

PainChek Secures A\$5.5 million Convertible Note financing to support US sales expansion and working capital

Highlights

- Funding of \$5,500,000 to support USA sales expansion and general working capital
- 12 month maturity, each note convertible at \$0.195 and interest payable in cash monthly
- Noteholders may convert notes at any time before maturity
- Subject to the notes converting into shares in the Company and approval by shareholders, attaching free options will also be issued to the converting noteholders with one option for every two shares issued on conversion of notes

PainChek Ltd (ASX: PCK) (PainChek or the Company) is pleased to announce that it has entered into binding agreements to raise **A\$5.5 million** by way of the issue of **unsecured convertible notes (Convertible Notes or Notes)** to a small group of existing professional or sophisticated investor-shareholders. The support from these shareholders ensures that PainChek can maintain momentum in its North America expansion.

The funds raised will also assist the Company to focus on improving trading performance, executing key commercial initiatives with the objective of strengthening the Company's operating performance and share price.

PainChek CEO Philip Daffas said: *"We are pleased to have secured \$5.5 million in convertible note financing, providing PainChek with additional capital to accelerate our North American growth initiatives and broader commercial expansion strategy. Importantly, this comes at a pivotal time for the business following the landmark Sabra agreement covering 350 US aged care homes and access to Remote Therapeutic Monitoring reimbursement which complement our direct sales and channel partnerships in the US market."*

Key Terms of the Convertible Notes

A summary of the key terms of the Convertible Notes is set out below:

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| Aggregate principal amount | A\$5,500,000, issued in one tranche |
| Face value | A\$50,000 per convertible note |
| Minimum subscription | A\$100,000 per subscriber |
| Investors | A small group of key existing shareholders. |

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| Interest rate | 12% per annum, payable monthly in arrears until the Notes are redeemed. Additional interest of 2% per annum will apply on amounts that have been redeemed under the notes but remain unpaid by the Company, compounding daily. |
| Term / maturity | 12 months from the date of issue of the Notes. |
| Instrument | Unsecured convertible, redeemable and unlisted notes issued under a Convertible Note Deed Poll. |
| Transferability of Notes | Non-transferable except to related entities or associates of Noteholders who are either Professional or Sophisticated Investors (under the <i>Corporations Act 2001</i> (Cth)). |
| Conversion Price and Election | <ul style="list-style-type: none"> - Each Noteholder may elect to convert some or all of the Face Value of their Notes at any time at a fixed conversion price of \$0.195 per share. - Subject to compliance with the takeover provisions, Shares will be issued 5 business days after the Company receives a valid Conversion Notice (ie the 'Conversion Date'). - If conversion cannot occur due to the takeover provisions, the Company must first seek shareholder approval to the conversion. If approval is not given, the notes must be redeemed (during which period interest will continue to accrue). |
| Redemption | <p>The Notes may be redeemed:</p> <ul style="list-style-type: none"> - on maturity (ie 12 months from issue); - on the occurrence of an 'event of default'; or - in the event they cannot convert due to takeover restrictions and member approval to conversion is not given (as noted above). <p>'Events of default' refers to a limited class of items including customary insolvency events by the Company, unremedied breach of obligations under the Convertible Note Deed Poll, breach of limited warranties provided by the Company, the Company being delisted from the ASX or suspended for more than 5 days, the Company disposing of material assets or the ceasing or threatening to cease of the business (or a material part of the business) of the Company.</p> |
| Maximum shares on conversion | The maximum shares that may be issued under the Notes is 28,205,128 ordinary shares in the Company, which is within the Company's available 15% placement capacity under ASX Listing Rule 7.1. |
| Options | <p>In the event that a Conversion Notice is provided by the Noteholders and the Notes are converted into shares, the Company will call a general meeting of shareholders to seek shareholder approval to issue 1 option for every 2 conversion shares issued to the Noteholders.</p> <p>Each option will have an exercise price of \$0.30, and expire 12 months after issue. Subject to shareholder approval, up to 14,102,564 shares may be issued by the Company on the exercise of the options.</p> |

