

IMPEDIMED LIMITED

Annual Report

For the Year Ended
30 June 2020



Platform Technology.
Transforming Care.

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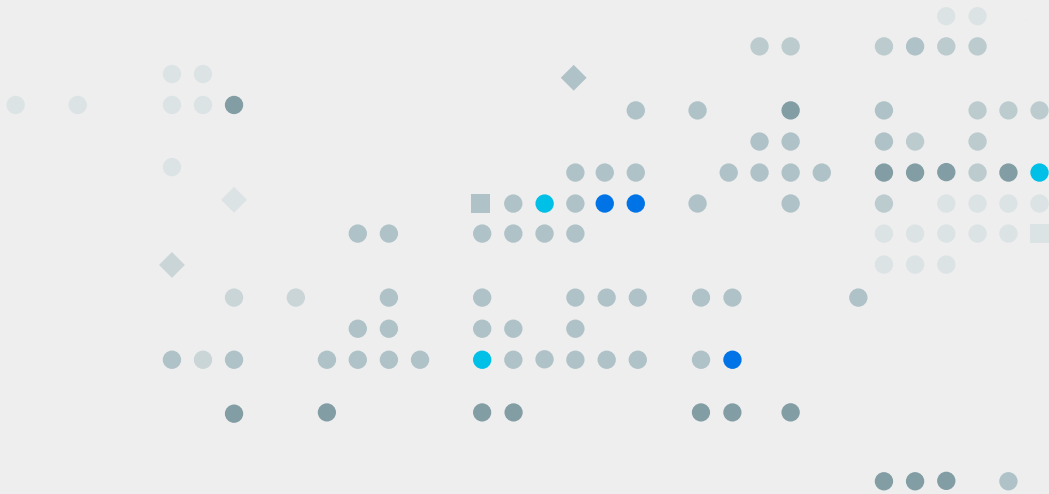
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Corporate Information

Chapter 1



Corporate Information

This financial report covers the consolidated entity comprising ImpediMed Limited (the “Parent” or “Company”) with its wholly owned subsidiaries (the “Group”). The Parent’s functional and presentation currency and the Group’s presentation currency is the Australian dollar (AUD or \$). Certain prior year amounts have been reclassified for consistency with the current year’s presentation.

A description of the Group’s operations and of its principal activities is included in the operating and financial review in the Directors’ Report. The Directors’ Report is not part of the financial report.

Directors

Non-Executive Directors

S Ward, Chairman

D Anderson

J Downes

R Graham

A Patel

D Williams

Managing Director

R Carreon, Managing Director and CEO

Company Secretary

L Ralph

Registered Office

Unit 1, 50 Parker Court
Pinkenba QLD 4008

Principal Places of Business

US Headquarters

5900 Pasteur Court, Suite 125
Carlsbad CA 92008 US
Phone: +1 760 585 2100

AU Headquarters

Unit 1, 50 Parker Court
Pinkenba QLD 4008
Phone: +61 7 3860 3700

Share Register

Link Market Services
Level 21
10 Eagle Street
Brisbane QLD 4000
Phone: +61 7 3320 2200

ImpediMed Limited shares are listed on the Australian Securities Exchange (ASX): ASX code “IPD”.

Website

www.impedimed.com

Solicitors

Johnson Winter & Slattery
Level 25, 20 Bond Street
Sydney NSW 2000

Sheppard Mullin Richter & Hampton LLP 12275
El Camino Real Suite 200
San Diego CA 92130 US

Bankers

Commonwealth Bank of Australia
240 Queen Street
Brisbane QLD 4000

Bank of America
701 B Street Suite 2300
San Diego CA 92101 US

Auditors

Ernst & Young
Level 51, 111 Eagle Street
Brisbane QLD 4000

Remuneration Advisors to the Board of Directors

Willis Towers Watson
300 S. Grand Avenue
Los Angeles CA 90071 US

Chairman's Report



Scott Ward, Chairman of the Board

On behalf of the Board of Directors and Management, I am pleased to present the Annual Report for ImpediMed Limited for the 2020 financial year. I would also like to extend our gratitude to our customers who continued to serve patients with lymphedema throughout the corona virus crisis.

Thank you as well to our shareholders, for your continued commitment to our mission, as we continue to make bioimpedance spectroscopy the standard of care for patients.

COVID-19 Update

Our Managing Director and CEO, Rick Carreon, has shown tremendous vision and leadership in transforming ImpediMed to become a contemporary medical technology company. This vision has put the Company in a position to thrive, even during the pandemic. Technology is being adopted within the medical community at a rapid pace, and our connected digital health platform puts us at the forefront of that digital revolution in medicine.

There are many challenges ahead as we continue to learn what the long-term impacts of COVID-19 will be on society, healthcare and our business, but our board is very confident in our ability to maintain our current customer base and to achieve meaningful growth in the coming quarters. The recurring revenue streams from our SaaS business model shelter the Company from purchasing limitations on capital equipment that many hospitals and clinics have imposed, and the acceptance of our technology continues to accelerate.

Remuneration

The Board, at the direction of the Remuneration Committee, has continued to listen to shareholder feedback regarding remuneration practices as they relate to Company performance. In response to this, the MD/CEO agreed to a temporary 30% reduction in base salary and other executives agreed to a temporary 10% reduction in base salary as of 1 April 2020. This was in addition to an earlier 20% reduction in cash pay which is received as equity in lieu of cash under the Executive Share Plan.

These changes resulted in a 54% reduction to the MD/CEO's remuneration and a 47% reduction to key management personnel remuneration, when compared to the previous financial year.

In addition, the Non-executive Directors (NEDs) agreed to receive 100% of directors' fees as equity in lieu of cash under the Non-executive Director Share Plan. In April 2020, the NEDs also agreed to reduce their equity-based remuneration by 25%.

"I am very proud of the commitment shown by both the Board and Management in our collective response to the global COVID-19 pandemic and to shareholder feedback. The actions taken will assure the continuity of our business during this crisis and enable the Company to continue to drive critical growth opportunities."

I am very proud of the commitment shown by both the Board and Management in our collective response to the global COVID-19 pandemic and to shareholder feedback. The actions taken will assure the continuity of our business during this crisis and enable the Company to continue to drive critical growth opportunities.

Please refer to the Remuneration Report for full details on remuneration, including a letter from the Remuneration Committee Chair, Don Williams. We are very grateful for Don's continued contributions to the Company over the course of the year.

Board Composition

We have a strong Board of Directors at ImpediMed with the experience and skill necessary to assure sound governance, while also providing effective support and guidance for Management.

We further strengthened our Board with the addition of David Anderson who joined as a Non-Executive Director during the year. David is the President and CEO of HealthNow Systems, operating as Blue Cross Blue Shield of New York State and he brings a deep understanding of reimbursement and health insurance providers.

We are very excited to welcome a Director of David's calibre and experience to ImpediMed's board. We anticipate David's experience will be invaluable in helping guide ImpediMed through the commercialization of its SOZO Digital Health Platform.

Gratitude

Finally, on behalf of the Board, I would like to thank our ImpediMed employees for their perseverance during this remarkable year. We are grateful for their dedication and commitment to support our customers and patients during this extraordinary time. We also express our gratitude to our shareholders for your ongoing support throughout the year and through our recent capital raise. As always, we look forward to engaging with you throughout the year and at our 2020 Annual General Meeting.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Scott R. Ward'.

Scott R. Ward
Chairman

Chief Executive Officer's Letter



Richard Carreon,
Managing Director and CEO

"We have transformed our business to meet the ever-evolving environment...This transformation began years ago when we envisioned a connected digital health platform that we believed would be able to meet the ever-changing needs of physicians to better serve their patients."

Dear Shareholders,

First, I would like to thank the clinicians, staff and front lines workers in the fight against COVID-19. Every day they courageously face untold challenges to get us through this global pandemic.

I also want to take a moment to thank our employees who have tirelessly transformed this company to effectively support our customers during these challenging times as well.

I firmly believe we have successfully navigated a very difficult time during the global COVID-19 pandemic. We have transformed our business to meet the ever-evolving environment. This transformation did not just take place in the last few months, this transformation began years ago when we envisioned a connected digital health platform that we believed would meet the ever-changing needs of physicians and would help them better serve their patients. And although we never envisioned a global pandemic, we set out to build a company with a technology that would help transform medicine. We believe these past initiatives have put us in a strong position to thrive during these turbulent times.

Revenue and Key Metrics

SOZO® Revenue increased by 99% year-over-year to \$4.7 million and the SaaS Revenue from SOZO increased by 110% year-over-year to \$3.4 million.

SOZO Annual Recurring Revenue increased by 53% year-over-year to \$5.2 million.

A number of additional key metrics further demonstrate the strength of our business model and the recurring revenue from SOZO accounts:

- Continued growth in the SOZO customer base, with over 560 SOZO devices sold to date.
- Steadily increasing gross margins.
- 100% Renewal Rate on contracts up for renegotiation during the year.
- A Churn Rate of just 1%.

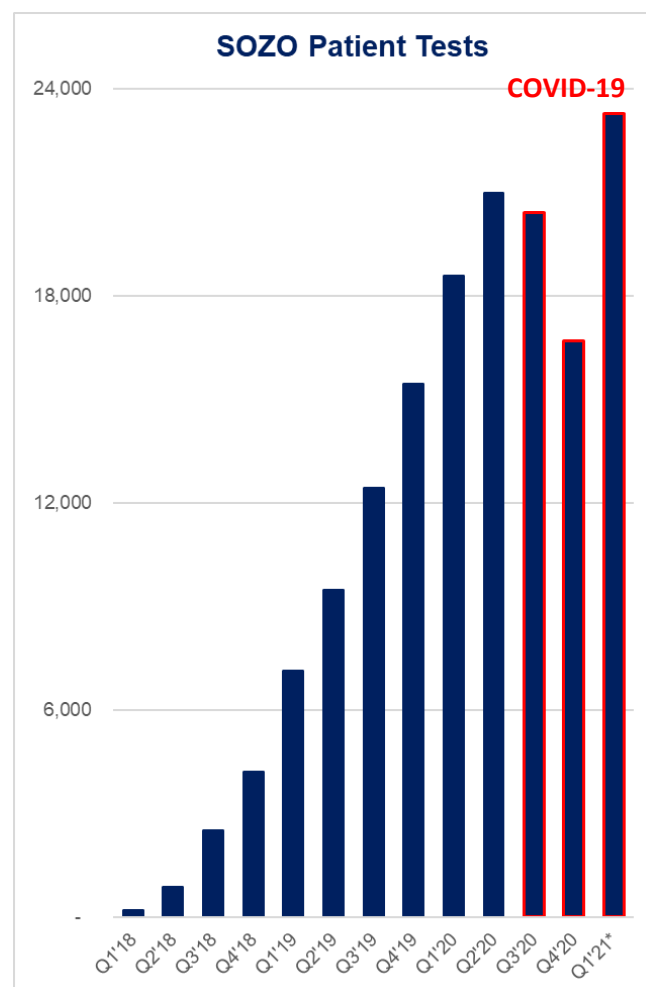
SOZO Patient Tests

Total patient tests on file at 30 June 2020 were over 128,000, as hospitals continue to test at-risk patients during COVID-19, which we believe demonstrates that SOZO is becoming the standard of care for cancer patients.

