

2 April 2020

ASX ANNOUNCEMENT

IMPEDIMED LIMITED ANNOUNCES A\$24.9 MILLION NON-RENOUNCEABLE ACCELERATED ENTITLEMENT OFFER

Brisbane, Australia and Carlsbad, Calif. – ImpediMed Limited (ASX: IPD) (**ImpediMed** or the **Company**), a medical software technology company that non-invasively measures, monitors and manages fluid status and tissue composition using bioimpedance spectroscopy (**BIS**), today announces a non-renounceable accelerated entitlement offer of 13 new shares for every 10 shares at a price of A\$0.0375 per share to raise up to approximately A\$24.9 million (**Entitlement Offer**). Participants in the Entitlement Offer will also receive 1 free unquoted option for every 1 new share subscribed for. The institutional component of the Entitlement Offer is underwritten for approximately \$8.0 million, with additional pre-commitments for approximately \$2.0 million. The retail component is not underwritten.

Use of funds

The funds raised from the Entitlement Offer will be used towards:

- Commercialisation and reimbursement of lymphoedema application in the US market;
- Commercialisation of heart failure application;
- Development and commercialisation of renal failure application;
- Data and software enhancements;
- Clinical trials; and
- General working capital purposes.

The shares issued under the Entitlement Offer will be issued on the same terms as, and will rank equally with, the existing shares of ImpediMed. The issue price of A\$0.0375 per new fully paid ordinary share in the Company (**Share**) represents:

- a 23.7% discount to the 10-day volume weighted average price (**VWAP**); and
- a 54.5% discount to the 30-day VWAP.

The Entitlement Offer is described in more detail below. A Company update is also included below.

Company Update

COVID-19

The Company has been monitoring the COVID-19 situation and taking advice in relation to the outbreak to ensure the health and safety of the Company's people, customers and other stakeholders and to mitigate the potential impacts on the business.

The Company has not to date experienced any material adverse impact from COVID-19, and in particular, the Company has not experienced delays in placement of new devices with customers. Nonetheless, the Company has been closely monitoring the situation, having regard to any uncertainty relating to the future potential effect of COVID-19 on business.

In the short term, the restrictions in the United States in response to the spread of the COVID-19 virus is likely to impact the Company, including its ability to access hospitals or clinics for the purposes of selling its products and to supply its products from its primary distribution facilities. The related financial impact of the coronavirus, however, cannot be reasonably estimated at this time.

Company Guidance

ImpediMed's operating performance in the third quarter of FY2020 has been broadly in line with Company expectations. The Company anticipates:

- Total revenue is expected to be within a range of A\$1.5 - 1.8 million;
- Contracted Revenue Pipeline (**CRP**) is expected to be up ~20%+ from the December 2019 quarter to within a range of A\$11.5 – 12.0 million;
- Annual Recurring Revenue (**ARR**) is expected to be up ~29%+ from the December 2019 quarter to within a range of A\$5.4 – 5.6 million; and
- Net Operating Cash outflow for the third quarter of FY2020 is expected to be within a range of A\$5.6 – 5.8 million, which is above the range of A\$4.8 – 5.2 million, primarily due to unrealised negative FX movements, cash receipts being at the low end of the range and some additional clinical trial and statistical data analysis spend.

Net Operating Cash outflow for the fourth quarter of FY2020 is expected to be within a range of A\$4.8 – 5.2 million, driven by higher cash receipts, cost reduction measures and decreased clinical trial spend.

The Company notes that with reduced frequency of cancer patients visiting hospitals during the COVID-19 situation, the actual number of tests performed is expected to decline. However this will not impact revenues as the Company's business is primarily delivered by subscription based Software as a Service (**SaaS**) model, which provides a level of surety with respect to monthly recurring revenues.

While any deviation from guidance previously provided is expected to be modest if at all, as a result of the escalation of measures taken by governments around the world, as well as the Company's customers, to prevent further spread of the virus, and the corresponding slowdown in economic activity, the Company believes it is prudent to note that it is unable to confirm FY2020 guidance at this time.

