

19 March 2020

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PainChek achieves more than 44,000 licensed beds including 25,000 as part of federal government initiative, triggering initial \$1.25M payment

- First 25,000 PainChek® licenses of government funded dementia initiative have now been issued
- PainChek to receive initial \$1.25M milestone payment from the government for these licenses, which will be recognized as revenue in March 2020
- PainChek now has more than 44,000 approved bed licenses which translates to \$2.0M in normalized contracted Annualized Recurring Revenue in Year 2 of the client contracts (post government funded period)
- PainChek's consolidated cash balance at 29 February 2020 was \$5.7 million. This new milestone payment of \$1.25 million will increase cash reserves once received.
- PainChek planning for 100,000 Australian government funded dementia bed licenses in 2020

19th March 2020: Listed Australian company PainChek (ASX:PCK) has met an important 25,000 licensed bed milestone under the \$5M grant agreement with the Federal Government. This government initiative is specifically funding the use of PainChek® for residents living with dementia or cognitive impairment, which represents a significant subset of the 200,000 residents in the Australian Residential Aged Care market.

The milestone triggers a \$1.25M payment to PainChek from the Australian Federal Government which will be recognized as revenue in March 2020. This payment is in addition to the initial \$500k payment that the Company received from the Federal Government in December 2019.

PainChek CEO Philip Daffas says that the Federal Government initiative is designed to provide all residents living with dementia with universal access to PainChek® so they can receive the best care for them and their families.

“Of the more than 44,000 total approved beds under PainChek® license, there are now more than 25,000 beds licensed and funded through this Federal Government initiative. These licenses will be used by more than 140 Australian Aged Care Providers and 500 Residential Aged Care facilities to allow their residents to gain access to the PainChek® technology.”

“Our immediate goal in 2020 is to provide access to PainChek® for the 100,000 aged care residents living with dementia and cognitive impairment across aged care facilities in Australia as part of this federal government initiative. We continue to work with our clients and the department of health to deliver best practice pain assessment for these vulnerable people during this difficult period” added Daffas.

The PainChek® app is a digital health solution that incorporates remote product delivery, on-line training and technical support for all aged care facilities. This delivery model ensures business continuity and falls in line with the revised visitation guidelines and infection control policies in aged care. PainChek has written to all existing and new clients to offer this service.

“We have the capability to deliver our full product and support services remotely and have already moved to this model for a number of our clients. This is one of the benefits of being a digital health technology. Our goal is to ensure all residents who need access to PainChek can benefit and we are well on our way to achieve this and make PainChek® the global gold standard for pain assessment and management in aged care,” said Daffas.