Quarterly patient testing is recovering and is currently on pace to exceed pre-COVID-19 levels. Although we saw a dramatic

falloff in patient testing at the onset of COVID-19 restrictions, the reduction had no impact on the Company's recurring revenue under its SaaS model, which is based on a monthly subscription fee per installed SOZO unit.

Pleasingly, a sharp rebound was seen in June as the shutdown restrictions were eased in the US. In fact, patient testing for the month of June was at an all-time record high for the Company, with just over 8,600 tests recorded.



*Projected Results for Q1'21

SOZO, being a digitally connected platform, gives us the ability to see patient testing in real-time anywhere in the world. This real-time insight provides a unique understanding of key markets. It allows us to tailor our approach by better managing and to reallocate our resources as we see various testing patterns emerge.

Focus on Our Future

The Company remains focused on three key areas of growth: Lymphoedema, Heart Failure and Renal Failure. We have made excellent progress this past year in all three areas. This progress will create significant value and accelerate the uptake of SOZO in the coming years.

Lymphoedema

I am very pleased with the progress we made in lymphoedema in the 2020 financial year, namely the expansion of SOZO at several key cancer institutions and the announcement of a national purchasing agreement with US Oncology and McKesson.

The strength of our SaaS business model will continue to grow as we further expand into our existing accounts and add new hospital systems.

We expect the Meta-Analysis paper to be published in the first quarter of the 2021 financial year. We believe this paper will provide compelling Level 1 evidence to assist with enlisting further amendments to the NCCN Guidelines® and with submissions to insurers for private pay coverage.

In addition, the Company has further clinical papers due in the 2021 financial year related to the results from the PREVENT Trial.

The Company reached a significant milestone in the 2020 financial year, with the alignment of policy coverage across all 10 Medicare Administrative Contractors. It has been a lot of work over several years and is essential for obtaining private pay coverage. Private pay coverage and/or NCCN Guidelines that specify bioimpedance spectroscopy and/or L-Dex will significantly accelerate the uptake of SOZO for lymphoedema.

All the groundwork has been done and we are looking forward to sharing the Meta-Analysis paper and updating you with our progress over the coming months.

Heart Failure

Our enhanced HF software has been launched. This came after receiving feedback from various key opinion leaders and then collaborating with the Scripps Heart Failure Institute. Initial feedback of the product, with its enhanced usability and data visualisations, has been extremely promising. We are in discussions with first potential customers and expect to have commercial sales to hospitals in the first half of the 2021 financial year.

Renal Failure

The Company is formulating its clinical, regulatory and commercial strategies including discussions with potential partners. While the Renal opportunity is still very much in its formative stage, it remains a key focus and we can report pleasing progress was made at the end of the 2020 financial year.

Thank you

Thank you again to the clinicians, staff and front lines workers in the fight against COVID-19. Thank you, as well, to all our ImpediMed team members and their families.

As always, my sincere thank you goes out to our Shareholders for your continued support. We made tremendous progress in the 2020 financial year and I am very confident we will continue to see the adoption of our technology accelerate in the coming years. We look forward to engaging with you and reporting on our progress.

Stay safe and healthy.

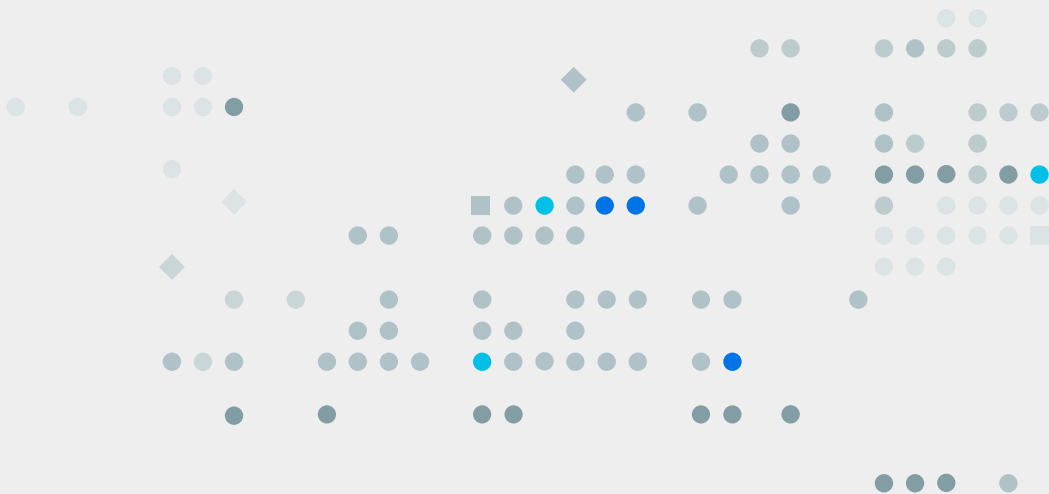
Yours sincerely,



Richard Carreon
Managing Director and Chief Executive Officer

Directors’ Report

Chapter 2



Directors



Scott Ward

MS, BSc

Non-Executive Chairman

Scott Ward was appointed Chairman on 15 November 2017 and serves on the Nomination Committee. Scott is the Chairman of the Board, President and CEO of Cardiovascular Systems Inc.

Scott has over 35+ years of experience in the healthcare industry, including nearly 30 years at Medtronic, Inc. He was the Senior Vice President and

President of the CardioVascular business of Medtronic Inc., responsible for all worldwide operations of the CardioVascular Business including the Coronary, Peripheral, Endovascular, Structural Heart Disease and Revascularization and Surgical Therapies businesses. Previously, Scott served as Senior Vice President and President of Medtronic Neurological and Diabetes, with responsibility for the global Neurological, Neurologic Technologies, Diabetes, Gastroenterology and Urology businesses; Vice President and General Manager of the Medtronic Drug Delivery Business; and Director of Medtronic NeuroVentures. Scott is also the Founder of Raymond Holdings, LLC a firm with activities in venture capital, strategy and transactional advisory services. He holds a B.S. in genetics and cell biology and an M.S. in toxicology, both from the University of Minnesota.

Scott's experience in the healthcare industry, including his significant leadership experience of public medical device companies and his prior service on the boards of public medical device companies, make him a valuable contributor to the Board.

Listed company directorships held since 1 July 2017:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	July-13	-
Cardiovascular Systems Incorporated (i)	November-13	-

(i) US-based publicly traded company.



David Anderson

BSc

Non-Executive Director

David Anderson was appointed to the Board in May 2020 and serves on the Remuneration Committee. He currently serves as President and CEO of HealthNow Systems Inc, operating as Blue Cross Blue Shield health plans in New York State.

HealthNow operates as a licensee of the Blue Cross Blue Shield Association, which in total, provides health care services to 1 in every 3 Americans across all 50 states and US territories and is accepted at over 90% of US doctors, hospitals and other health care providers.

David is a very experienced and respected US health care industry executive who serves on the board of the National Institute of Healthcare Management, Blue Cross Blue Shield Association board of Directors, the board of the New York State Business Council and the New York State Insurance Advisory Committee as appointed by the Commissioner of the Department of Financial Services.

Additionally, David serves as an advisor and speaker for Modern Healthcare's CEO Power Panel and the Aspen Institute. Prior to his role at BCBS, Mr. Anderson was CEO of United Healthcare's Southern California Health Plan. Mr. Anderson is a native of Fort Wayne, Indiana, and a graduate of Indiana University's Kelly School of Business, with a B.S. in Finance.

Listed company directorships held since 1 July 2017:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	May-20	-



Judith Downes

BA(Hons), DipEd, GradDipBus(Acct), FAICD, FCPA, FCA

Non-Executive Director

Judith Downes was appointed to the Board in April 2017, chairs the Audit and Risk Management Committee and serves on the Nomination Committee.

Judith brings over 25 years of accounting and senior management expertise to the Board with a strong focus

on financial management and audit and risk management, with large ASX listed companies. During her executive career, she held the roles of CFO at Alumina Limited (ASX: AWC) and as CFO/COO of Institutional Division, ANZ Banking Group Limited (ASX: ANZ).

Judith currently serves as Board Chairman of Bank Australia Limited, as an Honorary Fellow of the University of Melbourne's Faculty of Business and Economics and as a Director of CleanTeQ Holdings Limited.

Judith is a Fellow of the CPA, Chartered Accountants Australia and New Zealand, and Australian Institute of Company Directors. Judith is also a past member of the University of Melbourne's finance committee.

Judith has significant experience in corporate governance, debt and equity raisings, financial reporting and Australian listing rules.

Listed company directorships held since 1 July 2017:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	April-17	-
CleanTeQ Holdings Limited	October-18	-



Robert Graham

AO, FAA, FAHMS, MBBS, M.D., FRACP, FACP, FAHA, GAICD

Non-Executive Director

Dr Graham was appointed to the board in November 2017 and serves on the Remuneration and Nomination Committees.

Bob received his medical training at the University of New South Wales, Australia, where he is now the Des Renford Professor of Medicine, (UNSW). He was been the inaugural Executive Director, Victor Chang Cardiac Research Institute (VCCRI), Sydney, Australia, from 1994 – 2020, and continues there as Head, Molecular Cardiology and Biophysics Division, VCCRI, and Des Renford Professor of Medicine, University of NSW.

Bob returned to Australia in 1994 after 17 years working in the US at the University of Texas Southwestern Medical School, Dallas; the Massachusetts General Hospital, Harvard Medical School; the Massachusetts Institute of Technology, and the Cleveland Clinic Foundation and Case Western Reserve University School of Medicine.

Listed company directorships held since 1 July 2017:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	November-17	-



Amit Patel
MBA, BME
Non-Executive Director

Amit Patel was appointed to the Board in March 2017 and serves on the Audit and Risk Management and Nomination Committees.

Amit is a Co-Founder and CEO of Murata Vios (formerly Vios Medical), which has created an FDA-cleared patient management platform that integrates IoT-based

monitoring, remote care services, and big data analytics to alleviate gaps in patient vigilance across in-hospital and home environments. Vios is currently commercialising its monitoring and services solution across major hospital systems in the US and India. Vios Medical was acquired by Murata Manufacturing in October of 2017.

