Appendix 4D

PainChek Limited ABN: 21 146 035 127
Preliminary financial statement for the half-year ended 31 December 2023 as required by ASX listing rule 4.2A

Results for Announcement to the Market
(all comparisons to half year ended 31 December 2022)

	$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	1,304	68%
Other income – R&D Grant	0	
Other income – Government Grant	1,206	18%
Total Revenue / Other Income	2,510	31%
Loss from continuing activities after tax attributable to members	(3,299)	6%
Net loss attributable to members	(3,281)	5%

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)		Not Applicable

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:
This information should be read in conjunction with the 2023 Annual Report.
Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2023.

Commentary on Results

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

Details Relating to Dividends

N/A

Net Tangible Assets per Security

	31 Dec 2023	31 Dec 2022
Net tangible asset backing per ordinary security	0.1 cents	0.4 cents

Details of Entities Over Which Control has been Gained or Lost

N/A

Details of Associates and Joint Venture Entities

N/A

Audit/Review Status

This report is based on the consolidated financial statements for the half-year ended 31 December 2023 which have been reviewed by the Company's independent auditor, BDO Audit Pty Ltd. The independent auditor's review report contains an emphasis of matter in relation to going concern which draws attention to Note 1 in the financial report.

PainChek Limited

ABN 21 146 035 127

Half year report for the half-year ended

31 December 2023

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

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Suite 401, 35 Lime Street
Sydney NSW 2000

Principal Place of Business
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Sydney NSW 2000

Postal Address
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Sydney NSW 2000

Website
Website: www.painchek.com

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Share Registry
Boardroom Pty Ltd
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ASX Code
PCK

Half year report for the half-year ended 31 December 2023

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Directors' report

The directors of PainChek Limited ("PainChek" or "the Company") submit herewith the financial report of the Company and its subsidiary ("Group" or "Consolidated Entity") for the half-year ended 31 December 2023. 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 half-year are noted below. Directors were in office for the entire period unless otherwise stated:

Mr John Murray
Mr Philip Daffas
Mr Ross Harricks
Mr Adam Davey
Ms Cynthia Payne

Operating results

During the half year the Group continued the commercialisation and development of the PainChek App and reported a loss from operations of $3,299,046 (31 December 2022: $3,105,751) principally due to:

- Cost of Sales $903,920 (31 December 2022: $621,781)
- Share based payments in respect of Director performance rights and management options of $373,288 (non-cash) (31 December 2022: $287,404);
- Research and development expenditure of $2,226,094 (31 December 2022: $1,562,081);
- Corporate and administration expenses of $1,311,830 (31 December 2022: $1,587,690);
- Marketing and business development expenses of $993,903 (31 December 2022 $965,518);
- Other Income - R&D Grant of $1,206,112 (31 December 2022: $1,018,509); and
- Other Income – Government Grant $Nil (31 December 2022: $122,520).

Operating Cashflow and Funding

The Research & Development Tax incentive has been registered with AusIndustry for the year to 30 June 2023 and the Company expects to obtain a refund of $1,206,112 by 31 March 2024.

Review of Operations

The 6 months to 31 December 2023 have seen PainChek continue to grow. Half year reported customer revenue of $1.3m has grown 68% over the prior corresponding 6 months to 31 December 2022, as our business has established a solid base in Australia and is rapidly expanding in the United Kingdom.

PainChek has approximately 85,000 contracted licences across almost 1,400 aged care facilities, with an annual recurring revenue (ARR) of $3.9M once the licences are fully implemented. This contracted ARR, once implemented, is an increase of 85% over that of 31 December 2022.

Approximately 58,300 licences have been implemented, an increase of 29% on 31 December 2022 and 5% on 30 June 2023. The backlog of licenses to implement is 32% of contracted beds compared to 18% at 31 December 2022 and 25% at 30 June 2023. This backlog growth is partially driven by the large new contracts signed at the end of 2023 and which are typically implemented through a staged rollout. PainChek has continued recruiting new staff and partners in the UK to train, implement and service the recent contracts and growing client base.

PainChek remains the only validated and regulated digital medical device for those who cannot verbalize their pain. Our success is driven by improving the quality of life and clinical outcomes for these vulnerable people in a cost-effective manner. These outcomes have been further highlighted by the recent UK based peer reviewed publication (https://www.painchek.com/latest-news/painchek-achieves-first-international-peer-reviewed-paper/).

