 \$	Consolidated 2023 \$
Loss for the year has been arrived at after charging the following items of expenses:		
<i>Corporate administration expenses</i>		
Salaries & oncosts	876,069	806,858
Superannuation	87,191	86,296
Board fees	200,204	200,000
Company secretary fees	86,800	88,943
Consultants fees	80,449	72,599
Travel	99,665	121,866
Legal and professional fees	52,166	98,159
Regulatory	50,351	169,446
Share registry fees	53,956	46,534
ASX	71,626	59,795
Audit & tax	215,656	177,926
IT & telecommunications	527,819	669,462
Other administration expenses	508,264	435,178
	2,910,216	3,033,062

7. Income taxes

7.1 Income tax recognised in profit or loss	Consolidated 2024 \$	Consolidated 2023 \$
Current tax expense/(income)	(1,917,243)	(1,744,499)
Over/(under) provision from prior year	-	600,382
Deferred tax expense/(income)	75,467	(62,620)
Tax losses not recognised	1,841,776	1,206,737
Total Tax expense/(income)	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	Consolidated 2024 \$	Consolidated 2023 \$
Loss before tax	(8,307,957)	(7,574,728)
Income tax expense/ (revenue) calculated at 25% (2023: 25%)	(2,076,989)	(1,893,682)
Effect of items that are not assessable/deductible in determining taxable loss:		
Non-deductible expenses	536,742	357,863
Non-assessable income	(301,528)	(271,300)
Change in Tax Rates	-	-
Over/(under) provision	-	600,382
Effect of unused tax losses not recognised as deferred tax assets	1,841,775	1,206,737
	-	-

The tax rate used for 2024 and 2023 year was 25% to calculate the reconciliations above being the corporate tax rate payable by Australian corporate entities on taxable profits under Australian tax law in those years.

The Company has no franking credits available for recovery in future years.

7.2 Income tax recognised directly in equity	Consolidated 2024	Consolidated 2023
	\$	\$
Current tax		
Share issue costs calculated at 25% (2023: 25%)	(114,980)	(31,648)
	<u>(114,980)</u>	<u>(31,648)</u>

7.3 Unrecognised deferred tax assets	Consolidated 2024	Consolidated 2023
	\$	\$
Unused tax losses (revenue) for which no deferred tax assets have been recognised at 25%	7,168,412	6,019,804
Temporary differences at 25% (2023: 25%)	534,790	344,933

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Group complies with continuity of business / same business test and the conditions for deductibility imposed by tax legislation.

8. Loss per share

	Consolidated 2024	Consolidated 2023
	\$	\$
Basic and diluted loss per share (cents per share)	(0.57)	(0.59)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	Consolidated 2024	Consolidated 2023
	\$	\$
Loss for the year attributable to the owners of the Company	(8,307,957)	(7,574,728)

	Consolidated 2024	Consolidated 2023
	No.	No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,458,518,818	1,289,988,955

Options and Performance Rights on issue are considered to be anti-dilutive while the entity is making losses.

9. Trade and other receivables

	Consolidated 2024	Consolidated 2023
	\$	\$
Trade receivables	355,193	151,628
Other receivables	166,504	50,073
Prepayments	69,464	58,411
	<u>591,161</u>	<u>260,112</u>

At the reporting date, \$31,251 trade receivables are past due (2023: \$29,957).

10. Property plant and equipment

Cost	Consolidated 2024 \$	Consolidated 2023 \$
Balance at 1 July	161,851	148,209
Additions	32,105	13,642
Disposals	-	-
Balance at 30 June	193,956	161,851

Accumulated depreciation	Consolidated 2024 \$	Consolidated 2023 \$
Balance at 1 July	(139,020)	(122,037)
Depreciation expense	(25,570)	(16,983)
Disposals	-	-
Balance at 30 June	(164,590)	(139,020)

Net book value	29,366	22,831
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11. Trade and other payables

	Consolidated 2024 \$	Consolidated 2023 \$
Trade creditors	842,892	498,620
Contract liability	908,185	756,964
Accrued expenditure	632,877	500,806
Employee on-costs payable	139,107	113,557
Other payables	116,102	4,207
	2,639,163	1,874,154

Trade creditor payment terms are 30 days from end of month.

Contract liability is the customer initial payments for subscriptions and training recognised as a contract liability until the services are delivered. The services will be delivered and revenue recognised over the following 12 months. Customer terms vary between 1 month and 1 year payment in advance. During the year \$747,123 (FY2023: \$653,598) revenue was recognised as the services were delivered.