Prior to founding Vios, Amit was with HeartFlow where he created a joint go-to-market strategy with GE Healthcare's imaging division, managed the DeFACTO clinical study across multiple UK sites, and developed a health economic story for the NHS. Prior to HeartFlow, Amit was with Medtronic's Corporate Development group and was responsible for acquisitions, minority investments, and joint ventures spanning existing businesses and strategic whitespace areas. Amit has an MBA from Stanford University and a Bachelors of Biomedical Engineering from the University of Minnesota.

Listed company directorships held since 1 July 2017:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	March-17	-



Donald Williams
BAcy, CPA
Non-Executive Director

Donald Williams was appointed to the Board in March 2017, chairs the Remuneration Committee and serves on the Audit and Risk Management and Nomination Committees.

Don has more than 35 years in leadership roles as a Certified Public Accountant (CPA) and an accredited public company director, serving the life science,

biotech, and medical device industries. Don has significant experience assisting companies and management teams with initial public offerings, complex business challenges and analysis of financial reporting matters. His breadth of experience includes a diverse set of growing domestic and international companies including venture financings, public equity offerings, public debt offerings, mergers and acquisitions, and interaction with the US Securities and Exchange Commission and Public Company Accounting Oversight Board.

While at both Ernst & Young and Grant Thornton, Don was focused on the Life Sciences Industry. For over 15 years, he directed Ernst & Young's Venture Capital and Emerging Growth Markets in the Southeast Market and in the Pacific Southwest Market. During his seven years at Grant Thornton he was the National Leader of the United States Life Sciences Industry. His oversight of the National Life Sciences Industry included setting strategy, establishing the sales and marketing plan and oversight of industry operations.

Listed company directorships held since 1 July 2017:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	March-17	-
Adhera Therapeutics, Inc. (i) (ii)	September-14	December -19
Akari Therapeutics (i)	June-16	-
Alphatec Holdings Inc (i)	May-15	-
Forte Biosciences (i)	Jun-20	-

(i) US-based publicly traded company.



Richard Carreon
Executive Director

Richard Carreon was appointed to the Board as Executive Director in May 2015. Rick joined ImpediMed in July 2012 as President and CEO.

Rick has more than 30 years of experience in management, sales and marketing, spanning the consumer products and medical technology industries. Rick has more than a decade of executive experience working for Medtronic, a leading global manufacturer of

cutting-edge medical devices, and therapies. His roles at Medtronic included Vice President, US Cardiovascular Commercial Operations; Vice President of Sales – Structural Heart; Vice President of Sales and Marketing Medtronic Gastroenterology and Urology; and Vice President of Sales – The Americas.

Rick has a strong sales background, extensive marketing strategy and execution experience, and a proven track record of success. He is renowned for building start-up and high-growth ventures, turning around strategic business units, penetrating new markets and delivering strong and sustainable profits, revenues and market share value. At Medtronic, Rick led strategic direction and tactical planning for several sales organisations within Medtronic's \$1.1B Cardiovascular Sector. Rick was handpicked to lead the start-up of Medtronic Gastroenterology and Urology, a high-risk business venture, growing revenues threefold, and building that venture into the fastest growing business in Medtronic.

Listed company directorships held since 1 July 2017:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	May-15	-

Interest in the Shares and Options of the Group and Related Body Corporate

As at the date of this report, the interests of the current Directors in ImpediMed Limited were:

Director	Title	Ordinary Shares
S Ward	Chairman	2,060,384
D Anderson	Non-Executive Director	155,914
J Downes	Non-Executive Director	1,325,470
R Graham	Non-Executive Director	964,947
A Patel	Non-Executive Director	1,150,848
D Williams	Non-Executive Director	1,429,036
R Carreon	Executive Director	2,376,259

Company Secretary



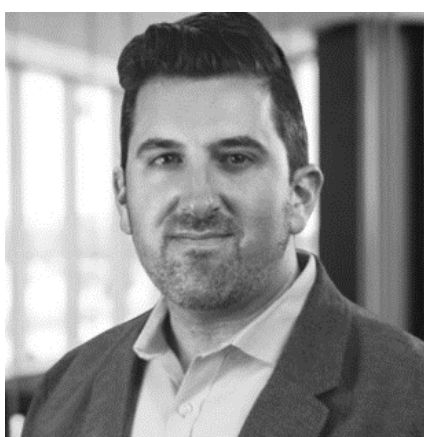
Leanne Ralph
Company Secretary

Leanne Ralph was appointed to the position of Company Secretary in January 2015. Leanne has over 15 years of experience in company secretarial roles and holds this position for a number of ASX-listed entities. Leanne is a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors.

Executives



Frank Vicini, M.D.
Chief Medical Officer



Timothy Cruickshank
Chief Financial Officer



Shashi Tripathi
Chief Technology Officer



David Adams
Senior Vice President
Operations and Strategic Planning



Catherine Kingsford
Senior Vice President
Medical Affairs



Dennis Schlaht
Senior Vice President
R&D and Technology



Michael Bassett
Senior Vice President
Corporate and Strategic Development



Nancy Deisinger
Vice President
Human Resources

Dividends

No dividends were paid or proposed to be paid to shareholders for the year ended 30 June 2020.

Principal Activities

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. ImpediMed's devices are sold in select markets globally.

The principal activities of the Group during the year were the development, manufacture and sale of BIS devices and software services with a focus on the early detection of lymphoedema and heart failure.

Group Overview

ImpediMed Limited was founded in Brisbane, Australia in October 1999, and was listed on the ASX on 24 October 2007. The Group consists of four entities:

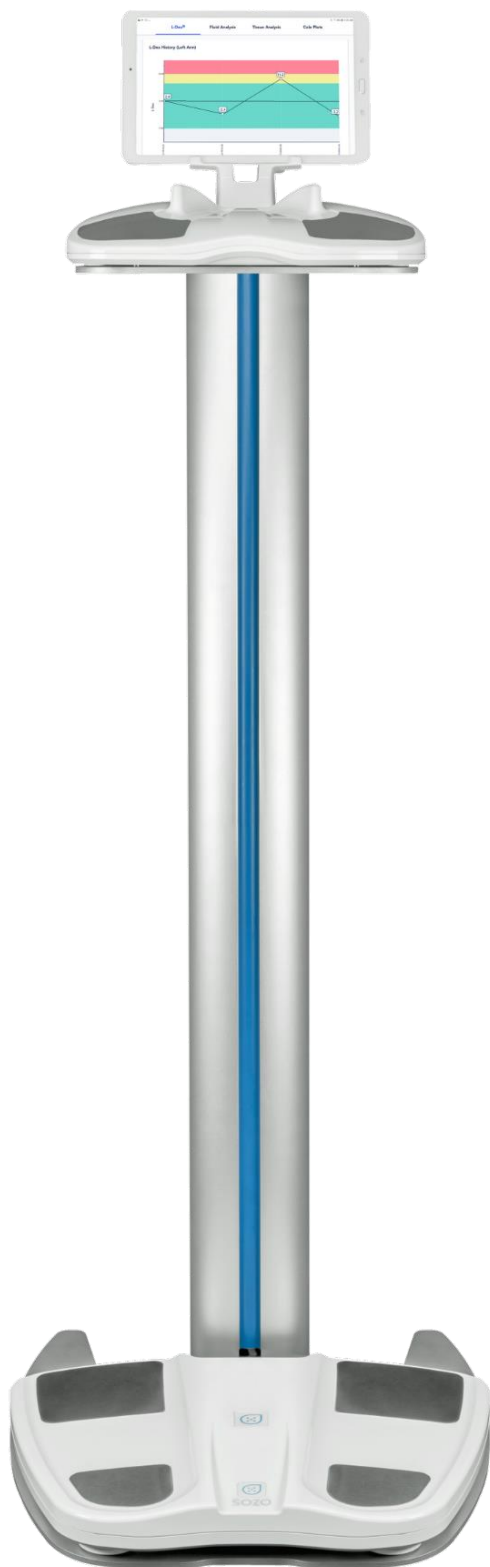
ImpediMed Limited, the Parent company operating in medical markets in regions outside North America; incorporated in 1999 and listed on the ASX on 24 October 2007.

ImpediMed Incorporated, a Delaware corporation in medical markets in North America.

ImpediMed Hellas, a Kalamaria, Greece corporation involved in research & development with a marketing capacity in Europe.

ImpediMed TM Incorporated (formally XiTRON Technologies, Incorporated), a California corporation formerly operating in power test and measurement markets globally. ImpediMed TM Incorporated discontinued operations during the year ended 30 June 2019.

For more information, visit www.impedimed.com.



About SOZO Digital Health Platform

SOZO, the world's most advanced, non-invasive bioimpedance spectroscopy (BIS) device, delivers a precise snapshot of fluid status and tissue composition in less than 30 seconds. Using ImpediMed's BIS technology, SOZO measures 256 unique data points over a wide spectrum of frequencies from 3 kHz to 1000 kHz. Results are available immediately online for easy data access and sharing across an entire healthcare system. The FDA-cleared, CE-marked and ARTG-listed digital health platform aids in the early detection of secondary lymphoedema, provides fluid status for patients living with heart or renal failure, and can be used to monitor and maintain overall health – all on a single device.

For more information, visit:

<https://www.impedimed.com/products/sozo/>

About SOZO Fluid Analysis for Lymphoedema

The SOZO fluid analysis for lymphoedema aids clinicians in the early detection of lymphoedema in the arms and legs. It utilises ImpediMed's proprietary L-Dex® lymphoedema index, which is 80% sensitive and 90% specific in detecting subclinical lymphoedema. L-Dex detects fluid changes as small as 36 mL and has been validated using gold standard lymphoscintigraphy. The PREVENT Trial, which is the largest multi-site randomised controlled trial ever performed to study lymphoedema prevention, demonstrated that routine monitoring with L-Dex combined with early intervention resulted in a 95% reduction in lymphoedema progression at one year.

For more information, visit:

<https://www.impedimed.com/healthcare/cancer-related-lymphoedema/>

About SOZO Fluid Analysis for Heart Failure

The SOZO fluid analysis for heart failure provides an objective measure of fluid overload in heart failure patients. It utilises ImpediMed's HF-Dex™ heart failure index which is a measure of extracellular fluid as a percent of total body water. HF-Dex is presented together with BIS-derived reference ranges for normal fluid volumes, elevated fluid volumes, and fluid overload, which is defined as HF-Dex greater than 51%. When used as part of a clinical assessment of heart failure, SOZO helps differentiate between fluid and tissue-related weight changes to track response to medication changes and to provide a marker for readmission when HF-Dex is higher than 51%.

For more information, visit:

<https://www.impedimed.com/healthcare/heart-failure/>

Milestones and News flow

HEART FAILURE and RENAL DISEASE

22 July 2020

Scripps Collaboration Preps SOZO for Heart Failure Launch

Following an intensive round of review and improvements in collaboration with Dr. Tom Heywood and Dr. Andrew Accardi at Scripps Health in San Diego, California, USA, the Group announced the launch of its fluid analysis for heart failure software. The updates improve SOZO® usability and data visualisation for cardiologists to implement SOZO® as an objective measure of fluid volume for their heart failure patients.