PainChek Australia and New Zealand

In ANZ PainChek has contracted 60,000 licences across ~790 aged care facilities representing approximately 32% of the Australian market. PainChek has signed our largest aged care agreement in Australia with Bolton Clark (8,000 beds) and the UK with We Care (1,400 beds), which will be implemented in a project across their nationwide facilities. The latest contract sales in Australia takes our local aged care market penetration above 30% with a strong focus on the larger aged care groups who continue to consolidate through the purchase of smaller aged care facilities, and who are fully digitalizing their information systems. These same larger clients also have a major share in home care packages, where they will continue to expand the use of PainChek.

Pain Chek United Kingdom

PainChek has grown significantly in the UK with approximately 25,000 contracted licences across 600 aged care facilities, a 153% year on year increase and 33% in the 6 months since 30 June 2023.

In the UK the investment in sales and marketing and customer service has seen recognised revenue grow by over 250% in the 6 months to December 2023 to $244,719 vs the 6 months to 31 December 2022. Our strong pipeline continues to expand including ongoing pilots at two of the largest players – BUPA and HC-One. We continue the positive work with the Scottish Care Inspectorate that has the potential for a full roll out across 38,000 aged care beds and are pleased to confirm the commencement of the hospital pilot at Edinburgh Royal Infirmary. These successes are transforming our UK business and provide the basis for broader global expansion.

PainChek USA and Canada

A clinical trial is being undertaken across 5 sites, in Iowa and New York, and the data will be used in the US FDA de Novo application. At the time of preparing this half year report, data collection has been completed at the first Oaknoll Iowa site and is expected to be completed at the remaining sites in the quarter ending March 2024. We expect to complete our FDA submission during the quarter ending June 2024. This clinical trial is included in the costs of the Research and Development.

Our progress into North America has begun with a few early customers in Canada and we are growing our pipeline there. Sales in the USA will follow the FDA de Novo application and approval.

Partnerships and Integrations

PainChek success is also built on a solid base of partnerships. PainChek integrates with aged care management and medication management systems providing PainChek with access to more than 1,500,000 aged care beds across Australia, New Zealand, the UK and North America.

Nourish Care, announced recently they are reselling PainChek to their 100,000 bed customer base in the UK. Nourish Care is a leading UK based digital care management platform and will utilise their nationwide customer success team to allow customers to purchase PainChek directly through Nourish.

PainChek Children's and Infant App

The Infant market opportunity extends to up to 400 million pre-verbal children of which 150 million are born to first time parents each and every year. PainChek Infant is the world's only regulatory cleared medical device to assess infant's pain severity levels. The market opportunity is significant and includes:

a) Health care professionals: to assess pain in the hospital and GP market sectors; and

b) Direct to Home Carers: for parents and family members to assess and document infant's pain in the home environment.

PainChek Infant AI has been trained to assess pain across two technologies within existing smart phones and other products such as baby monitors. The PainChek facial AI uses camera technology to scan and analyze infant facial features that are indicative of pain. In addition, PainChek vocalisation AI now also utilizes microphone-based technology to analyse the infants voice to differentiate between a cry of pain versus a cry of no pain.

Given this is PainChek's first venture into the global direct to consumer market, PainChek has just completed a 2nd phase of consumer market research (with parents) that has positively validated the utility of the upgraded PainChek Infant features and the proposed route to market for PainChek Infant.

The consumer feedback confirmed the following:

- Positive feedback on the real-world performance of PainChek® Infant Adaptive Video revised facial detection system. PainChek incorporated its adaptive video analysis mode option into its PainChek Infant to address the issue of head movement associated with infants crying.
- The new "cry of pain/cry no pain" vocalisation discrimination feature was a highly desirable new feature to help them assess and manage their infant's pain.
- First time parents as the initial primary target group for the PainChek Infant App.
- Feedback also provided significant insights on the direct-to-consumer marketing and influencer channels and the preferred baby monitors and other infant apps that we could partner with as part of the go to market strategy.

The Company is taking these learnings to build the direct-to-consumer channels, partnerships, and educational tools to commence the Infant App sales and marketing in Australia during Q2 C2024. In the first phase, the App will feature the facial AI capability prior to the subsequent introduction of the newly developed vocalisation AI feature. PainChek plans to extend to overseas markets later in 2024.