12. Provisions

	Consolidated 2024 \$	Consolidated 2023 \$
Annual leave entitlements	206,209	209,993
Long service leave provision	46,378	42,882
	252,587	252,875

13. Issued capital

	Consolidated 2024 \$	Consolidated 2023 \$
1,635,829,171 fully paid ordinary shares (June 2023: 1,297,989,542)	43,388,677	35,180,097

	2024 Number	2023 Number	2024 \$	2023 \$
Movements during the period				
Balance at beginning of the period	1,297,989,542	1,195,601,811	35,180,097	32,484,187
Placement – issued at \$0.027 (FY23: \$0.028) per share	131,481,489	44,171,429	3,550,000	1,236,800
Share Purchase Plan – issued at \$0.0251	100,378,167	-	2,522,500	-
Placement – issued at \$0.0251	99,601,594	-	2,500,000	
Entitlement issue – exercise price \$Nil (FY23: \$0.028)	-	56,632,143	-	1,585,700
Exercise of Options	3,000,000		96,000	
Exercise of performance rights – exercise price \$0.00	3,378,379	1,584,159		
Capital raising costs (net of tax)		-	(459,920)	(126,590)
Balance at end of period	1,635,829,171	1,297,989,542	43,388,677	35,180,097

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

14. Reserves

	Consolidated 2023 \$	Consolidated 2023 \$
Balance at beginning of the reporting period	14,068,134	13,344,599
Share based payments reserve	710,369	766,093
Foreign currency translation reserve	11,247	(42,558)
Total reserves at end of period	14,789,750	14,068,134

Reconciliation of movement in reserves

	Share based payments reserve	Foreign exchange reserve	Total
Opening balance	14,133,737	(65,603)	14,068,134
Foreign exchange gain/loss recognised	-	11,247	11,247
Share based payments	710,369	-	710,369
Total reserves at end of period	14,844,106	(54,356)	14,789,750

The foreign currency translation reserve records exchange rate differences arising from the translation of the financial statements of foreign subsidiaries.

The share based payments reserve is used to record the value of share based payments provided to employees as part of their remuneration and to consultants for services provided.

15. Financial instrument

15.1 Capital management

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2023.

The Group is not subject to any externally imposed capital requirements.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements.

15.2 Categories of financial instruments

	Consolidated 2024 \$	Consolidated 2023 \$
Financial assets		
Cash and cash equivalents	3,561,593	2,512,217
Trade and other receivables	591,161	260,112
	4,152,754	2,772,329
Financial liabilities		
Trade and other payables	1,664,566	818,190
	1,664,566	818,190

The fair value of the above financial instruments approximates their carrying values.

15.3 Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function

The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

15.4 Market risk

Market risk for the Group arises from the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see 15.5 below).

15.5 Interest rate risk management

The sensitivity analyses below have been determined based on the exposure to interest rates for cash deposits at the end on the reporting period.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for cash deposits at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2024 would increase/decrease by \$28,000 (2023: \$47,000).

15.6 Credit risk management

Credit risk arises from the Group's receivables and through the Group's cash balances held by banking institutions. The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The Group trades only with recognised, creditworthy third parties. The Group's cash balances are held by Australian and United Kingdom banks with investment grade credit ratings. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is minimal. At the reporting date, there are no significant concentrations of credit risk.

The Group has policies in place to ensure that sales are made to tenants with an appropriate credit history. All customers with outstanding balances exceeding 14 days are notified of their outstanding debt. If this is not paid within 30 days, another letter is provided and a due date for payment advised and an account manager contacts the customer to request payment. Where the due date is missed, the customer is advised they are in default and services may be terminated. The Group also has the capacity to charge interest on outstanding balances in accordance with the provisions of the sales contract.

The allowance for impairment of financial assets is calculated based on objective evidence, such as past experience and current and expected observable data indicating changes in client credit ratings.

At reporting date, the Group holds a provision of \$54,900 against trade receivable balances for receivables more than 30 days past due. No other impairment of financial assets was required, and no other amounts were overdue.