“Traditionally clinicians have poor tools for determining the degree of congestion in heart failure, which leads to costly hospital admissions for heart failure patients and can result in readmissions after discharge,” **said Dr. Tom Heywood, Heart Failure Cardiologist and principal investigator of ImpediMed’s heart failure home study.**

15 April 2020

IPD Releases Heart Failure and Renal Disease Software

The Group announces a new software release that includes the HF-Dex™ heart failure assessment for the SOZO® Digital Health Platform. The new software also includes an assessment for patients with end stage renal disease (ESRD).

HF-Dex is a novel tool for the assessment of fluid overload in heart failure patients. Defined as extracellular fluid as a percent of total body water, HF-Dex is plotted against population-derived reference ranges and presented alongside extracellular fluid volume (ECF). Together these metrics provide physicians valuable information to risk-stratify patients as well as to monitor patients’ condition and response to therapy.

“With this new software, we are bringing the benefits of SOZO to thousands of patients living with heart failure and renal disease,” **said Richard Carreon, Managing Director and CEO of ImpediMed.** “This is the power of our SaaS model. We can iterate quickly, respond to customer feedback, and deliver new features and tools that help healthcare providers care for their patients.”

The paper concluded “Statistically significant convergence of symptom cluster scores with L-Dex® unit change support BIS as beneficial in early identification of subclinical lymphoedema.”

LYMPHOEDEMA

3 June 2020

2-Year Trajectory Analysis Shows Significant Benefit of BIS

A trajectory analysis of the PREVENT study that further demonstrates the clear clinical utility of BIS was published in *Cancer Medicine*. The analysis showed that BIS detection of lymphoedema was statistically significantly associated with patient symptoms through 2 years whereas tape measure detection of lymphoedema was not.

The data was presented as a trajectory analysis showing the course of patients monitored by BIS or tape measure and correlated to symptoms. Trajectory analyses are used to analyse longitudinal data, enabling an understanding of how risk factors for diseases develop over time. This is especially important for early detection and disease prevention. The published analysis included the same patient cohort of 508 patients that were in the previously published PREVENT 1-year interim analysis with additional triggers as expected in months 13 through 24.

"The interim analysis from the PREVENT trial already demonstrated that chronic lymphoedema can be preventable for patients with breast cancer," said **Professor John Boyages AM, founding director of the ALERT lymphoedema program and breast cancer radiation oncologist at Icon Cancer Center and co-author.** "The exciting news is we can now detect lymphoedema when the arm still looks normal and introduce therapy perhaps up to 12 months earlier than can be detected by clinical examination."

"Staying on the leading edge of technology is part of our commitment to provide the best care for our patients," said **Michael V. Seiden, M.D., PhD, President of The US Oncology Network.** "With SOZO, we will enhance our survivorship program by offering lymphoedema prevention as part of our comprehensive cancer care. This adds tremendous value to our patients as well as the clinicians in our network."

"At BS&W Rehab, we drive a high standard for outcomes and patient satisfaction," said **PJ Gillard, PT, Vice President of Outpatient Therapy, Baylor Scott and White Institute for Rehabilitation.** "The Lymphoedema Prevention Program is a natural fit for our cancer survivorship program. Lymphoedema has a clear impact on the quality of life of our cancer patients and alleviating suffering from lymphoedema through prevention is an inspiring goal."

20 April 2020

Independent BIS RE-AIM Analysis to be Released at ASCO 2020

New results from a Reach, Effectiveness, Adoption, Implementation, and Maintenance (RE-AIM) analysis of its BIS technology and lymphoedema prevention model-of-care were accepted as an abstract at the annual scientific meeting of the American Society of Clinical Oncology (ASCO), which was conducted as a virtual meeting from 29 May to 2 June 2020. The RE-AIM framework is designed to assess the sustainability of evidence-based interventions and confirm that they can be implemented effectively across a broad range of care settings.

31 March 2020

IPD Announces National Purchasing Agreement and Initial SOZO Order from US Oncology Care Network

The first order of 16 units was shipped under the recently announced national purchasing agreement with a US oncology care network for its SOZO® Digital Health Platform and Lymphoedema Prevention Program. The national purchasing agreement allows 1,200 physicians at 470 cancer treatment locations across the U.S. access to SOZO® and ImpediMed's BIS (L-Dex®) lymphoedema assessment. Together, these physicians treat over 1 million patients annually.

20 March 2020

Baylor Scott & White Expands SOZO Use with New iOS Software

Expansion of the Group's partnership with Baylor Scott & White Institute for Rehabilitation (BS&W Rehab), which follows the release of the Group's new iOS compatible SOZOapp. Through this partnership, BS&W Rehab will use ImpediMed's SOZO® Digital Health Platform to implement the Lymphoedema Prevention Program for cancer patients.

BS&W offers a network of inpatient and outpatient facilities to serve patients across the state of Texas. The network includes four stand-alone rehabilitation hospitals, two rehabilitation units, more than 100 outpatient therapy centers and a full-service home health division.

In this expansion, BS&W added 20 SOZO® units to their Lymphoedema Prevention Program, giving them 25 total units to date under their program.

10 February 2020

NCCN Guidelines for Breast Cancer Updated for LE
NCCN Clinical Practice Guidelines for Breast Cancer (NCCN Guidelines®) were updated with new recommendations for early detection and diagnosis of lymphoedema to achieve optimal management. This is very positive for cancer patients as healthcare providers are now encouraged to consider pretreatment baseline measurements and is consistent with the ImpediMed Lymphoedema Prevention Program's (LPP) Test, Trigger, Treat protocol. Additionally, healthcare providers are now encouraged to consider pretreatment baseline measurements for patients with lymphoedema risk factors.

"The recent update to the NCCN Guidelines shows that the medical community recognises the impact of lymphoedema on cancer survivors and the value of programs like ImpediMed's LPP to address it," said **Richard Carreon, Managing Director and CEO**.

23 October 2019

Lymphoedema Prevention Program (LPP) Launched

The Group kicked-off the new Lymphoedema Prevention Program (LPP) with the goal of ending cancer-related lymphoedema (LE). The LPP utilises ImpediMed's Test, Trigger, Treat™ protocol for early detection and intervention cancer-related lymphoedema. Routine lymphoedema testing of cancer survivors uses the company's FDA-cleared SOZO® device with BIS (L-DEX) technology, which measures extracellular fluid. A significant increase in a patient's L-Dex® score is a trigger to evaluate the patient and initiate intervention.

"Because lymphoedema is often incurable, many patients don't realise it's actually preventable," said **Chirag Shah, M.D., staff, Director of Breast Radiation Oncology/Clinical Research, Department of Radiation Oncology, Cleveland Clinic**. "This vitally important effort will help provide cancer centres and physicians with the necessary tools to identify lymphoedema earlier and potentially reverse its progression, benefiting cancer survivors worldwide."

PROTEIN CALORIE MALNUTRITION

28 November 2019

510K Clearance Protein Calorie Malnutrition Assessment

Issuance by the US FDA of a further 510(k) clearance for SOZO®. The new clearance enables ImpediMed to market SOZO® for assessing patients at risk of protein calorie malnutrition (PCM) and to track clinically relevant body composition parameters over time in healthy and unhealthy patient populations. Specifically, the claims around PCM are to aid clinicians who are using Subjective Global Assessment (SGA) tools to assess patients at-risk of PCM.

SGA tools such as the American Society for Parenteral and Enteral Nutrition (A.S.P.E.N.) guidelines define changes in physical attributes as assessment criteria for PCM in patients. Weight, muscle mass, fat mass and oedema are tracked and reported by SOZO and can be used by clinicians to support their assessment and diagnosis of PCM.

SOZO is the only FDA-cleared medical device for the clinical assessment of PCM.

"We are pleased that this submission to the FDA included real-world evidence. This clearance will expand our clinical utility and footprint in the oncology space," said **Richard Carreon, Managing Director and CEO of ImpediMed**.

Operating and Financial Review

Operating Results for the Year

Revenue and SaaS Financial Metrics

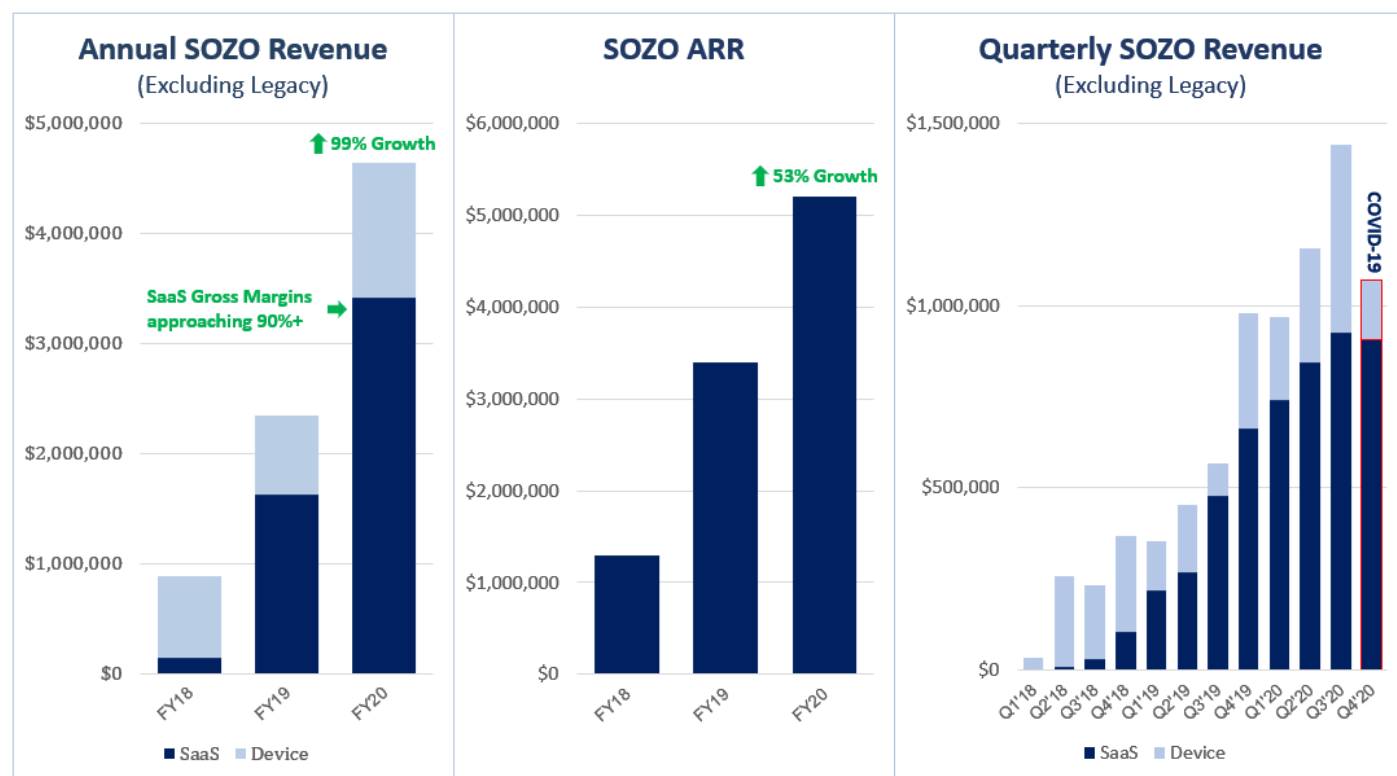
Revenue

SOZO Revenue for the current period was \$4.7 million, an increase of 99% over the previous corresponding period (30 June 2019: \$2.3 million). This increase in revenue was attributable to SOZO commercialisation efforts in the US and included both the upfront SOZO device revenue and the recurring subscription revenue streams.

