

## 31 December 2021 Quarterly Update and Appendix 4C

### **PainChek Adult App positive progress in Australian market implementation and overseas market sales expansion, Infant App uniquely positioned for new global market opportunity**

PainChek Ltd (ASX: PCK) (“PainChek” or “the Company”), developer of the world’s first smart phone-based pain assessment and monitoring application, is pleased to report the strengthening of its core business with continued transition of clients onto commercial terms, as well as expansion into new markets, during the quarter ended 31 December 2021. **This document provides a summary of the quarterly performance and the 4C. Investors should refer to the posted PowerPoint quarterly presentation for additional information.**

#### **Core Residential Aged Care (RAC) Market**

- **RAC market penetration goals continue to be achieved:** There are 125,167 approved beds contracted under annual PainChek® license across 1509 RAC facilities as at 31 December 2021, representing 80% and 64% growth respectively over the previous year and ~60% domestic RAC market share. Over 50% of the contracted clients have been implemented and are using PainChek in their clinical pain assessments.
- **Annualised Recurring Revenue (ARR):** Projected ARR from current customers (normalised post government trial) has increased 87% for the year to \$5.73M. Australian customers who contracted under the government grant received a 12-month funded trial of the PainChek® application. There are now commercial paying customers with ARR of \$1M after transitioning off the Australian government grant after their first 12 months. Clients representing 75% of contracted beds have entered into agreements that have second year commercial terms post completion of the government grant period. Normalised ARR is post completion of the government grant reflecting contracted or standard pricing on completion of the trial. It assumes all clients fully implement the PainChek App and enter a standard PainChek contract after the initial 12-month grant period.
- **PainChek utility continues significant growth in line with implemented beds:** More than 850,000 PainChek clinical assessments have been conducted in aged care as of 31 December 2021, an increase of 224% over the previous year and 31% over the prior quarter, reflecting strong clinical utility and continued implementation progress within Australian RAC Facilities.
- **RAC Implementation and User Training successfully delivered remotely during COVID pandemic:** The PainChek clinical team has continued to use the PainChek digital capability to deliver training remotely, through the COVID-19 restrictions that have been in place, supplementing the PainChek online learning curriculum. Over 8,000 users have been trained, with over 1,700 during the December quarter. While the recent COVID-19 outbreaks in Aged Care have delayed some implementations, the team has scheduled training for the majority of the outstanding contracted clients during the remainder of FY’22 to maintain the client transition to standard PainChek contracts post the government paid period.

## Broadening Adult App Markets

- **UK RAC progress extends into Scotland, Wales and Ireland:** New agreements with Care South provides a strong growth platform opportunity (up to 1,700 beds), while Scottish and Welsh market pilot opportunities and new opportunities with Care UK and Hansdale are part of a rapidly growing pipeline building on our current direct sales base. PainChek is now integrated with four major CMS partners, Person Centred Software, Access Health, Nourish, Care Vision and VCare in Ireland. This provides a strong growth potential as these partners have more than 175,000 aged care bed coverage in UK and Ireland.
- **New Zealand:** Summerset Care, the third largest RAC provider in New Zealand has confirmed a successful pilot completion. There is an agreement in principle to expand the agreement across its full 1200 NZ-based aged care beds with the contract scheduled to be completed in February 2022 for roll out prior to end FY22.
- **Home care - fully integrated pain management partnership:** PainChek announced entry into the Australian Home Care market, establishing a first direct sale into Home Care and an integrated medication and pain management solution, in partnership with Sigma Healthcare subsidiary MPS Connect. The MPS Connect MediSphere™ Electronic Medication Management (EMM) System is the first EMM to fully integrate with the PainChek Universal App to provide full pain management, monitoring effectiveness for pain relief. The first MPS led commercial sale was achieved in January 2022 with Forest Lake Lodge Aged Care in Brisbane, and Home Care sales are projected **to commence in Q1 CY2022. MPS Connect currently services over 800 preferred pharmacy clients and 1400 RAC facilities**, and we are planning a joint promotional roadshow to all major clients in Q1 CY2022.
- **Hospital and Disability markets continue to progress:** Clinical studies continue at Ramsay Hospital Research Foundation to introduce PainChek® Universal as standard care in the geriatric and rehabilitation wards at the hospital. PainChek Universal continues in clinical use with the Nulsen Disability group in Western Australia and a commercial agreement is being finalised prior to a broader launch into the NDIS community.

## Strategic New Product and Global Market Entries

**PainChek Infant unique global market opportunity with COVID-19 Infant Vaccination programme:** PainChek Infant is the world's first **automated procedural pain assessment tool** for infants. It has been designed for use by both healthcare professionals and home consumers such as parents. Initial market entry in post vaccination and post-surgical intervention is in progress with local healthcare professionals and Australian government. PainChek Infant has received multiple market regulatory clearances including Australian TGA and CE Mark (Europe) and the clinical study has now been published in Lancet Digital Health.

The COVID-19 vaccination programme continues to shift to the younger age groups, with the COVID-19 Infant (1 month to 1 year of age) programme scheduled to commence globally in Q2 2022. With the infant population, there are likely to be **additional documented issues** that may impact achieving the 90%+ vaccination target, including:

- **Parental risk aversion:** While adult parents are more open to be self-vaccinated, it is likely they will be more hesitant with their young children.

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- **Infant vaccination programme:** Infants can receive up to 5 different vaccinations in their first year of life and in countries such as Australia over 95% of infants are vaccinated annually. The addition of the COVID-19 vaccine may result in increased additional adverse reactions and the need to understand and manage these effects, including pain.
  - **Infants cannot self-report their pain and may experience higher rates of pain:** Assessing and documenting pain **with an objective measure** for infants is a current gap in the global roll out plan and an important measure of adverse effects reporting within the Covid-19 and other future vaccination programmes.