15.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

	Contractual cash flows					Total contractual cash flows
	Carrying Amount	Less than 1 month	1-3 months	3-12 months	1 year to 5 years	
	\$	\$	\$	\$	\$	\$
2023						
Trade and other payables	818,190	818,190	-	-	-	818,190
2024						
Trade and other payables	1,664,566	1,664,566	-	-	-	1,664,566

16. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	Consolidated 2024	Consolidated 2023
	\$	\$
Short-term employee benefits	714,027	715,783
Post-employment benefits	54,157	59,047
Share-based payments	290,120	368,731
	1,058,304	1,143,561

17. Related Party Transactions

17.1 Entities under the control of the group

	Country of Incorporation	Percentage Owned (%)*	
		2024	2023
Parent Entity: PainChek Ltd	Australia		
Electronic Pain Assessment Technology (EPAT) Pty Ltd	Australia	100%	100%
PainChek UK Limited	England	100%	100%

17.2 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to note 16.

17.3 Other related party transactions

There were no transactions between the Group and the key management personnel and their related parties during the year (2023: Nil).

18. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Consolidated 2024	Consolidated 2023
	\$	\$
Cash and bank balances	3,561,593	2,512,217

18.1 Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated 2024	Consolidated 2023
	\$	\$
Cash flow from operating activities		
Loss for the year	(8,307,957)	(7,574,728)
Adjustments for:		
Depreciation	25,570	16,983
Share based payments	710,369	766,093
Movements in working capital		
(Increase)/decrease in other receivables	(223,310)	235,052
(Increase)/decrease in prepayments	(41,324)	(10,454)
Increase/(decrease) in trade and other payables	709,383	178,802
Increase in provisions	(288)	65,535
Net cash outflows from operating activities	(7,127,557)	(6,322,717)

19. Remuneration of auditors

Auditor of the parent entity

	Consolidated 2024 \$	Consolidated 2023 \$
Audit and review of the financial statements	119,822	89,000
	119,822	89,000

The auditors of PainChek Ltd are BDO Audit Pty Ltd.

20. Events after the reporting period

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Group in subsequent financial years.

21. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the 2024 and 2023 financial information shown below, are consistent with those of the Consolidated Entity as disclosed in Note 1. The legal Parent Entity of the Consolidated Entity is PainChek Limited.

Financial position of PainChek Limited

	2024 \$	2023 \$
Assets		
Current assets	3,701,939	2,379,042
Non-current assets	26,492	20,667
Total assets	3,728,431	2,399,709
Liabilities		
Current liabilities	2,150,309	1,432,579
Non-current liabilities	-	-
Total liabilities	2,150,309	1,432,579
Net assets	1,578,122	967,130
Equity		
Issued capital	52,143,383	43,934,803
Reserves	14,883,116	14,172,747
Accumulated losses	(65,448,377)	(57,140,420)
Total equity	1,578,122	967,130
Financial performance		
Loss for the year	(8,307,957)	(7,318,286)

Share based payments Reserves

	2024 \$	2023 \$
Balance at beginning of the reporting period	14,172,747	13,406,656
Share based payments reserve	710,369	766,091
Total reserves at end of period	14,883,116	14,172,747

22. SHARE BASED PAYMENTS

Performance rights

The Company has granted performance rights to the non-executive directors (NEDs) and the CEO at the 2022 AGM. The performance rights were granted for nil consideration and are not quoted on the ASX. Performance rights granted carry no dividend or voting rights. When vested, each performance right is convertible into one ordinary share. The performance rights shares have the following key terms and conditions:

Non- executive directors:

- a) each non-executive director receive in each end of financial year on 30 June 2023, 2024 and 2025, 1/3 of their total annual remuneration in Performance Rights (these represent tranches 4, 5 and 6 of all Performance Rights issued to directors);
- b) the number of Performance Rights issued for a year are calculated based on the VWAP of the Company's ordinary shares calculated 5 days either side of and including the date of announcement of the company's annual statutory results for the financial year;
- c) Performance Rights vest at the end of 30 June each subsequent year – being the end of the financial year subject to the director remaining a director of the Company at that date;
- d) each Performance Right has the conditional right to acquire one Share;
- e) the Performance rights are issued for Nil consideration;
- f) the Performance Rights expire 3 months after the vesting date
- g) the Performance Rights are subject to the terms and conditions of the LTI Plan

CEO

The issue of Performance Rights to Philip Daffas to the value of \$750,000 over the years ending 30 June 2023, 2024 and 2025 with an annual limit of \$250,000 for Philip Daffas or his nominee(s) to acquire one Share for each Performance Right held pursuant to the LTI Plan and as part of Philip Daffas' remuneration.