Of the SOZO revenue, \$3.4 million related to recurring subscription revenue streams, an increase of 110% over the previous corresponding period (30 June 2019: \$1.6 million).

Total Revenue for the current period was \$5.7 million, an increase of over 38% from the previous corresponding period (30 June 2019: \$4.2 million). The increase in revenue was attributable to SOZO, as mentioned above, which was slightly offset by a decrease in legacy consumables revenue as (i) the legacy product customer base transitioned to the SOZO platform and (ii) legacy revenue in the fourth quarter was negatively impacted by COVID-19 due to social, government, hospital and clinic related restrictions.

SOZO SaaS Gross Margin steadily increased over FY'20, with 86% gross margin in June 2020. SOZO SaaS Gross Margin is expected to increase to over 90% in FY'21.



At 30 June 2020, there were more than 560 SOZO units in the market (30 June 2019: 401), representing a significant increase in the number of units in the market year-over-year.

At 30 June 2020, over 85% of the SOZO devices sold were installed and implemented. The fourth quarter of FY'20 represented the strongest quarter for FY'20 for the installation of SOZO devices in the US, with a total of 32 units installed, including all 16 units purchased under the recently announced national purchasing agreement with McKesson Specialty Health and US Oncology.

SaaS Metrics

In addition to revenue recognised during the current period, the Annual Recurring Revenue (ARR) on SOZO contracts signed at 30 June 2020 totaled \$5.2 million, an increase of 53% (30 June 2019: \$3.4 million).

Contracted Revenue Pipeline (CRP) at 30 June 2020 was \$10.9 million, an increase of 25% (30 June 2019: \$8.7 million). The CRP represents the total revenue associated with SOZO units sold that will be recognised over the remaining lives of the respective contracts.

The Renewal Rate for FY'20 was 100% on all 30 contracts up for renegotiation during the year (2019:

N/A), with the majority of US contracts renewing for an additional 36 months. In the fourth quarter of FY'20 and amidst the COVID-19 global pandemic, the Group achieved an average license fee increase of 6% on renewal contracts, which included several large US institutions.

Churn Rate remains low at just 1% (FY19: 0.7%), as the Group experienced very minimal negative impacts from COVID-19 related customer cancellations. The few cancellations in the fourth quarter of FY'20 were from two small independent therapists canceling their contracts due to financial reasons or closure of their business due to COVID-19.



• 128,000+ Patient Tests on file



• 560+ Devices Sold to date



• Churn Rate of just 1%



• 100% Renewal Rate

Glossary of Terms used by IPD

Medical Revenue	The total revenue recognised during a given period related to the medical segment.
Annual Recurring Revenue (ARR) (i)	The amount of revenue reasonably expected to be booked for the next 12-month period based on existing contracts, and assuming installation upon sale.
Contracted Revenue Pipeline (CRP) (i)	The future period revenue amounts related to TCV that are yet to be reported as recognised revenue. Certain customer contracts that make up the Group's CRP contain cancellation clauses related to services yet to be performed. The Contracted Revenue Pipeline assumes no churn, highlighting the importance of customer experience and satisfaction.
Total Contract Value (TCV) (i)	The total value of customer contracts including one-time and recurring revenue.
Churn (i)	The total devices placed with end-user customer(s) who either (i) canceled while under their contracted period or (ii) elected not to renew their contract at the end of the contracted period.
Churn Rate (i)	$\frac{[\text{Churn}]}{[(\text{Total device placements at beginning of period} + \text{Total device placements at end of period}) / 2]}$
Renewal Rate (i)	$\frac{[\text{Total number of end-user customer contracts with expiration dates during the period that were retained}]}{[\text{Total number of customer contracts with expiration dates during the period}]}$

(i) ARR, CRP and TCV are unaudited, non-AASB financial metrics that do not represent revenue in accordance with Australian Accounting Standards.

Operating Results – Investing in Large, Growing Markets

Net loss for the period was \$21.4 million (2019: \$24.1 million). The loss from continuing operations after income tax was \$21.4 million (2019: \$24.0 million). The decreased loss from continuing operations, when compared with the prior year, is primarily attributed to an increase in gross margin of \$1.1 million, increased proceeds from tax refunds and government grants of \$1.5 million, and overall financial discipline across all departments.

Cost of goods sold for the current period were \$1.7 million (30 June 2019: \$1.3 million). The increase is primarily attributable to a growing customer base of SOZO contracts and an increase in the number of SOZO device sales in the current period compared to the prior period.

Gross margin percentage for all revenue for the Group, including legacy products, was 71% for the current period (2019: 70%). Gross margin percentage for SOZO revenue increased to 76% (2019: 60%). The gross margin percentage related to the SOZO product offering is expected to increase over the course of the next twelve months as the revenue streams related to the subscription-based services become an increasingly larger portion of the Group's revenue and as more SOZO contracts move in to their second year under contract.

SOZO SaaS Gross Margin steadily increased over FY'20, with 86% gross margin in June 2020. SOZO

SaaS Gross Margin is expected to increase to over 90% in FY'21.

Salaries and benefits for the period ended 30 June 2020 totaled \$15.5 million (30 June 2019 \$15.8 million), a decrease of 2%. The decrease was primarily attributable to cost reductions undertaken by the Group. The decrease was slightly offset by both the addition of sales reps during the year and additional software development costs related to the next generation SOZO software compared to the prior period.

Share-based payments for the period ended 30 June 2020 totaled \$2.2 million (30 June 2019 \$2.8 million), a decrease of 21%. The decrease is primarily related to the decrease in the valuation of share-based payments awarded due to a lower share price used in the valuation when compared to the prior year.

Clinical Trials and Research & Development expenses for the period ended 30 June 2020 totaled \$3.3 million (30 June 2019 \$3.0 million), an increase of 10%. The costs increased as significant progress was made with data analytics and technical writing associated with the 2-year trajectory data, as well as the pending release of the Meta-Analysis and Heart Failure manuscripts.

The Meta-Analysis manuscript evaluating bioimpedance spectroscopy, combining data across multiple studies, is under review and awaiting publication.

The Heart Failure manuscript using bioimpedance as a tool in the clinical assessment and treatment of HF patients is pending review.

SOZO® Digital Health Platform

A single SOZO measurement provides:

- L-Dex® lymphoedema analysis
- HF-Dex™ heart failure analysis
- Hy-Dex® hydration analysis¹
- Total body water
- Extracellular fluid
- Intracellular fluid
- Body mass index
- Fat-free mass
- Fat mass
- Skeletal muscle mass
- Protein and minerals
- Basal metabolic rate
- Phase angle
- Active Tissue Mass²
- Extracellular Mass²

1. Approved for use in healthy patients only.

2. Not available in all jurisdictions.

Leaders in BIS Technology

ImpediMed and our subsidiaries pioneered the use of BIS technology, producing the first commercially available BIS devices in 1990. Since then, our BIS technology has yielded five commercial products used over 20 countries to objectively measure fluid and tissue for research and medical purposes.

500

Peer-reviewed and published manuscripts.

40

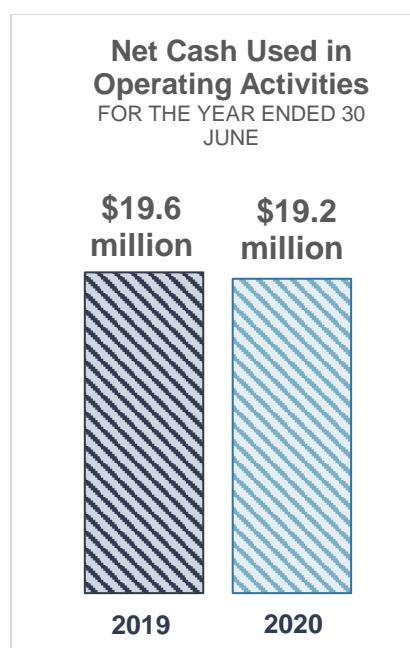
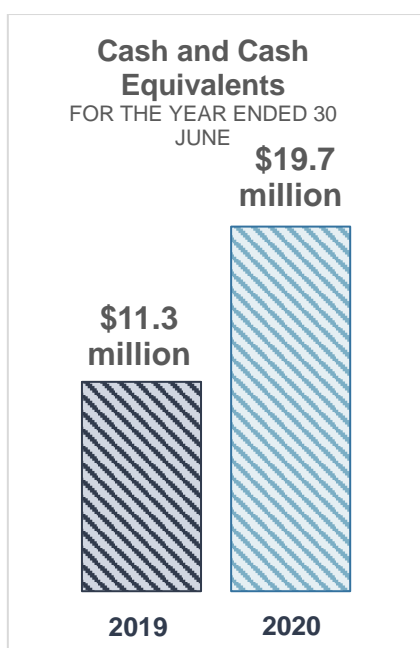
Different disease states and chronic conditions studied.

164

Granted patents and pending applications.

500+ SOZO® Devices in Clinical Use





Significant Changes in the State of Affairs

Review of Financial Condition – Liquidity and Capital Resources

Cash and cash equivalents were \$19.7 million at 30 June 2020 (30 June 2019: \$11.3 million). Net cash used in operating activities for the year ended 30 June 2020 was \$19.2 million (30 June 2019: \$19.6 million). The decrease in cash outflow was attributable to increased receipts from customers; increased funding from government grants and tax refunds, such as funds received from the Paycheck Protection Program in the US; as well as cost reduction measures undertaken by the Group during the year.

Cash outflow from investing activities was \$2.2 million during the period (2019: \$1.8 million). The increase in cash flows used in investing activities is primarily related to the capitalisation of software development costs, as the Group expanded its software applications with the launch of the heart failure and renal disease software.

