28 October 2021

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT

APPENDIX 4C – Quarter Ended 30 September 2021 (Q1 FY'22)

ImpediMed Limited (ASX.IPD) today released its Appendix 4C – Quarterly Cash Flow report for the period ended 30 September 2021. A summary of the quarterly results was released on 27 October 2021 as part of the Capital Raising Presentation.

Highlights

Quarterly Results

- Total Revenue for Q1 FY'22 of $2.6 million, +71% on the previous corresponding period (pcp).
- Record quarter for SOZO® Revenue for Q1 FY'22 of $2.5 million, +76% pcp.
- Record quarter for cash receipts of $2.5 million.
- Largest US customer renewed SOZO agreement for an additional 3 years, integrating SOZO into their EPIC EHR system.
- Corporate Accounts:
  - ICON Group contract for initial 13 units.
  - Advocate Aurora Health imitated Heart Failure program.

Subsequent Events

- PREVENT Results Released:
  - Primary endpoint met with statistical and clinical significance achieved.
- AstraZeneca (AZ) contract extension and expansion – estimated value of over $500k in additional revenue to be recognised in coming quarters.
- Capital Raising:
  - $35 million Placement to new and existing institutional and sophisticated investors, increasing the pro forma cash balance to approximately $48 million, net of fees.
  - Sufficient capital raised to achieve breakeven while still allowing for investment in key growth initiatives.
  - Additional $5 million Share Purchase Plan (SPP) announced for eligible shareholders.

Revenue Summary:

- Total Revenue for Q1 FY'22 of $2.6 million, +71% pcp (Q1 FY'21: $1.5 million) and +1% quarter over quarter.
- Record quarter for SOZO® Revenue for Q1 FY'22 of $2.5 million, +76% pcp (Q1 FY'21: $1.4 million) and +8% quarter over quarter.
- Record quarter for SOZO SaaS Revenue for Q1 FY'22 of $2.1 million, +95% pcp and +10% quarter over quarter.
  - SOZO SaaS Revenue of $1.3 million from Core Business[i].
  - SOZO SaaS Revenue of $0.8 million from Clinical Business[ii].

Cash Flow Summary:

- Cash on hand as at 30 September 2021 of $15.4 million.
- Record quarter for cash receipts from customers of $2.5 million.
- Net operating cash outflows for the quarter of $3.3 million.
- Related Parties: During the quarter, the Company Directors received a combination of cash remuneration, as well as issued shares as equity-based remuneration in lieu of cash, as described in Item 6 of the Appendix 4C.
- These payments to directors consisted of cash payments of $63,000 as well as $89,000 in Directors' fees accrued and unpaid at 30 September 2021 related to equity-based remuneration.

Operational Summary and Key SaaS Metrics:

- Patient Tests of over 36,500 recorded in Q1 FY'22, +33% pcp. Patient tests were down -4% quarter over quarter as COVID-19 Delta variant related shutdowns in Australia and the US impacted testing in the quarter. The Company expects testing growth to resume later in the quarter with the lifting of lockdowns in Australia and US COVID-19 cases falling.
- Annual Recurring Revenue[iii] of $9.0 million, +50% pcp and +3% quarter over quarter.
    - ARR of $6.8 million from Core Business.
    - ARR of $2.2 million from Clinical Business.
- Contracted Revenue Pipeline[iv] of $14.5 million, +10% pcp and flat quarter over quarter.
- Total Contract Value (TCV[v]) of $2.1 million signed in Q1 FY'22.
- Over 90%+ gross margins on SaaS Revenue.
- Churn Rate remains negligible at just 2%.
    - Renewal Rate of 100% on contracts up for renewal during the quarter.
- 51 new SOZO devices sold in Q1, totaling more than 810 SOZO units sold since launch.
    - Strong progress despite headwinds from COVID-19.
    - 1 additional unit and 3 contract renewals for NCCN Member Institutions.
    - The University of Kansas, our largest US customer, renewed their SOZO agreement for an additional three (3) years. As part of the agreement, they will also be integrating SOZO readings into their EHR.
    - ICON Group contract for initial 13 units.
    - Advocate Aurora Health initiated Heart Failure program.
    - *SOZO units sold do not include units supplied in the Clinical Business.*

Subsequent Events

PREVENT Results

- Prevent results released on medRxiv.org. Preprint manuscript can be found at:
    - https://www.medrxiv.org/content/10.1101/2021.10.12.21264773v1
- Primary endpoint met with statistical and clinical significance achieved.
- In patients with early detection using L-Dex, intervention resulted in a 7.9% rate of chronic lymphoedema compared to a 19.2% rate of chronic lymphoedema in patients with early detection using tape measure (p=0.016).
- This represents an absolute reduction of 11.3% and relative reduction of 59%.
- The paper concluded that these statistically significant results demonstrate that bioimpedance spectroscopy (BIS) screening should be a standard approach for prospective breast cancer-related lymphoedema surveillance.

AstraZeneca Contract Extension and Expansion

- AstraZeneca extends and expands a Phase II trial in patients with heart failure and chronic kidney disease.
- The extension and expansion of the trial will generate an estimated value of over $500k in additional revenue to be recognised in coming quarters.