The Performance Rights issued for a year are issued at the VWAP of the Company's ordinary shares calculated 5 days either side of and including the date of announcement of the company's annual statutory results for the financial year preceding the financial year of the grant of the Performance Rights (**Award Issue Price**).

The vesting conditions are summarised:

- a) The Performance Rights awarded for a year will vest over 3 years in equal annual amounts commencing one year after the 1 October of the year of award (these represent tranches 4 to 6 of all Performance Rights issued to Philip Daffas) subject to:
 1. The Company's Share price achieving a target Share price for each tranche of an award that is vesting (Award Target Price);
 2. Philip Daffas remains employed by the Company at the vesting date (unless he is a Good Leaver as defined in the LTI Plan in which case he retains the relevant pro rata portion of the grant subject to the increase in Share price vesting condition); and
 3. Accelerated vesting of all Performance Rights which have been awarded in the event of a change of control transaction provided that Award Target Prices have been met (with the compounded return calculated up until the date of change of control).
- b) The Award Target Price for the FY23 award is twice the Award Issue Price for the first annual tranche and thereafter a compounded annual increase in Share price of 20% p.a. for the second and third tranche
- c) The Award Target Price for the FY24 and FY25 Awards is a compounded annual increase in Share price of 20% p.a. from the relevant Award Issue Price

Fair value of performance rights granted

The fair value at the date of grant of performance rights issued to the non-executive directors was calculated based on the share price at the date of issue (\$0.03) (tranche 4), the value of the award specified in applicable years 2024 (tranche 5) and 2025 (tranche 6) over the vesting period.

The fair value at the date of grant of performance rights issued to the CEO is determined using a Monte-Carlo option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance right, the underlying share's expected volatility, expected dividends and the risk-free interest rate for the expected life of the instrument. The model inputs for the CEO's performance rights granted during the year ended 30 June 2024 included:

- exercise price: nil
- share price at grant date: \$0.03
- expected price volatility of the company's shares: 100%
- expected dividend yield: nil
- risk-free interest rate: 3.30%

Grant date	Grant date	Vesting date	Expiry date	Number of rights outstanding	Grant date fair value
23/11/2022 - Tranche 5*#	23/11/2022	30/06/2024	30/09/2024	2,386,635	\$0.0300
23/11/2022 - Tranche 6	23/11/2022	30/06/2025	30/09/2025	^	\$0.0300
20/11/2019 -Tranche 3B	20/11/2019	01/10/2022	01/01/2025	1,980,198	\$0.1536
23/11/2022 -Tranche 4B	23/11/2022	01/10/2024	01/01/2025	2,815,315	\$0.0121
23/11/2022 -Tranche 4C	23/11/2022	01/10/2025	01/01/2026	2,815,315	\$0.0142
23/11/2022 -Tranche 5A*	23/11/2022	01/10/2024	01/01/2025	1,988,863	\$0.0171
23/11/2022 -Tranche 5B*	23/11/2022	01/10/2025	01/01/2026	1,988,862	\$0.0183
23/11/2022 -Tranche 5C*	23/11/2022	01/10/2026	01/01/2027	1,988,862	\$0.0197
23/11/2022 -Tranche 6A	23/11/2022	01/10/2025	01/01/2026	^	\$0.0149
23/11/2022 -Tranche 6B	23/11/2022	01/10/2026	01/01/2027	^	\$0.0156
23/11/2022 -Tranche 6C	23/11/2022	01/10/2027	01/01/2028	^	\$0.0165

^ The performance rights issued for a year are issued at the VWAP of the company's ordinary shares calculated 5 days either side of and including the date of announcement of the company's annual statutory results for the financial year preceding the financial year of the grant of the performance rights (award issue price).

* Performance rights granted during the year – 8,353,222

Performance rights vested and exercisable – 2,386,635

The following table shows the performance rights granted and outstanding at the beginning and end of the reporting period:

	2024 Number of performance rights	2023 Number of performance rights
As at 1 July	16,816,698	8,075,147
Granted during the year	8,353,222	11,824,324*
Converted to shares	(3,378,379)	(1,584,159)
Expired during the year	(5,827,491)	(1,498,614)
As at 30 June	15,964,050	16,816,698

* Refer above table for performance rights granted during the year to non-executive directors and CEO.

Weighted average remaining contractual life of 1.0 years (2023: 1.1 years)

Options

Options are routinely granted to employees. The vesting period is 25% vest after 12 months of the grant date and the balance in quarterly instalments over the next 3 years, subject to continued employment.

