



**ImpediMed Limited – 2018 Annual General Meeting  
Chairman's Address**

Good Morning – I am Scott Ward, Chairman of ImpediMed Limited. I am very pleased to welcome you to our Annual General Meeting for 2018.

2018 has been a transformative year for ImpediMed as we began our evolution to a connected digital health platform through the market launch of Sozo in the U.S.

Our revenue related to goods and services for the year was \$4.8 million, a 20.8% decrease versus the prior year. On an operating segment basis, medical revenue declined 37% to \$3.5M while test and measurement revenue increased 30% to \$1.3M. The net loss for the full year was \$27.1M which was flat with the prior year, representing a 1% improvement.

In the second quarter of the 2018 financial year, ImpediMed began transitioning the business to a Subscription Business Model in conjunction with the introduction of the Sozo Digital Health Platform.

We expect that this transition will have a short term negative effect on revenue as our mix shifts from the sale of legacy products and consumables to device revenue and subscription services.

The subscription business model owes its success to the balance of value it provides to both the company and the customer. For our customers- who are the hospitals, clinics and patients, the value lies in the convenience and predictability of their fluid level monitoring expenses. For ImpediMed, the value of the subscription model is recurring revenue which is booked every month that Sozo is used- at a hospital, clinic or home setting.

The Subscription Business Model can also be quite profitable- and we expect the gross margin related to the Sozo product segment to increase over time as the revenue streams from subscription services increase.

We have now sold over 230 Sozo units around the world and we are very encouraged by the adoption of the product and our new subscription revenue model. In fact, as we close the 2018 financial year, we had an additional \$3.5M in our contracted revenue pipeline, of which \$1.3M was considered annual recurring revenue.

In addition to the progress with our subscription business model, the Group continued to make great strides in accelerating patient access to bioimpedance spectroscopy, including:

- the expansion of medical evidence that demonstrates the benefits of our product in improving the quality and efficiency of healthcare;
- regulatory clearances to enable the clinical assessment of lymphedema and for

monitoring fluid levels in patients with congestive heart failure- measured in the clinic- or in patients homes;

- and continued progress in securing reliable and consistent reimbursement in the U.S.

Obtaining consistent and favorable reimbursement is a difficult challenge for any new technology. We are encouraged by our progress at ImpediMed for the following reasons:

- We have a strong and growing portfolio of medical evidence demonstrating the value of BIS in improving the quality of care of patients with lymphedema and heart failure.
- We have a Category I CPT code for lymphedema and we will leverage existing codes for heart failure and at-home monitoring.
- Finally, our subscription business model provides considerable flexibility to meet the changing needs of our customers as the US reimbursement environment shifts away from a fee-for-service model to value based medicine.

We believe that Sozo is uniquely positioned to replace current fluid monitoring methods and through our precise, non-invasive, and cost effective technology we can make an important contribution in improving the quality of care for cancer survivors and people living with congestive heart failure.

In closing, I would like to thank our Managing Director and CEO, Rick Carreon- his executive team- and all the employees of ImpediMed for their dedication and commitment to our patients, customers and shareholders. I thank my fellow Directors for their ongoing commitment to ImpediMed, and I thank you- our shareholders, for your belief in our company and your support for our achievements.

It is now my pleasure to introduce Rick, who will address our results in more detail and describe the work he is leading to deliver better outcomes for our patients, customers and you - our shareholders.

Scott Ward  
Chairman