Share Issues During the Year

Cash inflow from financing activities was \$30.2 million during the period (2019: \$0.1 million). The following outlines the capital raised during the year ended 30 June 2020:

In April 2020, the Group completed a non-renounceable accelerated entitlement offer, raising \$18.2 million before costs. As of 30 June 2020, the company has received a further \$1.1 million from the exercise of options issued to subscribers in the entitlement offer (with potential for up to a further \$17.1 million to be raised by 31 March 2021 from remaining options issued in the offer). A total of 486,114,474 ordinary shares were issued in relation to this entitlement offer during the year ended 30 June 2020.

In July 2019, the Group completed a \$13.9 million fully underwritten non-renounceable entitlement offer. The Company received approximately \$13.0 million net of

transaction fees through the issuance of 126,602,928 ordinary shares.

Proceeds from the entitlement offers will be applied to fund growth initiatives.

From July 2019 to June 2020 the Group received \$0.1 million through the issue of 1,695,232 ordinary shares stemming from employee exercising options.

Additionally, from July 2019 to June 2020 the Group issued 7,480,640 ordinary shares related to remuneration paid to Non-Executive Directors and Executives in lieu of cash.

Issued capital was \$250.6 million at 30 June 2020 (2019: \$219.7 million). Total equity increased to \$27.4 million at 30 June 2020 (2019: \$15.8 million) due to the capital raising activities undertaken during the period.

Foreign Currency – Effects on Operating Results

The Group maintains a significant portion of available funds in U.S. dollars to match U.S. dollar expenditure needs. The loss from continuing operations for the period before income tax includes a realised foreign exchange loss arising from operating expenses in the U.S and Europe.

The spot exchange rate for the beginning and end of the current reporting period was AUD \$1.00 to USD \$0.70 and USD \$0.69, respectively. The spot exchange rate for the beginning and end of the prior reporting period was AUD \$1.00 to USD \$0.74 and USD \$0.70, respectively. This fluctuation of the exchange rate led to an unfavourable outcome in reporting operating expenditure but led to a favourable outcome in reporting cash and cash equivalents when compared to the prior period.

The average exchange rate for the reporting period was \$0.67 (Australian dollar (AUD) to US dollar (USD)) (2019: \$0.72). During 2020, the Group incurred unrealised mark-to-market foreign currency translation losses of less than \$0.1 million (2019: \$0.1 million).

Dynamics of the Business

The Parent and its wholly owned subsidiary, ImpediMed, Inc., are a global provider of medical technology to measure, monitor and manage tissue composition and fluid status using bioimpedance spectroscopy (BIS). These entities generate the BIS revenue for the Group through the sale of medical devices, consumables and the subscription services associated with the license fees on SOZO devices.

Using BIS, ImpediMed's proprietary technology sends 256 unique frequencies through the body to assess both intra and extracellular fluid. By detecting small amounts of fluid changes, it can help healthcare providers better detect and manage chronic disease in patients and give individuals medically meaningful information to better manage their health. BIS is able to provide highly accurate and informative metrics to routinely monitor and manage the health of patients.

During the period, the Group sold its products and subscription services through a mix of employed sales representatives and independent distributors. In the U.S. market, the Group has an employed, direct sales force that focuses on the sale of SOZO devices and the associated subscription services related to the unilateral and bilateral indications.

SOZO – Connected Digital Health Platform

SOZO is a highly disruptive technology offering a scalable business model. SOZO provides a cloud-based software solution to hospital systems, clinicians and patients that allows access to comprehensive patient data and digital health-information across the care continuum. With seamless integration into hospitals, clinical and home settings, the technology platform allows for ease-of-management of large patient populations.

The SaaS (Software-as-a-Service) business model is now well established in the management of lymphoedema with a growing database of patient measurements. Since the launch of SOZO, over 128,000 patient tests have been performed. This patient data is already driving increased accuracy, allowing for the development of automated protocols and yielding critical real-world clinical data for supporting FDA filings.

The SOZO device is sold to hospitals and clinics, along with a SaaS subscription. The subscription is an annual or monthly fee based on indications licensed. Initial SaaS subscription contracts are typically for three years in the U.S. and one to three years in other markets.



Significant Events after the Balance Sheet Date

22 July 2020

Launch of Fluid Analysis for Heart Failure software the SOZO Digital Health Platform

On 22 July 2020, the Group announced the launch of its fluid analysis for heart failure software for the SOZO Digital Health Platform. The launch follows an intensive round of review of improvements in collaboration with Dr. Tom Heywood and Dr. Andrew Accardi at Scripps Health in San Diego, CA USA. The Group has initiated discussions with potential customers and although this is initially a very targeted approach, the Group expects first commercial sales over the balance of the calendar year.

7 July 2020

\$1.1 Million Received from Option Exercise – April 2020 Non-Renounceable Accelerated Entitlement Offer

On 7 July 2020, the Group issued 29,787,481 ordinary shares in relation to options exercised by participants of the April 2020 non-renounceable accelerated Entitlement Offer, totaling approximately \$1.1 million. There is potential for up to a further \$17.1 million to be raised by 31 March 2021, from remaining options issued in the offer.

2 July 2020

Issuance of Ordinary Shares – Equity Share Plans

On 2 July 2020, the Group issued 3,444,527 shares to Non-Executive Directors and Executives as part of the Equity Share Plans. These shares were issued in lieu of cash remuneration, which comprised 100% of Directors' fees and up to 20% of Executive salaries.

Likely Developments & Expected Results

The following are areas of focus for the Group, as well as likely developments expected to impact the Group's financial results in the near-term:

Continued Strong Growth

Revenue Growth – Expanded Footprint

In the 2020 financial year, the Group recorded 99% growth in its SOZO Revenue compared to the prior year. With over 560 SOZO units sold worldwide as of 30 June 2020, the Group has a strong base-business from which SOZO license fee revenue will continue to be generated over the next twelve months. The Group ended the year with \$5.2 million in Annual Recurring Revenue from existing SOZO contracts, with a Churn Rate of just 1%, highlighting the staying power of the technology within hospital systems.

The adoption of our SaaS model means the Group is well placed in an environment where customers' capital budgets are being restrained due to the COVID-19 pandemic. The Group is able to tailor contracts to fit the changing needs of customers by moving to a zero-upfront capital, full SaaS model.

The Group is transforming every aspect of the business to adapt to this new reality. Our ability to remotely present, to conduct virtual demonstrations and train multiple staff members across their campuses, despite the constraints imposed by the COVID-19 global pandemic, ensured that the Group stayed connected with our customers.

The SOZO connected digital health platform gives the Group the ability to see patients being tested anywhere in the world in real-time. This provides the Group with a unique understanding of key markets and allows the Group to tailor our customer experience approach and better manage and reallocate our resources as we see testing decline or accelerate.

This rapid transformation, along with record levels of patient testing late in the 2020 financial year and continued interest in our technology across multiple disciplines, puts the Group in a strong position to accelerate growth in the coming twelve months.

Three Key Areas of Focus in FY2021

In addition to expanding the existing opportunities within the Group's growing customer base through its SaaS model, the Group is focused on three key areas of growth in the 2021 financial year.

- Lymphoedema
- Heart Failure
- Renal Failure

Lymphoedema

Cancer and its treatments have a huge impact on the body that often affects the quality of life after the disease. There are 1.8 million new cases of cancer each year and over 15.5 million living cancer survivors in the US. There are more than 5.5 million US patients suffering from persistent cancer-related lymphoedema as a result of their cancer treatment, making up an annual addressable market of over \$2 billion.

Lymphoedema is a leading post-surgical complication for many cancer patients that greatly impacts quality of life and it is one of the most feared consequences of cancer survivorship. ImpediMed's L-Dex technology provides a simple and accurate measurement of fluid in limbs, which allows early detection and intervention. L-Dex is the only technology that can detect the onset of lymphoedema at a subclinical stage. If detected at this stage, the progression of lymphoedema can be prevented, and often reversed. Data from the interim results of the PREVENT Trial, the largest randomised lymphoedema clinical study, has shown a 95% reduction in lymphoedema.

The Group expects to focus its US commercialisation efforts over the next twelve months on expanding the Lymphoedema Prevention Program (LPP), which is aimed at transforming patient care through the prevention of cancer-related lymphoedema. The LPP is a complete solution for cancer-related lymphoedema prevention, incorporating 'best practices' from the growing number of top cancer centres currently utilising SOZO's L-Dex technology. The LPP's aim is to maximise patient outcomes and ensure that all patients are tested throughout the continuum of care.

During the 2020 financial year, the Group saw very positive initial success with the LPP, as a number of large cancer centres placed multi-unit SOZO sales. This includes the expansion of Baylor, Scott & White to 25 SOZO units, the expansion of the University of Kansas to 16 units and the signing of the national purchasing agreement with McKesson and US Oncology, which resulted in a total of 17 units being deployed during the year.

The Group expects expansion like this to continue over the next twelve months, as the LPP also continues to drive optimised usage and adoption of the technology from clinicians, thus resulting in strong expansion within existing cancer centres.

In addition, the Group expects the Meta-Analysis to be published in the first quarter of the 2021 financial year. The Group believes this paper will provide compelling Level 1 evidence to assist with enlisting further amendments to the NCCN Guidelines® and with submissions to insurers for private pay coverage.

The Group believes that Private Pay coverage and/or NCCN Guidelines that specify BIS and/or L-Dex will significantly accelerate the uptake of SOZO for Lymphoedema.

Heart Failure

Heart Failure (HF) is a chronic, progressive and debilitating condition and it is among the most expensive diseases for the US health care system. HF

is a global pandemic affecting at least 26 million people worldwide. In the United States, it is expected that one in five people over the age of 40 will develop heart failure. It is the most common cause of hospitalisation of people over 65 years of age, and about half the people who develop HF die within five years of diagnosis. The estimated annual cost of heart failure in the US is \$31 billion. Assessing and monitoring fluid status is critical to the management of HF patients, as a change in fluid status may signal the need to change patient management by appropriately altering medication levels and, as a result, the length of hospital stays and the number of readmissions may be significantly reduced.

The Group believes that SOZO can play a vital role in optimising outcomes for HF patient management, as the current methods are either inaccurate and rudimentary (weight scale) or invasive and/or expensive (implantable devices). SOZO is uniquely positioned to replace these current monitoring methods, as the device provides the precision and accuracy of implantables at a fraction of the cost of a scale.

In July 2020, the Group announced the launch of its enhanced HF software, which was developed after receiving feedback from various key opinion leaders and as a result of a collaboration with Scripps Health. Initial feedback of the product, with its enhanced usability and data visualisations, has been extremely promising, and the Group expects first commercial sales to hospitals in the first half of the 2021 financial year.