In addition, those granted on 28 October 2020, 1 September 2021 and 1 September 2022 have a further restriction that the underlying shares cannot be disposed of until 2 years after grant date.

Set out below are summaries of options granted under the plan:

	2024		2023	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 July	\$0.0497	55,000,000	\$0.0666	36,000,000
Granted during the year	\$0.0410	12,900,000	\$0.0300	26,500,000
Forfeited during the year	\$0.0357	(1,550,000)	\$0.0600	(7,500,000)
Exercised during the year	\$0.0320	(3,000,000)		-
As at 30 June	\$0.0492	63,350,000	\$0.0497	55,000,000
Vested and exercisable 30 June		31,484,375		17,031,250

No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 June 2024	Share options 30 June 2023
9 May 2019	9 November 2023	\$0.030	-	3,000,000
26 March 2020	26 September 2024	\$0.110	3,000,000	3,000,000
23 September 2020	23 March 2025	\$0.090	1,000,000	1,000,000
26 February 2021	25 August 2025	\$0.084	5,000,000	5,000,000
24 March 2021	24 September 2025	\$0.075	7,000,000	7,000,000
1 September 2021	1 March 2026	\$0.051	9,500,000	9,500,000
1 September 2022	1 March 2027	\$0.030	25,750,000	26,500,000
15 October 2023	15 April 2028	\$0.041	12,100,000	-
Total			63,350,000	55,000,000
Weighted average remaining contractual life of options outstanding at end of period			2.3 years	2.8 years

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2024 was \$0.031 per option (2023 – \$0.022). The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2024 included:

- exercise price: \$0.041 (2023 – \$0.03)
- grant date: 28 September 2023 (2023 – 1 September 2022)
- expiry date: 28 March 2028 (2022 – 1 March 2027)
- share price at grant date: \$0.042 (2023 – \$0.03)
- expected price volatility of the company's shares: 100% (2023 – 100%)
- expected dividend yield: nil (2023 – nil), and
- risk-free interest rate: 4.2% (2023 – 3.7%)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2024	2023
	\$	\$
Options issued under employee option plan	475,918	460,864
Performance rights	<u>234,451</u>	<u>305,229</u>
Total	<u>710,369</u>	<u>766,093</u>

Consolidated Entity Disclosure Statement As at 30 June 2024

Name of entity	Type of entity	% of share capital held	Country of Incorporation	Australian Resident or foreign resident (for tax purposes)	Foreign tax jurisdiction (s) of foreign residents
PainChek Ltd	Body Corporate	NA	Australia	Australia	NA
Electronic Pain Assessment Technology (EPAT) Pty Ltd	Body Corporate	100%	Australia	Australia	NA
PainChek UK Limited	Body Corporate	100%	United Kingdom	NA	United Kingdom

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the group at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

DIRECTORS DECLARATION

1. The Directors of the Company declare that:
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - a. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - b. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
 - c. The information disclosed in the consolidated entity disclosure statement is true and correct.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

This declaration is signed in accordance with a resolution of the Board of Directors.



John Murray
Chairman
30 August 2024



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INDEPENDENT AUDITOR'S REPORT

To the members of PainChek Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PainChek Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
<p>Recognition of Revenue was identified as a key audit matter due to the significance to the financial report and the complex nature of the agreements entered into by the Group.</p> <p>The assessment of revenue recognition required significant auditor effort and judgement.</p>	<p>We have performed the following procedures to address this risk in the financial report:</p> <ul style="list-style-type: none">• Reviewed the terms and conditions of the agreements entered into in the current and prior year to determine the relevant accounting standard to be applied to the various revenue streams.• Assessed the accounting policy adopted for recognition of revenue and other income and assessing compliance with AASB 15 Revenue from Contracts with Customers.• For a sample of transactions, vouched to supporting documentation such as customer contracts, invoices and receipts and assessing compliance against the accounting policy adopted including the recognition of any contract liability or deferred income.• Assessed the adequacy of the disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 23 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of PainChek Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'T R Mann', is written over a faint, light-colored BDO logo watermark.

T R Mann
Director

Brisbane, 30 August 2024

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ADDITIONAL SHAREHOLDER INFORMATION

The following additional information is current as at 23 September 2024.

CORPORATE GOVERNANCE:

The Company's Corporate Governance Statement is available on the company's website at www.painchek.com/corporate-governance.