Performance Update to 11 March 2020

Table 1

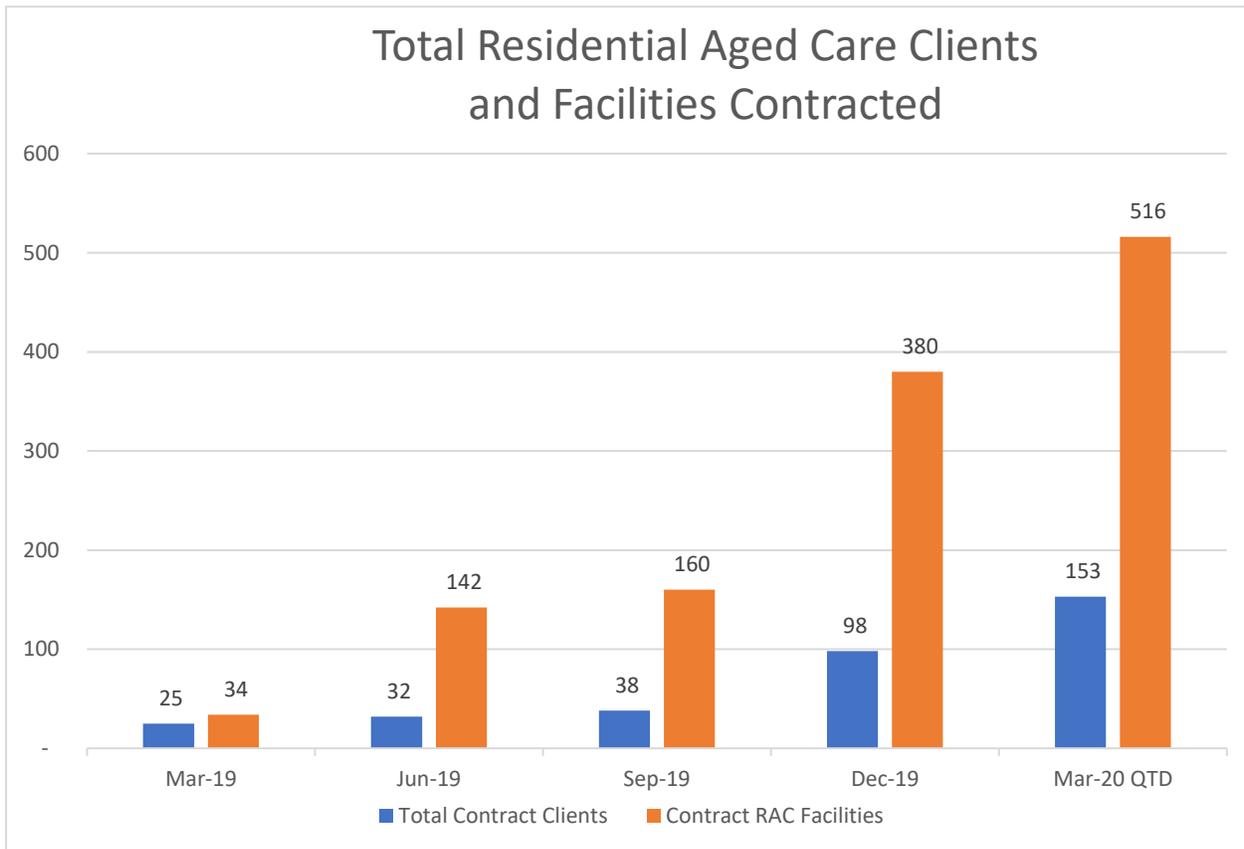


Table 1 reflects the total number of contracted clients and RAC facilities. This relates to the Australian, UK, Singapore and NZ markets as of 11th March 2020

- Contracted clients and RAC facilities have increased to 153 and 516 respectively.
- This is an increase of 56% in clients and 36% in RAC facilities over 31 December 2019.