In addition to initial hospitals, the Group has started talking to a small number of At-Risk Insurance Providers about how the SOZO HF product may help reduce heart failure readmission rates. This is a major cost burden, and although formative, may provide an entry for SOZO HF-Dex to move into the home market after the initial commercial rollout of the HF product to hospitals.

Renal Failure

Nearly 750,000 patients per year in the U.S. and an estimated 2 million patients worldwide are affected by End Stage Renal Disease (ESRD). Those who live with ESRD are 1% of the US Medicare population but account for 7% of the Medicare budget, or approximately US\$35 billion.

While it is widely accepted that better fluid management could reduce mortality and morbidity in dialysis patients, current devices and techniques, including monitoring and tracking tools, for improving fluid management are either inadequate or unproven, leaving no practical way to consistently maintain optimal volume status. SOZO provides an accurate, non-invasive, objective way to determine and monitor fluid levels in these patients.

The Group is formulating its clinical, regulatory and commercial strategies in relation to the Renal Failure market. This is an ongoing process and significant progress has been made over the past few quarters. The Group would expect to finalise and announce aspects of the strategy over first half of the 2021 financial year.

Significant Risks to the Business

The Group has a formal written Risk Management Policy that is published on ImpediMed's website.

Framework

The identification and proper management of risk within the Group is an important priority for the Board and Management. The Board monitors risk within the Group to ensure high standards of operational quality and compliance with the Group's approved strategies, policies and procedures. It ensures the Board is aware of any material risk issues and assesses the viability of the Group's operations.

The Group continues a proactive approach to risk management. Management, together with the Board and the Audit & Risk Management Committee, continually assess the key risks and their potential effect on the business. The Group undergoes, at minimum, an annual review of the risk management framework to determine whether there have been any changes in material business risks faced by the entity.

Significant Risks

During the financial year, the Group identified the following risks as major risks to the business in the foreseeable future:

- The availability of capital resources
- The retention and hiring of key personnel
- The strength of the Group's intellectual property (IP) portfolio
- The progress and/or outcome of clinical trials
- The adoption of the Group's technology
- The risk of not meeting continuous disclosure obligations
- The progress of new product and software development
- The risk related to product liability, privacy laws and cyber-security breaches
- The effective management of the Group's supply chain
- The effect of changes in laws, healthcare policy and other regulatory issues
- Brand and reputation risks
- Global economic risks: outbreak of a health pandemic

Assessment

These risks are not ranked in any order of importance or timeframe. The intention of the Group's risk management framework is to identify risks to allow the Group to plan, assess and execute its risk management strategies. Risk monitoring and assessment activities are designed to reduce, or otherwise manage, risk to levels that are acceptable to the Board and Management. The Board and Management must be kept fully informed in relation to all risk to ensure that the correct decisions in the best interests of the Group are made and that its strategic plans are realised.

The Availability of Capital Resources

In assessing the availability of capital resources, the Group is continuing to manage its cash position carefully under its operating plan and longer-term strategic plan. The Group may find additional sources

of financing and/or raise additional capital if needed. If ImpediMed is unable to obtain additional funds when required, the Group may be forced to delay, reduce the scope of, or eliminate one or more clinical trials, product and software development or commercialisation efforts.

The Retention and Hiring of Key Personnel

In assessing the retention and hiring of key personnel, the Group is continuing to consult with remuneration consultants to review the competitiveness of remuneration packages for current and future key management personnel. The Group may or may not be able to retain or hire key personnel based upon its remuneration structure. Details of retention and hiring policies of the Group are set out in the Remuneration Report.

The Strength of the Group's Intellectual Property (IP) Portfolio

In assessing the strength of the Group's Intellectual Property, the Group continues to consult with IP attorneys on the landscape of the Group's portfolio. The Group uses patents or trademarks to protect its technology and applications from unauthorised use by third parties. The term of patents may expire or may be challenged, invalidated or circumvented. The Group is relying on its patents for commercial protection for its devices.

The Progress and/or Outcome of Clinical Trials

In assessing the progress and/or outcomes of clinical trials, the Group continuously monitors key clinical trials which have been published and evaluates potential areas of further research. The outcomes of clinical trials may or may not be favourable.

The Adoption of the Group's Technology

In assessing the adoption of our technology, the Group is focused on developing a model for practice integration, in L-Dex, Heart Failure and future applications, for all existing and new accounts. This, together with acceptance of a Software as a Service (SaaS) subscription business model, evaluating the cost of the technology, fit of the technology, inclusion on guidelines, and reimbursement/payment levels for the technology, will all play a part in determining the future growth of the business.

In particular, ImpediMed is requesting inclusion of a formalised testing protocol and BIS technology for lymphoedema prevention in the NCCN Guidelines. Whilst ImpediMed believes there is a compelling case for inclusion in the NCCN Guidelines and for private health insurers to make payments on future claims, there is no guarantee that this will occur.

The commercial success of ImpediMed's products is also substantially dependent on achieving acceptable payment levels to medical providers to support pricing strategies for L-Dex and additional indications and uses for SOZO. Whether acceptable third-party payments and reimbursement levels are available from government bodies, private health insurers and other third parties will be reliant on clinical data, industry guidelines and health economic arguments.

In addition to risks identified above, there is an additional risk that the impact of COVID-19 will cause delays in the review and/or determination of coverage for ImpediMed's technology.

The Risk of Not Meeting Continuous Disclosure Obligations

In assessing continuous disclosure obligation risks, failure to disclose material information or to disclose incorrect information or correct information in an incorrect manner is a potential risk. The Group continuously monitors the business for material information required to be disclosed and conducts regular Management and Board meetings to discuss business progress and activities.

The Progress of New Product and Software Development

In assessing the progress of new product and software development, the Group must assess the impact that investing in product and software development has on the business.

Developing software and technology, particularly in the medical sector, is expensive and often involves an extended period of time to achieve a return on investment. An important aspect of ImpediMed's business is to continue to invest in innovation and related product development opportunities. ImpediMed believes that it must continue to dedicate resources to ImpediMed's innovation efforts to develop ImpediMed's product offering and to maintain ImpediMed's competitive position. ImpediMed may not however, receive benefits from these investments for several years or may not receive benefits from these investments at all.

The Group also runs the risk of not meeting timelines or not making the right product that addresses customer and market needs. The Group follows a defined design control process and monitors projects to ensure that they are staffed correctly, while also conducting usability studies to determine customer and patient needs.

The Group must also assess the risk related to failing to achieve and maintain software products, which could result in recalls or withdrawals, product shortages, delays or failures in software delivery or other problems that could seriously harm ImpediMed's business.

The Risk Related to Product Liability, Privacy Laws and Cyber-security Breaches

In assessing the risk related to product liability and cyber security, the Group conducts extensive safety and penetration testing of new and current technology and regularly reviews customer complaints through its quality procedures and system.

The risk is present that ImpediMed's products could:

- 1) Cause harm or injury to users,
- 2) Be used off label,
- 3) Require a recall, or
- 4) Result in a breach to digital assets such as cyber security data.

ImpediMed relies on third party cloud computing and other information technology systems, especially for

SOZO. Interruption, compromise to or failure of these systems may affect ImpediMed's ability to service its customers effectively. ImpediMed is vulnerable to data breaches by employees and others with both permitted and unauthorised access which poses a risk that sensitive data may be exposed to the public or be permanently lost. A breach in security of, or a significant disruption in, ImpediMed's information technology systems could adversely affect ImpediMed's operating results, financial condition, reputation and brand.

Privacy laws around the world continue to develop and impose greater burdens on businesses when dealing with personally identifiable information. The laws are designed to give greater protections to data owners, improve transparency and require businesses to develop better privacy practices and security processes. Failure to do so can result in pecuniary penalties, negative publicity, damage to brand and a requirement to improve processes and controls, each of which, if they were to happen, could adversely affect ImpediMed's operating results, financial condition, reputation and brand.

The Effective Management of the Group's Supply Chain

In assessing the effective management of the Group's supply chain, the Group must assess the risk of not having enough product to meet demand due to product shortages or supply chain issues.

The Group manages the supply chain through sales and operation planning and sustaining engineering, as well as through long-term strategic product pipeline planning.

The Effect of Changes in Laws, Healthcare Policy and Other Regulatory Issues

In assessing the effect of changes in laws, healthcare policy and other regulatory issues, the Group must assess the effect that unforeseen changes in laws and government policy could have in relation to material and unforeseen changes to:

- 1) Licensing and clearance requirements;
- 2) Regulations relating to clinical trials;
- 3) Manufacturing;
- 4) Product clearance; or
- 5) Pricing, including any tariffs and/or taxes.

Changes in laws healthcare policy and other regulatory issues could materially impact ImpediMed's operations, assets, contracts and profitability.

Brand and Reputation Risks

In assessing brand and reputation risks, the Group must assess the adverse effect that reputation damage or negative publicity could have on ImpediMed or its products as it relates to the Group's customer relationships, general business and ultimately its financial performance.

As part of reviewing the brand and reputation risks for ImpediMed, the Group also considers the responsibility it has to ensure a work environment that has considered the impacts of environmental and social sustainability risks on the Group.

Global Economic Risks:

Outbreak of Health Pandemic

ImpediMed's business could be adversely impacted by the effects of COVID-19 (more commonly referred to as coronavirus) or other pandemics, as there is uncertainty relating to the potential effect of COVID-19 on ImpediMed's business. Infections may become more widespread and should that limit ImpediMed's ability to sell products or cause supply disruptions it would have a negative impact on ImpediMed's business, financial condition and operating results. In addition, a significant health pandemic could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for ImpediMed's products which may then have an adverse effect on ImpediMed's business, operating results and financial condition.

ImpediMed's target customers and independent distributors may continue to implement heightened security policies which may inhibit ImpediMed's ability to access hospitals or clinics for the purposes of selling products and may cause delays of orders for products and negatively affect revenues.

There is an added risk that the diagnosis and treatment of other health conditions, such as lymphoedema, could be reduced and hospital staffing reallocated in response to the spread of COVID-19. There is uncertainty relating to the potential effect of COVID-19 on ImpediMed's business. ImpediMed's ability to sell products or cause supply disruptions, it would have a negative impact on ImpediMed's business, financial condition and operating results.

Risk Management

The Board, in conjunction with Management, has established and implemented a system for identifying, assessing, monitoring and managing material risk throughout the organisation. The Board has identified what are believed to be the highest perceived risks to the business and will continue to monitor these risks to make decisions in the best interest of the Group.

Environmental Regulations and Performance

The Group's activities are subject to licenses and regulations under environmental laws that apply in the jurisdictions of its operations. These licenses specify limits for and regulate the management of moving to components free of hazardous substances.

The Group is supporting the global move towards components free of hazardous substances in its device electronics and is working with its contract manufacturers to identify replacement parts, where necessary, to substitute into its device designs.

There have been no significant known breaches of the license conditions or other environmental regulations. ImpediMed has an environmental health and safety management system, which includes regular monitoring, periodic auditing and reporting within the Group.