SUBSTANTIAL SHAREHOLDER:

Holder Name	Holding	% IC
PETERS INVESTMENTS PTY LTD	118,650,000	7.253%

ORDINARY SHARES:

Holdings Ranges	Holders	Total Units	%
1-1,000	93	13,841	0.000
1,001-5,000	385	1,296,274	0.080
5,001-10,000	622	4,744,534	0.290
10,001-100,000	1,815	69,397,458	4.240
100,001-9,999,999,999	1,108	1,560,377,064	95.390
Totals	4,023	1,635,829,171	100.000

There are 1,441 shareholders with less than a marketable parcel.

VOTING RIGHTS

Each fully paid ordinary share carries voting rights of one vote per share.

THE TOP 20 HOLDERS OF ORDINARY SHARES ARE:

Name	Balance as at 23-09-2024	%
PETERS INVESTMENTS PTY LTD	118,650,000	7.253%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,811,173	3.106%
J&E CONSULTING PTY LTD	38,082,712	2.328%
DR KRESHNIK HOTI	37,717,411	2.306%
HARLEX FARMS PTY LTD <THE T H MARTIN FAMILY A/C>	37,618,987	2.300%
MR MUSTAFA ABDUL WAHED ATEE	37,003,125	2.262%
BNP PARIBAS NOMS PTY LTD	34,181,390	2.090%
MR PHILIP DAFFAS	25,310,946	1.547%
MR RODNEY JAMES WELLSTEAD	25,000,000	1.528%
MR CRAIG ROBERT WILLIAMSON	24,188,547	1.479%
G & G CHILCOTT PTY LTD <G & G CHILCOTT S/F A/C>	20,676,518	1.264%
MR ROBERT ANTHONY HEALY	19,735,450	1.206%
MS ELOISE KATHLEEN JENNINGS & MR ANDREW JOHN HOPKINS <JENNINGS HOPKINS DISCRET A/C>	18,725,793	1.145%
GRAZIAN PTY LTD <THE IAN MURIE SUPER FUND A/C>	18,716,181	1.144%
THORNBURY NOMINEES PTY LTD <THE STEVENS FAMILY S/F A/C>	16,996,293	1.039%
MR EDDY ROELOF PAUL DE VRIES & MRS PENELOPE GAIL DE VRIES <ERP&PG DE VRIES FAMILY A/C>	15,813,807	0.967%
PIPERLAKE PTY LTD <SERTORIO FAMILY ACCOUNT>	15,600,322	0.954%
MR ALLAN GRAHAM JENZEN & MRS ELIZABETH JENZEN <AG & E JENZEN P/L NO2 SF A/C>	15,335,666	0.937%
MS ELOISE KATHLEEN JENNINGS & MR ANDREW JOHN HOPKINS <JENNINGS HOPKINS S/F A/C>	15,261,248	0.933%
DARVILLE PTY LTD <DARVILLE FAMILY A/C>	14,484,126	0.885%
Total Securities of Top 20 Holdings	599,909,695	36.673%
Total of Securities	1,635,829,171	

UNQUOTED EQUITY SECURITIES

Number	Number of Holders	Class	Holders of more than 20%
13,577,414	1	PCKAA Performance Rights	Phillip Daffas
2,386,636	1	PCKAA Performance Rights	Issued to non-executive directors
3,000,000	1	Share options with an exercise price of \$0.11 and an expiry date of 26 September 2024	Issued pursuant to ESOP
1,000,000	1	Share options with an exercise price of \$0.09 and an expiry date of 23 March 2025	Issued pursuant to ESOP
5,000,000	3	Share options with an exercise price of \$0.084 and an expiry date of 25 August 2025	Issued pursuant to ESOP
7,000,000	2	Share options with an exercise price of \$0.075 and an expiry date of 24 September 2025	Issued pursuant to ESOP
9,500,000	7	Share options with an exercise price of \$0.051 and an expiry date of 1 March 2026	Issued pursuant to ESOP
25,750,000	21	Share options with an exercise price of \$0.03 and an expiry date of 1 March 2027	Issued pursuant to ESOP
12,100,000	25	Share options with an exercise price of \$0.041 and an expiry date of 15 April 2028	Issued pursuant to ESOP

USE OF FUNDS

The entity has used the cash and assets in a form readily convertible into cash at the time of listing in a way that is consistent with its business objectives.

There is no current share buy-back.



PainChek
Intelligent Pain Assessment

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