PainChek has proposed to work with governments and the healthcare community as the vaccine programme extends to the younger groups. The PainChek Infant App is available to support the provision of better post-vaccine care for infants by generating medication safety data about the incidence, intensity and duration of post-immunisation pain, addressing parental satisfaction with post-immunisations pain management and minimising parents' level of immunisation hesitancy. Good pain management can also see a reduction in hospital and doctor office visits post-vaccination.

**USA – FDA regulatory clearance progress with Adult and Infant Apps:** The Company submitted the pre-submission supplement in Q4 CY2021, with FDA response is expected end of Q1 CY2022. The Company is progressing a potential application for the PainChek Infant App to be registered in the US as a Clinical Decision Support device to support the US-based COVID-19 infant vaccination roll out plan. In the meantime, PainChek already has TGA, CE Mark, HSA Singapore and Health Canada clearances that covers approximately 40% of the global market for the Adult and Infant App. With FDA clearance the Company will effectively have access to more than 70% of the global medical device market.

## Cashflow

- Cash balance: PainChek's consolidated cash balance at 31 December 2021 was \$6.5M.
- A one-off payment of \$1,321,059 for a payroll tax assessment relating to 2017 was included in the quarter. PainChek is currently objecting to the assessment. Excluding this one-off adjustment, PainChek has cash reserves for three quarters based on current activities.
- In accordance with ASX Listing Rule 4.7C.3, the amount of \$103,000 stated in section 6.1 of the Appendix 4C paid to related parties and their associates related to director fees and salaries for the quarter.

## Investor Presentation Webinar

PainChek will hold an investor webinar & Q&A for all shareholders and interested parties at 11am AEDT on Monday 31 January 2022. Managing Director and CEO Philip Daffas will discuss recent business updates and progress during the webinar.

Please register for the webinar at: [https://us02web.zoom.us/webinar/register/WN\\_lfK7wgcsR8-kFCZ6-qf\\_cw](https://us02web.zoom.us/webinar/register/WN_lfK7wgcsR8-kFCZ6-qf_cw)

After registering, you will receive a confirmation email containing information about joining the webinar as well

as dial-in details for those that would prefer to join by phone.

For the Q&A session, investors are invited to send questions prior to the webinar to [matt@nwrcommunications.com.au](mailto:matt@nwrcommunications.com.au)

Please note a replay of the webinar will be available at the above-mentioned Zoom link shortly following the conclusion of the live session.

This announcement has been approved for release by the Board.

For more information:

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About PainChek®

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

PainChek® is a smart phone based medical device using artificial intelligence to assess and score pain levels in real time and update medical records in the cloud. PainChek® records a short video of the person's face and analyses the images that indicate pain and records them.

Next, the caregiver uses PainChek® to record their observations of other pain related behaviours that complete the assessment. Finally, PainChek® calculates an overall pain score and stores the result allowing the caregiver to monitor the effect of medication and treatment over time.

PainChek® is being rolled out globally in two phases: first, PainChek® for adults who are unable to effectively verbalise their pain such as people with dementia, and second, PainChek® for Children who have not yet learnt to speak.

The PainChek® Shared Care Program is a PainChek® licensing model which enables a professional carer to share their resident or patient data securely with other healthcare professionals or designated homebased family carers for ongoing pain assessments or clinical data review.

To find out more, visit [www.painchek.com](http://www.painchek.com)

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

Name of entity

PAINCHEK LTD

ABN

21146035127

Quarter ended ("current quarter")

31/12/2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.0 Cash flows from operating activities</b>		
1.1 Receipts from customers	101	284
1.2 Payments for		
(a) research and development	(329)	(652)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(199)	(326)
(d) leased assets		
(e) staff costs	(1,012)	(2,067)
(f) administration and corporate costs (see also Note 1)	(1,774)	(2,318)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	79
1.8 Other (GST)	7	(95)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,203)</b>	<b>(5,092)</b>

<b>2.0 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(20)	(37)
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		

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2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(20)</b>	<b>(37)</b>

<b>3.0</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	0	180
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>180</b>

<b>4.0</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,693	11,420
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,203)	(5,092)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(37)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	180
4.5	Effect of movement in exchange rates on cash held	(4)	(5)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,466</b>	<b>6,466</b>

	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
<b>5.0</b>	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	2,755	3,372
5.2	Call deposits	3,711	8,048
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,466</b>	<b>11,420</b>

<b>6.0</b>	<b>Payments to related entities of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1		103
6.2	Aggregate amount of payments to related parties and their associates included in item 2		

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

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

7.5 **Unused financing facilities available at quarter end**

7.6 Include in the below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8.0</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,203)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,466
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	6,466
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	2
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	<p>If Item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Answer: No. Included in administration and corporate costs in Q2 is a one off payment of \$1,321,059 for a payroll tax assessment relating to 2017, there are no further payments due under that assessment and PainChek is currently objecting to the assessment.</p> </div> <p>8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Answer: The company will be exploring a variety of fundraising options during calendar year 2022.</p> </div> <p>8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?</p> <div style="border: 1px solid black; padding: 5px;"> <p>Answer: Yes. The company has sufficient funds to meet the quarterly operating activities for at least 2 quarters.</p> </div>	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered</i></p>		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28/01/2022

Authorised by: By the board

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(Name of body or officer authorising release - see note 4)

**Notes**

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.  
  
Included in administration and corporate costs in Q2 is a \$1,321,059 payment for a payroll tax assessment relating to 2017, there are no further payments due under that assessment and PainChek is currently objecting to the assessment.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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