Research, Development and Regulatory

In addition to the FDA clinical trials, PainChek has continued to invest in the development of the core technology to expand capability into the desktop and embedded platforms for virtual and remote telehealth pain assessment platforms. The development of the core technology is complete and now under final testing.

We have continued to invest in our intellectual property and in December 2023 announced that the European Patent Office (EPO) issued a Notice of Acceptance. The patent will enable PainChek to safeguard the intellectual property of its pain assessment and monitoring technology within the European market. This includes exclusive rights to the commercialisation of its technology across the 39 member states of the European Patent Organisation, until 2035.

PainChek has successfully obtained ISO/IEC 27001 certification, an internationally recognised benchmark for information security management. This certification applies to all PainChek products in every region around the world. The ISO/IEC 27001 certification process is rigorous and involves a comprehensive audit conducted by a regulated third party. PainChek was audited by TÜV SÜD, an independent technical services provider, to ensure that PainChek's policies, procedures, and controls meet international standards.

Earning this certification is a reflection of PainChek's commitment to information security, robust data protection, and risk management practices, ensuring that information is handled with the utmost care, diligence, and protection. We will continue to invest in Cyber Security infrastructure and information security.

Subsequent events

On 14 February 2024 PainChek announced a $2,500,000 underwritten Share Purchase Plan (SPP), with a closure date of 4 March 2024, to be followed by a placement to raise $2,500,000 after the closure of the SPP and on the same terms as the SPP. Under the SPP, Eligible Shareholders have the opportunity to subscribe for up to $30,000 worth of fully paid, ordinary shares in PCK (New Shares) at an issue price per New Share which will be equivalent to a 20% discount to the VWAP of the Company's Shares calculated over the last 5 days on which sales in the securities were recorded on ASX immediately prior to the Issue Date (being 11 March 2024) (without incurring any brokerage costs or other transactions costs).

Auditor's independence declaration
The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

John Murray
Chairman
28 February 2024

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 half-year ended 31 December 2023, 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 review; 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 period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 28 February 2024

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2023

	Note	Consolidated	
		31 Dec 2023 $	31 Dec 2022 $
Revenue	3	1,303,877	777,696
Other Income – R&D Grant	3	1,206,112	1,018,509
Other income – Government Grant	4	-	122,520
Cost of Sales		(903,920)	(621,781)
Research and development expenses		(2,226,094)	(1,562,081)
Marketing and business development expenses		(993,903)	(1,587,690)
Corporate and administration expenses		(1,311,830)	(965,518)
Share based payment expenses		(373,288)	(287,404)
Loss before income tax		**(3,299,046)**	**(3,105,751)**
Income tax benefit		-	-
Loss for the period attributable to Owners of PainChek Limited		**(3,299,046)**	**(3,105,751)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences relating to translation of foreign operations		**18,332**	**(5,551)**
Total comprehensive loss for the period		**(3,280,714)**	**(3,111,302)**
Loss per share:			
Basic and diluted (cents per share)	5	(0.2)	(0.2)

Condensed notes to the financial statements are included on pages 10 to 15

Consolidated statement of financial position as at 31 December 2023

	Note	Consolidated 31 Dec 2023 $	Consolidated 30 June 2023 $
Current assets			
Cash and cash equivalents		2,002,853	2,512,217
Trade and other receivables	6	1,692,766	260,112
Total current assets		**3,695,619**	**2,772,329**
Non-current assets			
Property, plant and equipment		23,606	22,831
Total non-current assets		**23,606**	**22,831**
Total assets		**3,719,225**	**2,795,160**
Current liabilities			
Trade and other payables		2,186,141	1,874,154
Provisions		281,326	252,875
Total current liabilities		**2,467,467**	**2,127,029**
Total liabilities		**2,467,467**	**2,127,029**
Net assets		**1,251,758**	**668,131**
Equity			
Issued capital	7	38,671,150	35,180,097
Reserves		14,459,754	14,068,134
Accumulated losses		(51,879,146)	(48,580,100)
Total equity		**1,251,758**	**668,131**

Condensed notes to the financial statements are included on pages 10 to 15.