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| | <p>In the event that:</p> <ul style="list-style-type: none"> - the shareholders do not approve the issue of the options; and - the volume weighted average share price calculated with respect to the 10 trading days after the Conversion Date exceeds the option exercise price of \$0.30, <p>then the Company will pay the Noteholders the difference in cash multiplied by the number of options that would have otherwise been issued by the Company.</p> <p>In the event that the VWAP share price is below the option exercise price and the shareholders determine to vote against the issue of options then no amount would be payable to Noteholders and no options will be issued to Noteholders.</p> |
| Pre-emptive rights | Noteholders have the right to participate, on equivalent terms, in any future private placement, if priced below \$0.195 per share, up to their aggregate note Face Value. |
| Use of Funds | Expansion of sales and marketing activities in the USA General working capital purposes |
| Restriction on Company activities | In connection with the issue of the Notes, the Company is, amongst other matters, restricted from incurring additional financial indebtedness, granting security over assets, paying dividends or returning capital to shareholders, materially changing its business and providing financial accommodations, guarantees or loans outside the ordinary course of business. |

ASX Listing Rule Compliance

The issue of the Convertible Notes and the maximum number of ordinary shares that may be issued on conversion fall within the Company’s available placement capacity under ASX Listing Rule 7.1.

This announcement has been approved for release by the Board.

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About PainChek

[PainChek®](#) is the world’s first regulatory-cleared medical device for the assessment of pain, enabling best-practice pain management for people living with pain in any environment, from those who cannot reliably self-report their pain, those who can, and for those whose ability to self-report their pain fluctuates.

The PainChek® app is available on smartphones and tablets and combines PainChek’s AI pain assessment tool, which intelligently automates the multidimensional pain assessment process, with the Numerical Rating Scale (NRS). This hybrid functionality allows accurate, consistent pain assessment at the point of care, and for care to be considered in PainChek’s detailed reporting suite, PainChek® Analytics.

Globally, PainChek® has attained regulatory clearance as a medical device in Australia, Canada, the European Union, New Zealand, Singapore, Malaysia, and the United Kingdom, with FDA review in the United States currently in progress.

PainChek® has contracts with over 2,000 aged care facilities, with more than 20,000,000 digital pain assessments conducted to date, and is trusted by thousands of nurses, carers, and clinicians.

PainChek® is setting a new benchmark for pain assessment. Being the first TGA-approved and FDA-cleared medical device for pain assessment, PainChek® combines AI and Human Intelligence to detect pain in people who cannot reliably self-report.

With over 19 million assessments completed globally, PainChek hosts the richest pain dataset, which is redefining how care teams understand, assess and manage pain. The technology is clinically backed and enables evidence-based pain assessment at the point of care, allowing for faster intervention and better outcomes.

Actionable insights can be derived from PainChek's real time dashboards and comprehensive reporting structures, ensuring quality, transparency and accountability at all levels; from RNs to Executives and Boards. PainChek® is leading the Future of Pain Assessment - Today.

Using PainChek®, facilities can:

- Ensure greater consistency, continuity, and diagnostic certainty in pain assessment and management by decreasing subjectivity and removing unintentional assessor bias
- Streamline the pain assessment process for time-poor carers, with access to the PainChek® tool, the NRS, pain trends, and charting in one solution
- Simplify record-keeping and documentation to demonstrate compliance and support funding claims, with all historical pain assessment data in one place
- Enhance engagement with GPs and allied healthcare professionals

Clinical studies conducted in Australian and UK residential aged care have been published in various peer-reviewed journals including the [Journal of Alzheimer's Disease](#). An article in [BMC Geriatrics](#) indicates that PainChek® is a valid and reliable instrument to assess the presence and severity of pain in people with moderate-to-severe dementia living in aged care. Further information on clinical studies can be found [here](#). PainChek® has successfully supported accurate pain assessment and management for thousands of adults worldwide living with dementia, disability, or other conditions impacting their ability to self-report pain. Building on the success of this technology, the clinically validated [PainChek® Infant app](#) identifies and detects six facial action units indicative of pain in infants aged one month to 12 months.

The need for PainChek as a best-practice pain management solution also extends to older people living at home and with access to home care packages that enable long-term home living. PainChek is expanding into home care by partnering with home care and disability service providers.

For more information, visit: <https://painchek.com>

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