Table 2

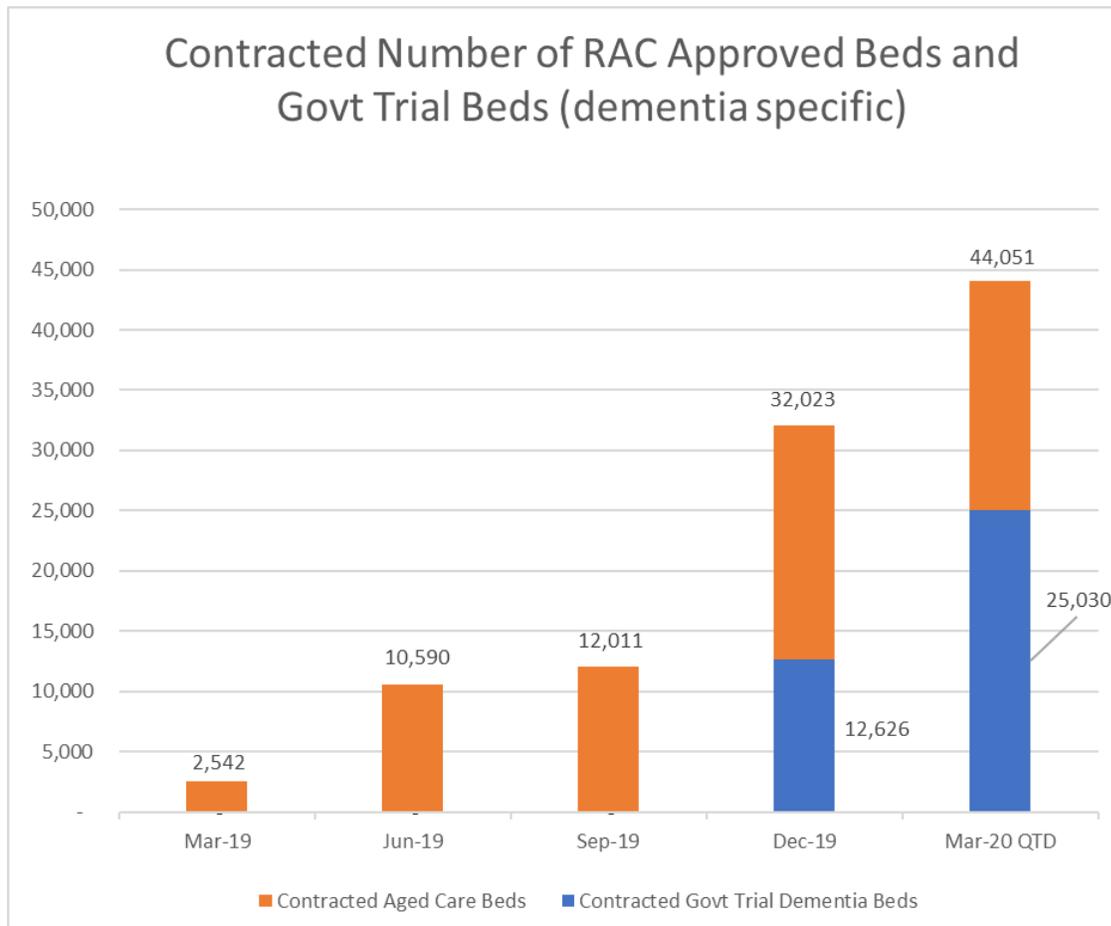
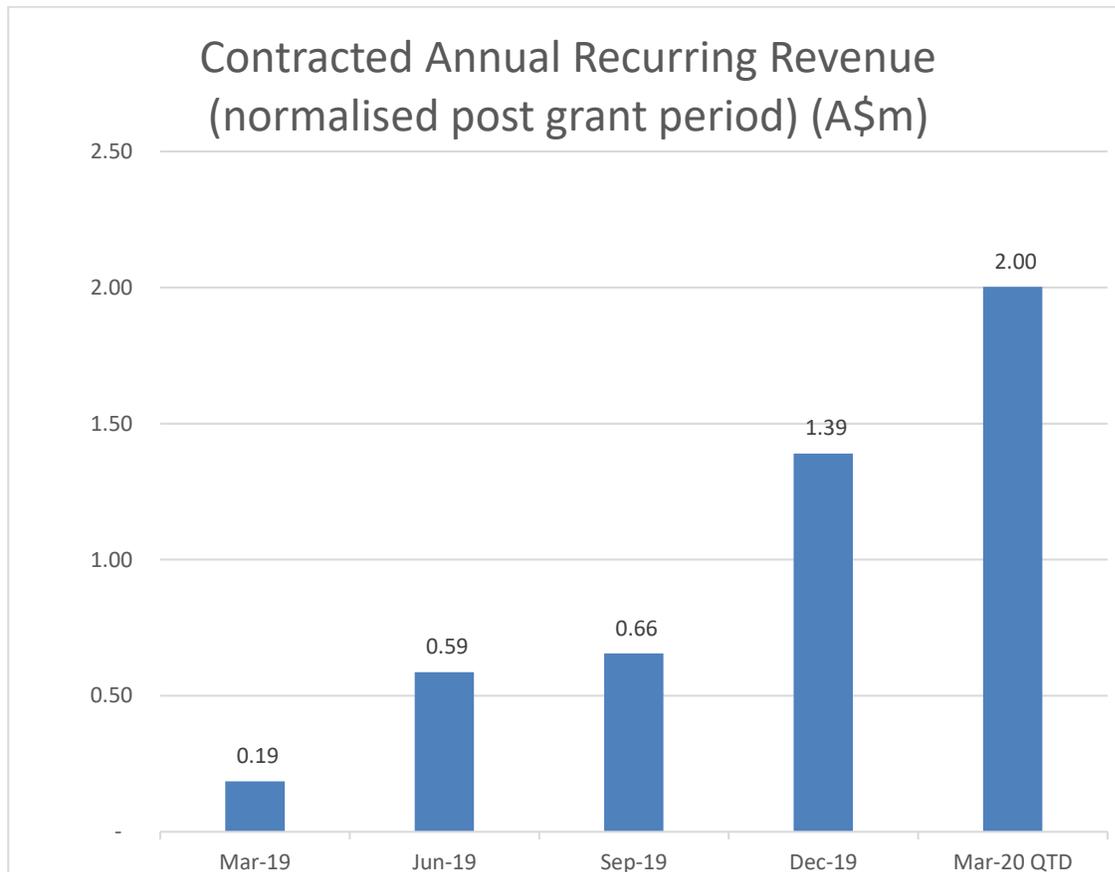