Consolidated statement of changes in equity for the half-year ended 31 December 2023

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2022	**32,484,187**	**13,344,599**	**(41,005,372)**	**4,823,414**
Loss for the period	-	-	(3,105,751)	**(3,105,751)**
Other comprehensive income Foreign exchange gains / losses	-	(5,551)	-	**(5,551)**
Total comprehensive loss for the period	**-**	**(5,551)**	**(3,105,751)**	**(3,111,302)**
Issue of shares	2,822,500	-	-	**2,822,500**
Share issue costs	(126,590)	-	-	**(126,590)**
Reversal of share based payments		(55,084)		**(55,084)**
Recognition of share based payments	-	342,488	-	**342,488**
Balance at 31 December 2022	**35,180,097**	**13,626,452**	**(44,111,123)**	**4,695,426**
Balance at 1 July 2023	**35,180,097**	**14,068,134**	**(48,580,100)**	**668,131**
Loss for the period	-	-	(3,299,046)	**(3,299,046)**
Other comprehensive income	-	**18,332**	-	**18,332**
Total comprehensive loss for the period		**18,332**	**(3,299,046)**	**(3,280,714)**
Issue of ordinary shares (*refer to note 7*)	3,550,000	-	-	**3,550,000**
Share issue costs (*refer to note 7*)	(154,947)	-	-	**(154,947)**
Issue of shares on exercise of options	96,000	-	-	**96,000**
Recognition of share based payments	-	373,288	-	**373,288**
Balance at 31 December 2023	**38,671,150**	**14,459,754**	**(51,879,146)**	**1,251,758**

Condensed notes to the financial statements are included on pages 10 to 15

Consolidated statement of cash flows for the half-year ended 31 December 2023

	Note	Consolidated Half-year ended 31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities			
Receipts from customers		1,212,535	**926,506**
Receipt from government grant		-	20,000
Payments to suppliers and employees		(5,201,362)	(4,992,104)
Rebates and grants received		-	873
Net cash used in operating activities		(3,988,827)	(4,044,725)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	1,200
Payments for property, plant and equipment		(9,116)	(13,544)
Net cash used in investing activities		(9,116)	(12,344)
Cash flows from financing activities			
Proceeds from issue of shares	7	3,646,000	2,822,500
Payment of share issue costs	7	(154,947)	(126,590)
Net cash Inflow/(Outflow) from financing activities		3,491,053	2,695,910
Net (decrease)/increase in cash and cash equivalents		**(506,890)**	**(1,361,159)**
Cash and cash equivalents at the beginning of the period		2,512,217	6,141,422
Effect of foreign exchange on cash balances		(2,474)	1,024
Cash and cash equivalents at the end of the period		**2,002,853**	**4,781,287**

Condensed notes to the financial statements are included on pages 10 to 15

Condensed notes to the financial statements for the half-year ended 31 December 2023

1. Significant accounting policies

Statement of compliance

The financial statements for the half year ended 31 December 2023 were authorised for issue by the directors on 28 February 2024.

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2023 annual report.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The fair value of financial assets and financial liabilities approximate their carrying values due to their short-term nature. The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared to the most recent annual financial statements.

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 half year of $3,988,827 and as at 31 December 2023 has cash and cash equivalents of $2,002,853 and net current assets of $1,228,152. The consolidated entity also generated a loss after tax of $3,299,046.

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

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

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. The directors are exploring a variety of fundraising options during remaining financial year 2024 and on 14 February 2024 announced a $2,500,000 underwritten share purchase plan (SPP) and intention to conduct a $2,500,000 top-up placement on completion of the SPP.

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.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

No new or amended standards became applicable for the current reporting period and the group had no change to its accounting policies.

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

AASB 8 "Operating Segments'" states that similar operating segments can be aggregated to form one reportable segment. The Group operates predominantly in one segment, being the sale of its pain assessment solutions. The primary financial statements reflect this segment.

3. Revenue and R&D and other rebates

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Interest income	-	-
Revenue from Contracts with Customers		
Software subscriptions – Recognised over time	1,284,565	773,812
Training – Recognised at a point in time	19,312	3,023
Total revenue	**1,303,877**	**776,835**

R&D and other rebates

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Research & Development Tax Incentive	1,206,112	1,018,509
Government incentives	-	861
Total revenue and R&D and other rebates	**1,206,112**	**1,019,370**

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.