Consistent with many other companies during this time, ImpediMed has and will continue to take significant cost reduction measures, including:

- CEO cash salary temporarily reduced by an additional 30% (that is, in addition to the current program where CEO cash compensation has been reduced by 20% stock in lieu of cash, a total cash reduction of 50%).
- Executives' cash salaries temporarily reduced by an additional 10% (that is, in addition to the current program where cash compensation has been reduced by 20% stock in lieu of cash, a total cash reduction of 30%).
- Non-Executive Directors' fees will be reduced by 25%. As the Non-Executive Directors are currently paid in stock, the base fee used to calculate the number of Shares issued each quarter will be reduced in each case by 25%.
- Further staged reductions, if necessary, may also be made based on management's review of deteriorating business conditions during the COVID-19 situation.
- The restoration of compensation would be subject to Board approval, but these actions will remain in place while the COVID-19 situation continues to impact the United States healthcare market.

Additional Disclosure

The Company has received a letter from the U.S Securities Exchange Commission (**Commission**) advising that it had concluded its non-public, fact-finding inquiry in relation to a revenue recognition impairment in FY2018 (as previously announced to the ASX on 27 June 2019). The Commission does not intend to recommend an enforcement action by the Commission against the Company based on the information the Commission had as of the date of the letter.

The Company is in early discussions with a variety of counterparties to explore different opportunities. These vary from a joint development agreement, a licence agreement and a sales and marketing agreement.

Separately, from time to time, the Company is also approached by parties seeking some access to information to conduct due diligence on the Company.

At this stage, all such discussions are preliminary only and there is no assurance that any transaction with any counterparty will eventuate.

"Momentum in the Company continues to build and the pipeline of opportunities has never been more exciting," said Richard Carreon, Managing Director and CEO of ImpediMed. "The Lymphoedema Prevention Program is making an impact on patient's lives and driving the uptake of SOZO. In the coming months, we expect the 2-year PREVENT and Meta-Analysis manuscripts will be published and the Company will launch Version 3.1 of our software with Heart Failure and Renal applications. Additionally, we will release an iOS Version of SOZO after an inquiry from a major large U.S. oncology care network. COVID-19 will be a challenge for businesses, but with the SOZO SaaS platform, ImpediMed is well placed to execute on the opportunities at hand."

Entitlement Offer

Eligible ImpediMed shareholders will be invited to subscribe for 13 new Shares for every 10 Shares at a price of A\$0.0375 per Share to raise approximately A\$24.9 million (**Entitlement Offer**). For every 1 new Share subscribed for under the Entitlement Offer, participants will be entitled to receive 1 free unquoted option, at an exercise price of \$0.0375 and expiring on 31 March 2021 (**New Option**). The Entitlement Offer is non-renounceable. Accordingly, entitlements do not trade on ASX, nor can they be sold, transferred or otherwise disposed of.

The Entitlement Offer is comprised of an institutional component of approximately A\$10.0 million which is underwritten to approximately \$8.0 million with additional pre-commitments of approximately \$2.0 million (**Institutional Entitlement Offer**) and a non-underwritten offer to retail shareholders (**Retail Entitlement Offer**). A maximum of up to approximately 664,364,099 Shares and the same number of New Options will be issued under the Entitlement Offer.

The terms and conditions of the New Options are set out in the prospectus issued by the Company today in connection with the Entitlement Offer (**Prospectus**).

The Entitlement Offer is jointly managed by Canaccord Genuity (Australia) Limited and Wilsons Corporate Finance Limited (**Joint Lead Managers**). Morgans Financial Limited is acting as a co-manager.

Institutional Entitlement Offer

- The Institutional Entitlement Offer is partially underwritten by the Joint Lead Managers (to approximately \$8.0 million). The underwriting agreement includes a number of termination events, as described in the Prospectus.
- ImpediMed expects to announce the outcome of the Institutional Entitlement Offer (including an institutional shortfall bookbuild) to the market prior to the start of trading on Friday, 3 April 2020, with trading expected to recommence at commencement of trading on ASX on Friday, 3 April 2020.

Retail Entitlement Offer

- Eligible Retail Shareholders (defined below) will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer. The Retail Entitlement Offer will open at 9:00am (Sydney time) on 9 April 2020 and will close at 5:00pm (Sydney time) on 22 April 2020.
- The Retail Entitlement Offer will be made to all shareholders (**Eligible Retail Shareholders**) who:
 - are registered as holders of shares as at 7.00 pm (Sydney time) on Monday, 6 April 2020 (**Record Date**);
 - have a registered address on ImpediMed's share register in Australia or New Zealand;
 - are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States;
 - were not invited to participate in the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
 - are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.
- Shareholders with a registered address outside Australia or New Zealand are considered ineligible shareholders and cannot participate in the Retail Entitlement Offer.