Table 2 reflects the total approved beds contracted in all markets as well as the dementia specific beds signed under the government trial to date.

- Total approved beds contracted have increased from 32,000 at 31 December 2019 to over 44,000 beds as at 11 March 2020. This is a 37% increase from 31 December 2019.
- The government grant is funding a subset of these total approved contracted beds, specifically the grant is funding the use of PainChek® for those people living with dementia or cognitive impairment. To date, the data gathered from the RAC participants in the trial indicates that this subgroup is on average 62% of the total approved beds.
- As summarized above, PainChek has met the initial federal government milestone of 25,000 licenses for people living with dementia or cognitive impairment.

Table 3



* Contracted ARR for the quarters to 30 September 2019 were calculated on the basis of contracted MRR x 12 months, as subscription contracts were on PainChek’s normal commercial terms to that point in time. Contracted ARR for the quarter ending 31 December 2019 and later are presented on a normalized basis post completion of the Government grant reflecting contracted pricing on completion of the trial assuming the contracts are not terminated after the initial 12-month term.

Table 3 represents Annual Recurring Revenue for contracted beds on a normalized basis on completion of the government grant, and it therefore represents a future view of revenue generation.

- PainChek’s normal commercial pricing will apply to total approved beds across all existing RAC’s in year two of the contract, on the assumption that the clients do not terminate their contracts after the initial 12-month grant period.
- For the 44,000 approved beds contracted to date, the normalized Annual Recurring Revenue in year 2 of the contract is \$2.0M. This is an increase of 44% from the 31 December 2019 figure.