4. Other income

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Government grant	-	122,520
	-	122,520

5. Loss per share

	Consolidated	
	31 Dec 2023	31 Dec 2022
Basic and diluted loss per share (cents per share)	**(0.2)**	**(0.2)**

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

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Loss for the half-year attributable to the owners of the Company	**(3,299,046)**	**(3,105,751)**

	Consolidated	
	31 Dec 2023 No.	30 June 2023 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,364,086,827**	**1,282,118,812**

Options on issue are considered to be anti-dilutive while the group is making losses.

6. Trade and other receivables

	Consolidated	
	31 Dec 2023 $	30 June 2023 $
Trade receivables	308,894	151,628
Other receivables	46,632	50,073
Prepayments	131,128	58,411
Research & Development grant receivable	1,206,112	-
Total trade and other receivables	**1,692,766**	**260,112**

7. Issued capital

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
1,435,849,410 fully paid ordinary shares (June 2023: 1,297,989,542)	**38,671,150**	**35,180,097**

	Consolidated			
	31 December 2023		30 June 2023	
	No.	$	No.	$
Balance at beginning of the reporting period	1,297,989,542	35,180,097	1,195,601,811	32,484,187
Placement – issued at $0.027 (FY23: $0.028) per share	131,481,489	3,550,000	44,171,429	1,236,800
Entitlement – issued at $0.028 (FY22: $0.028) per share	-	-	56,632,143	1,585,700
Exercise of options - exercise price $0.032	3,000,000	96,000	-	-
Capital raising costs	-	(154,947)		(126,590)
Exercise of performance rights – exercise price $0.00	3,378,379	-	1,584,159	
Balance at end of period	1,435,849,410	38,671,150	1,297,989,542	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.

8. Reserves

	Consolidated	
	31 Dec 2023	30 June 2023
	$	$
Balance at beginning of the reporting period	14,068,134	13,344,599
Share based payments reserve	373,288	766,093
Foreign currency translation reserve	18,332	(42,558)
Total reserves at end of period	**14,459,754**	**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	-	18,332	18,332
Share based payments reserve	373,288	-	373,288
Total reserves at end of period	**14,507,025**	**(47,271)**	**14,459,754**

9. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report.

10. Subsequent events

On 14 February 2024 the Group announced it would undertake an underwritten Share Purchase Plan (SPP) to raise $2,500,000, with a closing date of 4 March 2024 and shortfall settlement date of 8 March 2024. The Group also announced it would conduct a placement to raise up to an additional $2,500,000 on completion off the SPP.

There has not been any other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

11. Share Based Payments

Performance rights

No new performance rights were issued during the period and there was no change in the terms and conditions of the performance rights issued in prior periods

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, 1 September 2022 and 28 September 2023 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:

	Average exercise price per share option	Number of options
As at beginning of period	$0.0497	55,000,000
Granted during the period	$0.0410	12,900,000
Forfeited during the period	-	-
Exercised during the period (refer note 7)	$0.0320	(3,000,000)
As at end of period	**$0.0489**	**64,900,000**
Vested and exercisable at end of period		24,312,500

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 31 December 2023**	**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	26,500,000	26,500,000
28 September 2023	1 March 2028	$0.041	12,900,000	-
Total			**64,900,000**	**55,000,000**
Weighted average remaining contractual life of options outstanding at end of period			2.8 years	2.8 years

<u>Fair value of options granted</u>

The assessed fair value at grant date of options granted during the half year ended 31 December 2023 was $0.031 per option . 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 half year ended 31 December 2023 included:

- exercise price: $0.041
- grant date: 28 September 2023
- expiry date: 1 September 2028
- share price at grant date: $0.042
- expected price volatility of the company’s shares: 100%
- expected dividend yield: nil, and
- risk-free interest rate: 4.2%

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:

	2023 $	**2022 $**
Options issued under employee option plan	130,839	208,399
Performance rights	242,449	79,005
Total	373,288	287,404

Directors' declaration

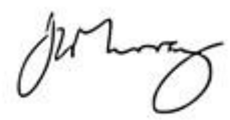
The directors declare that:

(a) in the directors' opinion, 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) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position at 31 December 2023 and performance of the Consolidated Entity for the period ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



John Murray
Chairman
28 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PainChek Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of PainChek Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 28 February 2024