



## HomeStay signs exclusive distribution agreement

15 July 2019

- **Binding Heads of Agreement appoints HomeStay Care as exclusive reseller of healthcare associated solutions for Essence APAC in Australia, New Zealand, and Singapore**
- **Agreement accelerates HomeStay's go-to-market strategy by securing the exclusive license and existing revenues in the Territory and the potential for channel partners to acquire product through HomeStay**
  - Existing and pipeline Essence APAC revenues will transfer to HomeStay from 10 July 2019, providing a near term step up in revenues
  - Essence APAC generated FY19 healthcare solutions revenue of A\$1.94m
- **Essence APAC is a Queensland-based technology company which develops software and imports high quality solutions from the Essence Security International Ltd (Israel technology company)**
- **HomeStay utilises the Essence APAC Solutions to configure its intelligent homes solution and will now be the exclusive reseller of the Essence APAC devices for healthcare-associated applications**
- **Establishes security for HomeStay in the supply chain of its technology solution, creating synergistic benefits through shared costs and sales teams**
- **Essence APAC to provide ongoing support services to HomeStay including executive sales, technical, logistics and advisory support services**

Healthcare technology provider **HomeStay Care Limited** (ASX: HomeStay or Company) has entered into a binding Heads of Agreement (Agreement) with Automation Australia Pty Ltd trading as Essence APAC (Essence APAC) to become their exclusive reseller of healthcare associated solutions in Australia, New Zealand and Singapore (Territory).

The Agreement accelerates HomeStay's go-to-market strategy and will potentially result in a near-term step up in revenues due to existing and pipeline Essence APAC revenues transferring to HomeStay from 10 July 2019. It gives HomeStay the exclusive right to market, distribute and sell all Essence APAC healthcare associated solutions, including Essence Group healthcare-associated hardware, software solutions and peripherals.

Essence APAC is a technology distribution and development company that is the owner and licensee for a range of healthcare associated solutions within the Asia-Pacific region (Essence APAC Solutions). This suite of 'smart living' solutions includes a wide range of technology such as discreet personal emergency systems, motion, magnetic and thermal sensors that analyse the activities of daily living. These products interface with the HomeStay software platform to provide daily dashboard reporting and connectivity to family and carers. The combination of robust hardware and connective real time data reporting enables safer, independent living for older people and those living with disability who want to stay living in their own home. Essence APAC is an exclusive distributor in Asia-Pacific of health, safety, automation and security solutions for Essence Security International Ltd (Israel technology company). Essence APAC also owns all rights to key integration software solutions required for the Essence Group platforms to communicate to local monitoring services. In FY19 Essence APAC generated healthcare solutions revenue of A\$1.94 million in the health, aged care and disability sectors.



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Essence Security International Ltd is a privately held, global company, founded in 1994 by its Chairman and CEO, Dr Haim Amir. Over the past 25 years, Essence Security International Ltd has built an impressive installed base, with 30 million systems deployed and used by Tier-1 service providers worldwide. Essence Security International Ltd is committed to developing and supporting solutions that both enhance partners' businesses and enable people to live a fuller and better life.

HomeStay currently uses Essence APAC technology in its Intelligent Home solution, in particular the home monitoring sensors and emergency pendant that detect movement (or lack of movement) in the home and provide access to emergency services via the hub and call centre. This Agreement secures HomeStay's access to product supply in Australia and creates an opportunity to expand its offering within the Asia-Pacific region further. The Essence APAC team will continue to work closely with HomeStay to provide ongoing executive sales, advisory, technical and logistics support services at agreed commercial rates.

The synergies of these services will provide better efficiencies to HomeStay's operations and cost reductions.

Pursuant to the Agreement, HomeStay will pay Essence APAC a 4% royalty on all sales generated. To retain exclusivity, HomeStay must purchase a minimum of US\$1 million per annum of Essence APAC during the three-year term.

The Agreement enables HomeStay to capitalise on the traction made by Essence APAC in the aged care sector in the Territory and expand healthcare offerings further in the disability sector. HomeStay will continue to supply technical support to all current customers including the additional Essence APAC clients, resellers and partners in line with Essence APAC's current pricing structure. As the exclusive licensee of Essence APAC, HomeStay will purchase products via Essence APAC at wholesale rates plus an agreed mark-up.

HomeStay recently launched its webstore which provides a digital platform for all customers, making seamless purchasing of an expanded catalogue of products and solutions possible. These solutions can be integrated with HomeStay Connect Apps and other services, as applicable. HomeStay looks forward to expanding products available on the webstore further as part of making more Essence APAC Solutions available for purchase online over the coming weeks.

CEO of HomeStay, **Philippa Lewis** said, "We are pleased to be appointed the exclusive Licensee for Essence APAC. This is a strategic opportunity for HomeStay, opening new markets and working with an experienced successful team. We look forward to working closely with Essence APAC to rapidly integrate their customers and to expand the HomeStay business. We are particularly excited to be accessing the Essence APAC solutions, expanding specialised products to the healthcare, aged care and disability sectors. This agreement provides the foundation into new markets as well as potential revenue growth.

"The demand for our technology is growing and our relationship with Essence APAC is pivotal in securing expanded footprint across the multiple verticals. This agreement will further our objective to provide greater choice to our customers who seek smart-care solutions, that make a meaningful impact on their safety, wellness and independence."