Table 4

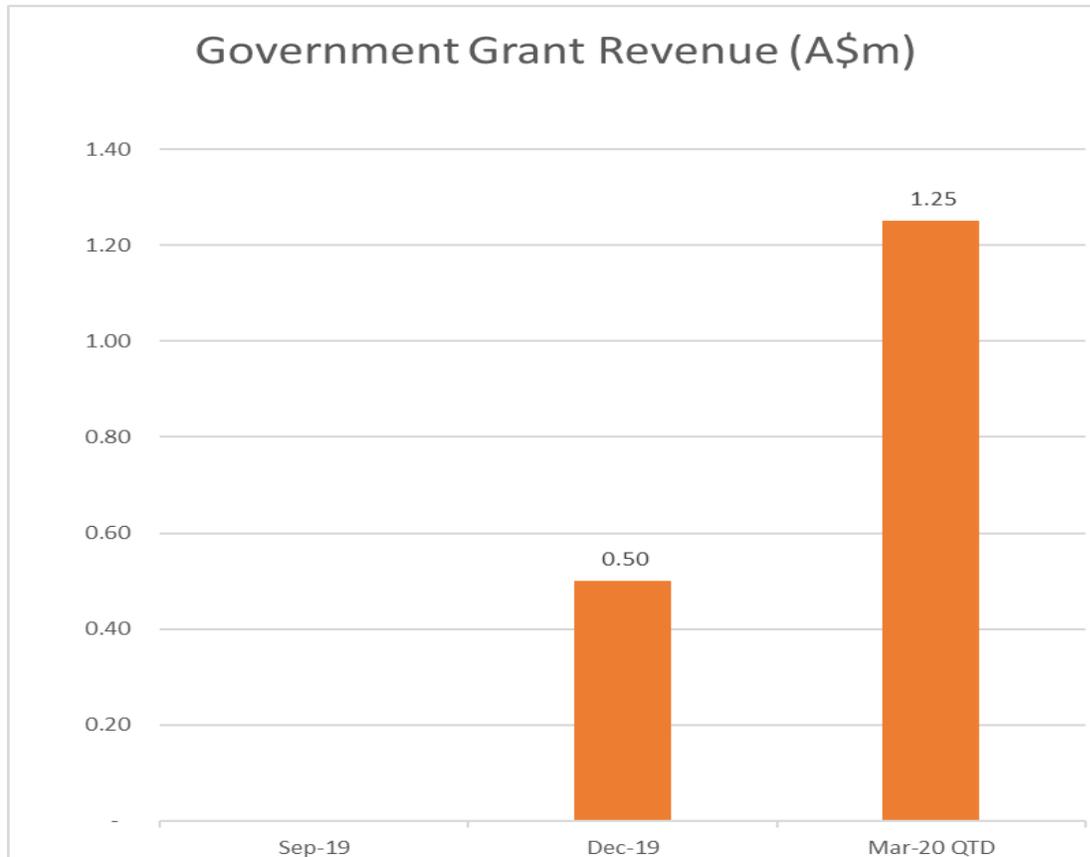


Table 4 reflects the revenue earned on the Government trial, in accordance with AASB 120 Accounting for Government Grants.

- As advised in PainChek’s last quarterly update, the revenue generated under the Federal Government grant is subject to AASB 120 Accounting for Government Grants, and accordingly PainChek’s revenue in relation to the trial will be recognized under that standard and is based on the achievement of contractual milestones.
- PainChek received the first \$500k from the Department of Health in December 2019 and accordingly recognized this amount as grant revenue in that month.
- The table includes the milestone payment of \$1.25 million to be invoiced and received in March 2020.
- The \$1.75 million in total grant revenue for the nine months to 31 March 2020 is in addition to subscription revenues of approximately \$200k to be recognized in the same period.

This ASX announcement has been approved for release by Philip Daffas, Managing Director.

ENDS

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.

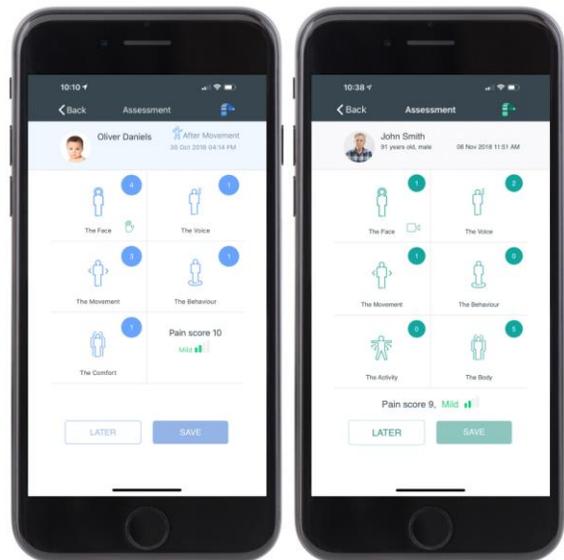
PainChek® is being rolled out globally in two phases: first, PainChek® for adults who are unable to effectively verbalise their pain such as people with dementia, and second, PainChek® for Children who have not yet learnt to speak.

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



PainChek® artificial intelligence assesses facial micro-expressions that are indicative of the presence of pain.



PainChek® domains of pain assessment that calculates pain severity score.