- In total, the contracts are expected to generate over $5.0 million in revenue across the trials. The Company recognised $1.8 million in revenue under these contracts in FY'21. The remainder of the revenue will be recognised throughout FY'22 and FY'23.
- To date, a purchase order has been received. Additional details under the agreement will be released upon final execution of the contract addendum.

Capital Raising

- $35 million Placement to new and existing institutional and sophisticated investors, increasing the pro forma cash balance to approximately $48 million, net of fees.
- Sufficient capital raised to achieve breakeven while still allowing for investment in key growth initiatives including:
    - product enhancement of the SOZO II digital health platform, including weight scales and improved electronics for renal and heart failure;
    - data and software enhancements including corporate account development such as electronic health record integration and heart failure programs; and
    - the development and commercialisation of renal failure application, including end stage renal disease clinical trial and US FDA clearance.
- $5 million Share Purchase Plan (SPP) announced:
    - Despatch of SPP offer booklet and SPP offer period opens 3rd November 2021
    - SPP offer closes 11 November 2021.
    - Shareholders are able to subscribe to a maximum of $30,000 of new shares at $0.1525 per share, in line with the Placement offer.
    - Allocation will be subject to scale back if aggregate subscriptions exceed $5 million.
    - Refer to the offer booklet for details.

"We continue to achieve record quarters for SOZO Revenue, in the face of the ongoing global pandemic. Despite these headwinds, we continue to expand engagement with key corporate accounts and now also have our first heart failure pilot program launched," said Richard Carreon, Managing Director and CEO of ImpediMed.

"We are very pleased with the results of the PREVENT Trial and continue to learn more as we further analyse the findings. When the peer-reviewed paper is published, this will expand the opportunity for providers to be reimbursed for L-Dex® testing, which we believe will result in a significantly wider and quicker adoption of our SOZO® technology," he continued.

Approved for release by the Managing Director and CEO, Mr Richard Carreon.

Investor Conference Call and Annual General Meeting

The Company held a conference call on 19 October 2021 to discuss the PREVENT Trial results. A link to the conference call can be found here:
https://www.impedimed.com/wp-content/uploads/2021/10/Impedimed-PREVENT-Trial-Results-Investor-Conference-Call-10017561-191021-1.mp3

The Company looks forward to engaging with shareholders at the upcoming 2021 Annual General Meeting (AGM) for ImpediMed Limited, which is being held as a virtual event on Wednesday 10 November 2021 at 9.00am AEDT.

Details on how to participate in the AGM are outlined in the Notice of Meeting and in the Online Meeting Guide. These documents are available at:
https://www.impedimed.com/about/investors/corporate-governance/

Contact Details

Investor Relations Contact:
Mike Bassett, ImpediMed
T : +61 407 431 432
E: mbassett@impedimed.com

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, lymphoedema, and protein calorie malnutrition, 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 commercialise 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.

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[i] The **Core Business** refers to the commercialisation efforts from the Company's core strategic focus areas. To date, this primarily includes revenue from SOZO contracts in the Oncology market.

[ii] The **Clinical Business** refers to revenue generating contracts related to clinical trials. These contracts are often finite in nature, as they relate to clinical trials with specific end dates.

[iii] **Annual Recurring Revenue (ARR):** The amount of revenue reasonably expected to be booked for the next 12-month period based on existing signed contracts, and assuming installation upon sale.

[iv] **Contracted Revenue Pipeline (CRP):** Future period revenue amounts related to TCV that are yet to be reported as recognised revenue.

[v] **Total Contract Value (TCV):** Total value of customer contracts including one-time and recurring revenue.

- *All FY'22 revenue and cash flow numbers are unaudited.*
- *CRP, ARR and TCV are non-IFRS financial metrics that do not represent revenue in accordance with Australian Accounting Standards.*
- *All figures are stated in Australian dollars (AUD) unless otherwise notated.*

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
ImpediMed Limited	
ABN	**Quarter ended ("current quarter")**
65 089 705 144	30 September 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,464	2,464
1.2	Payments for		
	(a) research and development	(222)	(222)
	(b) product manufacturing and operating costs	(678)	(678)
	(c) advertising and marketing	(255)	(255)
	(d) leased assets	-	-
	(e) staff costs	(4,971)	(4,971)
	(f) administration and corporate costs	(1,469)	(1,469)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,791	1,791
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(3,336)**	**(3,336)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(1,267)	(1,267)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(1,267)**	**(1,267)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(101)	(101)
3.10	**Net cash from / (used in) financing activities**	**(101)**	**(101)**

Item 3.9: Cash outflows relate to the Implementation of AASB 16 Leases for the Group's premises leases.

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	19,681	19,681
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,336)	(3,336)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,267)	(1,267)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(101)	(101)
4.5	Effect of movement in exchange rates on cash held	413	413
4.6	**Cash and cash equivalents at end of period**	**15,390**	**15,390**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	5,561	8,182
5.2	Call deposits	9,829	11,499
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**15,390**	**19,681**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	63
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1: Payments to Directors consist of the portion of Non-Executive Directors' fees paid as cash and superannuation. At 30 September 2021, there were $89,000 in Directors' fees accrued and unpaid related to equity-based remuneration and superannuation.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,336)
8.2	Cash and cash equivalents at quarter end (item 4.6)	15,390
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	15,390
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	5

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021 .....

Authorised by: Chair of Audit & Risk Management Committee & CEO/MD .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.