Essence APAC Managing Director, **Graham Russell** said, "We are excited to be working with such an innovative company like HomeStay. We look forward to expanding our sales and marketing reach to allow more elderly and disabled people to live independently in their own home for longer. I feel this



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deal will bring a greater level of support to our existing resellers and clients, as well as offer them access to further HomeStay solutions.”

The attached Appendix provides details of the Agreement.

- ENDS -

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### About HomeStay

The HomeStay Intelligent Home platform allows elderly Australians to live independently in their own home for longer. It uses data analysis, as well as human monitoring, to determine residents' routines and detect anomalies. These early insights allow for better decision-making by care providers and families, allowing more focused service, minimising unnecessary care and facilitating welfare checks in a more responsive manner.

HomeStay helps protect and connect our elderly and people with disabilities with a scalable healthcare technology platform that allows them to live in their homes for longer.

For more information please visit, <https://homestay.care/products/>



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## Appendix – Material terms of the Agreement

In accordance with ASX guidelines, HomeStay provides the following information:

Description of the Agreement	A binding heads of agreement has been entered into setting out the commercial terms for the appointment of HomeStay as the licensee and exclusive reseller of Essence APAC Solutions in the Territory. The parties agree to finalise formal agreements within 180 days, unless extended by mutual agreement.
Material terms of the Agreement	<ul style="list-style-type: none"> <li>- HomeStay will be appointed as the licensee and exclusive reseller of Essence APAC Solutions in the Territory with effect from 10 July 2019.</li> <li>- The initial term of the Agreement is 3 years. The term may be expanded by further periods of 12 months on written notice by HomeStay not less than 6 months before the expiry of the term.</li> <li>- Essence APAC must provide agreed ongoing executive sales, advisory, technical and logistics support services to HomeStay at agreed commercial rates.</li> <li>- HomeStay must continue to supply Essence APAC Solutions, training and technology support to all current Essence APAC customers including the additional clients, resellers and partners.</li> <li>- In consideration of appointment as exclusive licensee, HomeStay must pay a monthly licence fee based on an agreed 4% of gross revenue received from sales of Essence APAC Solutions, including any online sales generated under HomeStay brand/website. The monthly fee will be capped at A\$75,000 per month after the first 12 months. In addition, HomeStay agrees to pay a licence fee based on an agreed percentage of gross invoiced sales of comparable products if it</li> </ul>



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	<p>uses devices other than the Essence APAC Solutions during the term.</p> <ul style="list-style-type: none"> <li>- HomeStay agrees to grant the following options, subject to shareholders approval, execution of formal agreements and receipt of any regulatory approvals: <ul style="list-style-type: none"> <li>o Tranche 1: 12,000,000 options (A\$0.04; 3 years) vesting on HomeStay receiving at least A\$4 million invoiced revenue attributable to sales of Essence APAC Solutions during the Term and the formal agreement remaining in full force and effect at time of satisfaction of revenue target;</li> <li>o Tranche 2: 12,000,000 options (A\$0.06; 3 years) vesting on HomeStay receiving at least A\$6 million invoiced revenue attributable to sales of Essence APAC Solutions during the Term and the formal agreement remaining in full force and effect at time of satisfaction of revenue target;</li> <li>o Tranche 3: 12,000,000 options (A\$0.08; 3 years) vesting on HomeStay receiving at least A\$8 million invoiced revenue attributable to sales of Essence APAC Solutions during the Term and the formal agreement remaining in full force and effect at time of satisfaction of revenue target;</li> </ul> <p>Essence APAC may terminate the agreement without cause by giving 60 days' notice if the shareholder and/or regulatory approvals are not granted for the above options at the first or subsequent general meeting of HomeStay shareholders held after the execution of the formal agreement.</p> </li> <li>- In order to maintain exclusivity in the Territory in respect of the appointment as a reseller of the Essence APAC healthcare related products, HomeStay must purchase a minimum value of USD1,000,000 annually</li> </ul>
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	<p>of Essence Group hardware products from Essence APAC during the term.</p> <ul style="list-style-type: none"> <li>- During the first 12 months of the term, either party may propose termination of the agreement with 30 days' written notice. The parties must meet within 14 days' of receipt of such notice to attempt to negotiate in good faith a potential resolution of issues outlined in notice of termination, following which the parties have a further period of 30 days to resolve matters.</li> <li>- Either party may terminate the agreement without cause on 90 days notice.</li> <li>- Either party shall have the right to terminate the Agreement in its sole and absolute discretion on or before 9 July 2020 after completion of a 12-month gateway review.</li> <li>- During the term, HomeStay has a first right of refusal to acquire Essence APAC in the event of a reconstruction transaction, other than in relation to a change in holding between existing Essence APAC management team and principals.</li> <li>- The Agreement provides for confidentiality, representations and warranties, non-compete and indemnities provisions typical for an agreement of this nature.</li> </ul>
Significance of the Agreement	<p>This Agreement provides for an exclusive licence to Essence APAC Solutions in the Territory. This secures HomeStay's access to product supply in Australia and creates an opportunity to further expand its offering.</p> <p>The Agreement has a material financial impact on HomeStay with the potential generation of revenue via sale of Essence APAC Solutions in the Territory. The product offering is a tiered offering with different levels of subscription. The annual revenue value of the Agreement may potentially be approximately \$1,500,000 after payment of royalty and service charges to Essence APAC, assuming that sales can be</p>



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	generated at levels similar to those achieved by Essence APAC in FY19 in the Territory.
Other material information relevant to assessing the impact of the Agreement on the price or value of HomeStay securities	There is no other material information

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