The Company acknowledges that the Entitlement Offer involves a relatively large offer ratio. Nonetheless, the Company believes that, in all the circumstances, the structure of the Entitlement Offer is necessary to secure the underwriting and maximise the prospect of the success of the Entitlement Offer and is in the interest of the Company's shareholders.

Further details of the effect of the Entitlement Offer on ImpediMed and the key risks associated with an investment in ImpediMed are set out in the Prospectus.

Timetable for the Entitlement Offer

Event	Date
Trading halt	Monday, 30 March 2020
Announcement of Entitlement Offer; lodgement of Prospectus with ASIC and ASX; opening of Institutional Entitlement Offer	Thursday, 2 April 2020
Institutional Entitlement Offer closes	Thursday, 2 April 2020
Announcement of results of Institutional Entitlement Offer	Friday, 3 April 2020
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Friday, 3 April 2020
Record Date to determine entitlement to participate in the Entitlement Offer	7:00pm, Monday, 6 April 2020
Dispatch Prospectus and personalised entitlement and acceptance forms ; Retail Entitlement Offer opens	Thursday, 9 April 2020
Settlement of Institutional Entitlement Offer	Thursday, 9 April 2020
Issue of Shares and New Options under Institutional Entitlement Offer	Tuesday, 14 April 2020
Retail Entitlement Offer closes	5:00pm, Wednesday, 22 April 2020
Advise ASX of results of Retail Entitlement Offer	Monday, 27 April 2020
Issue of Shares and New Options under Retail Entitlement Offer	Wednesday, 29 April 2020
Shares under Retail Entitlement Offer commence trading on ASX on a normal basis	Thursday, 30 April 2020
Dispatch of holding statements	Friday, 1 May 2020

ImpediMed, with the consent of the Joint Lead Managers, reserves the right to amend any or all of these dates and times, subject to the Corporations Act 2001 (Cth) (**Corporations Act**), the Listing Rules and other applicable laws and regulations. ImpediMed reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date may have a consequential impact on the date that new shares are issued. Applicants are encouraged to submit their acceptance forms as soon as possible after the Retail Entitlement Offer opens. All times are Sydney, Australia time unless otherwise indicated.

Authorised for release by the Board of Directors of ImpediMed Limited

Enquiries

Further details about the Retail Entitlement Offer are contained in the Prospectus. Eligible Retail Shareholders should read the Prospectus carefully before making any investment decision regarding the Retail Entitlement Offer.

For further information regarding the Entitlement Offer, please call the Entitlement Offer Information Line on 1300 131 543 (within Australia) or +61 1300 131 543 (outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days during the offer period for the Entitlement Offer.

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About ImpediMed

Founded and headquartered in Brisbane, Australia with US and European operations, ImpediMed is a medical software technology company that non-invasively measures, monitors and manages fluid status and tissue composition using bioimpedance spectroscopy (**BIS**).

ImpediMed produces a family of FDA cleared and CE Marked medical devices, including SOZO® for multiple indications including heart failure, protein calorie malnutrition and lymphoedema, sold in select markets globally.

For more information, visit www.impedimed.com.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management.

All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to our ability to expand sales and market acceptance in the US and Australia including our estimates of potential revenues, costs, profitability and financial performance; our ability to develop and commercialize new products including our ability to obtain reimbursement for our products; our expectations with respect to our clinical trials, including enrolment in or completion of our clinical trials and our associated regulatory submissions and approvals; our expectations with respect to the integrity or capabilities of our intellectual property position.

Management believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. ImpediMed does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. ImpediMed may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Not for distribution or release in the United States

None of the information in this announcement constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this announcement nor the Prospectus (or any part of it) or the entitlement and acceptance form to be released in connection with the Retail Entitlement Offer, may be released or distributed directly or indirectly, to persons in the United States.

The entitlement to participate in the Entitlement Offer and the new Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The entitlement to participate in the Entitlement Offer may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the new Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction in the United States.