The system is designed to continually improve ImpediMed's performance and systems with training, regular review, improvement plans and corrective action as priorities.

Indemnification and Insurance of Directors and Officers

The Group insured its Directors, Secretary and Executive Officers for the financial year ended 30 June 2020. Under the Group's Directors' and Officers' Liability Insurance Policy, the Group cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium.

To the extent permitted by law and subject to the restrictions in section 199A and 199B of the Corporations Act 2001, the Group indemnifies every person who is or has been an officer of the Group against any liability (other than for legal costs) incurred by that person as an officer of the Group where the Group requested the officer to accept appointment as Director or Executive.

To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the Corporations Act 2001, the Group indemnifies every person who is or has been an officer of the Group against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Group.

Indemnification of Auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Share Options and Performance Rights

Details of movements during the year related to options and performance rights for key management personnel are set out in the Remuneration Report.

Unissued Shares

As at the date of this report and the reporting date, there were unissued ordinary shares under options and performance rights as outlined below:

Unissued Ordinary Shares	26 Aug 2020	30 Jun 2020
EIP (Employee Incentive Plan) Options	24,150,862	24,175,862
ESOP (Employee Share Option Plan) Options	8,419,639	8,419,639
Total Options	32,570,501	32,595,501
EIP Performance Rights	7,372,095	7,372,095
Total Performance Rights	7,372,095	7,372,095
Total Unissued Ordinary Shares	39,942,596	39,967,596

Refer to Note 18 of the financial statements for further details of options and performance rights outstanding and the value of the share-based payments.

Option holders and performance right holders do not have the right, by virtue of the option or performance right, to participate in any share issue of the Group or any related body corporate or in the interest issue of any other registered scheme.

During the financial year, 25,534 ESOP options (2018: 1,560,364) and 403,666 EIP options (2019: nil) were exercised. In addition, 819,666 performance rights (2019: nil) vested and were exercised under the EIP plan. Refer to Note 18 of the financial statements for further details of options exercised during the year.

During the financial year, 631,050 ESOP options (2019: 155,550) and 3,459,946 EIP options (2019: 1,582,299) were forfeited; 1,788,907 ESOP options (2019: 1,425,924) and 169,771 EIP options (2019: nil) expired. In addition, 2,317,414 (2019: nil) under the EIP plan were forfeited during the period. Refer to Note 18 of the financial statements for further details of options forfeited or expired during the year.

Shares Issued to KMP as a Result of the Exercise of Options

During the financial year, key management personnel (KMP) exercised options to acquire no (2019: 1,238,366) fully paid ordinary shares in ImpediMed Limited at a weighted average exercise price of nil per share (2019: \$0.12). The weighted average exercise price of all options exercised during the period was \$0.16 (2019: \$0.11).

Employees

As at 30 June 2020, ImpediMed and its subsidiaries had a total of 69 full and part-time employees (2019: 67 employees).

Diversity

The Group has a formal written Diversity Policy that is published on ImpediMed's website.

The Board has the role of reviewing and updating this policy, overseeing its implementation, and assessing progress in achieving its objectives.

Diversity refers to characteristics that make individuals different from each other. Diversity encompasses differences in backgrounds and experiences, and differences in approach and viewpoints. It includes factors such as gender, age, ethnicity, cultural background, language, disability and other areas of potential difference.

The diversity policy defines the initiatives that assist the Group in maintaining and improving the diversity of its workforce. To the extent practicable, the Group will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

ImpediMed's Commitment to Workplace Diversity

The Group is committed to creating and ensuring a diverse work environment in which everyone is treated fairly and with respect and where everyone feels

responsible for the reputation and performance of ImpediMed. The Board and Management of ImpediMed believe that ImpediMed's commitment to this policy contributes to achieving corporate objectives and embeds the importance and value of diversity within the culture of the Group.

Details of the number of management level females of the Group as of:

Level	30 June 20		30 June 19	
	Female	Total	Female	Total
Board of Directors	1	7	1	7
Executives	2	9	2	8
Senior Managers	5	11	5	11

Corporate Governance

On 27 March 2014, the ASX Corporate Governance Council (CGC) released the third edition of their corporate governance principles and recommendations, including ASX listing rule 4.10.3.

Details of ImpediMed's corporate governance policies and procedures, including information about Board Committees and Corporate Charters, can be found on the Group's website under the Investor Relations section:

<https://investors.impedimed.com/about/corporate-governance/>

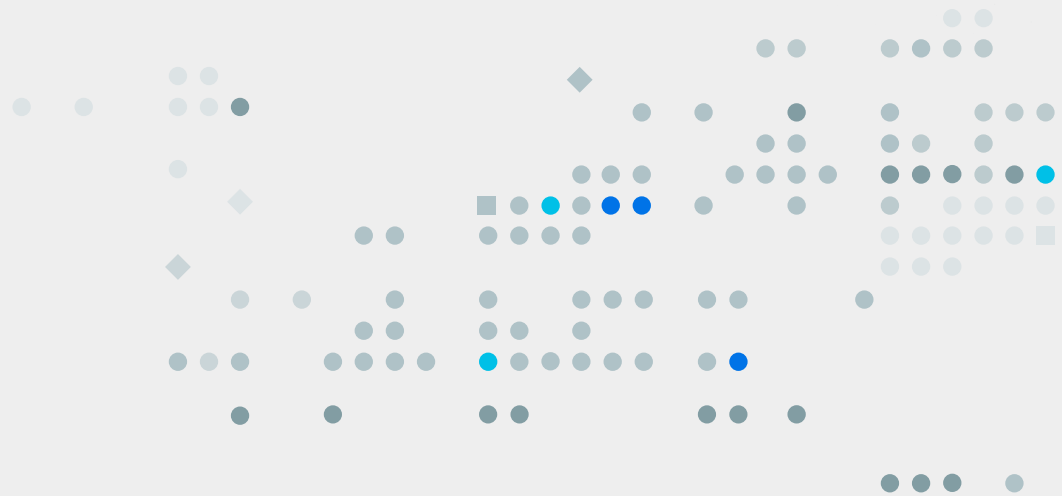


Our mission is to improve patients' lives
by providing solutions that will allow a deeper
understanding of the human body and the
importance of fluid status and tissue analysis.

ImpediMed Mission

Remuneration Report

Chapter 3



Remuneration Report

This Remuneration Report outlines the remuneration arrangements for the Key Management Personnel (KMP) of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its Regulations.

The report is structured into the following sections:

CONTENTS

SECTION 1	Introduction by the Chair of the Remuneration Committee	Page 36
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SECTION 3	Remuneration Governance	Page 39
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Definitions	
Key Management Personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group. KMP of the Group consists of Non-Executive Directors (NEDs) , Executive Directors (EDs) , and certain Executives . Refer to SECTION 4 of this report for a full list of the Group's KMP.
Non-Executive Directors	Directors of the Group that are not acting in an executive capacity.
Executive Director	Is a Director of the Group that is also acting in an executive capacity. The Managing Director and CEO (MD/CEO) of the Group is considered an Officer of the Group and an Executive Director.
Executives	Individuals defined as KMP that are Officers of the Group and not Non-Executive Directors of the Group.



"It is a time when our customers, shareholders and the Board are asking more from the Group's KMP and frontline employees during this global pandemic. The IPD team has collectively risen to meet the demand for continued technological product advancement, larger customer revenue relationships and reduced cash remuneration. As chair of the remuneration committee, I am pleased to speak for the entire board when I say how proud we are of the IPD team."

SECTION 1

Introduction by the Chair of the Remuneration Committee

Dear Shareholder,

On behalf of the Board, I present ImpediMed's Remuneration Report for the year ended 30 June 2020 which has been approved by both the Remuneration Committee (the Committee) and the Board.

Before I turn to the issue of executive remuneration, I want to briefly touch upon COVID-19 and its impact on our people and our business. I have been very impressed by the huge efforts made throughout ImpediMed to maintain our Company's focus and agility in this difficult period. At ImpediMed, we continue to put the welfare of our employees first and our social responsibility obligations remain central to all our considerations. I am pleased to report that, as I write this, we have not had to take exceptional steps such as furloughing employees. Nearly all of our people globally, including those with childcare responsibilities, are working from home and have innovatively reacted to achieve business milestones and support the needs of our customers and the patients they serve.

Despite the challenges of the COVID-19 global pandemic, the Group ended the year with over 560 SOZO units sold since launch, grew SOZO revenues by 99%, and grew Contracted Revenue Pipeline by 25%. The Group also made tremendous progress with the Heart Failure program, highlighted by the recent release of the fluid analysis for heart failure software for the SOZO® Digital Health Platform.

There is an economic impact from COVID-19, and both the Committee and the wider Board are acutely aware of the impact this unforeseen event is having and may continue to have for a period of time. In response to this and shareholder requests during the capital raise, the

MD/CEO agreed to a temporary 30% reduction in base salary and other executives agreed to a temporary 10% reduction in base salary as of 1 April 2020. This was in addition to a 20% reduction in cash pay which is received as equity in lieu of cash under the Executive Share Plan. The Executive Share Plan went into effect 1 July 2020 after receiving shareholder approval at the 2020 AGM providing up to 20% base salary as equity in lieu of cash. The Non-executive Directors (NEDs) have also agreed to a 25% reduction in their fees effective 1 April 2020. NED fees are being received 100% as equity using the NED Share Plan that commenced with effect 1 July 2020. The Board, with support of the Committee, is looking to continue the MD/CEO and Executive base salary reductions, the NED fee reductions, as well as the payment of part of executive remuneration and all director fees with equity into financial year 2021 as we monitor the COVID-19 impact.

The result of these impacts on KMP Remuneration is evidenced in Table 9.1 of the Remuneration Report. Total KMP Remuneration decreased by 47% in the reporting period to \$4,026,744 (2019: \$7,583,919), net of severance. The MD/CEO Remuneration decreased by 54% in the reporting period to \$1,142,148 (2019: \$2,497,973).

47% Reduction in KMP Remuneration



During the reporting year, the Committee continued to focus on performance-based remuneration by increasing the weighting of performance-based equity grants

The Board, supported by the Committee, is committed to good governance in remuneration and to ensuring that the Group's policies and practices are fair, competitive and responsible. The Board is aware that the COVID-19 situation is constantly evolving and we will continue to keep executive remuneration arrangements and decisions under review between the publication of this report and our AGM, and beyond.

The Board is also committed to open dialogue with shareholders and ensuring transparent communication of remuneration arrangements.

We look forward to the year ahead and are grateful for your continued support.

Don Williams, Non-Executive Director
Chair, Remuneration Committee

Remuneration Report (Audited)

1.1. Response to Feedback

At the 2019 Annual General Meeting (AGM), the Company obtained 83.82% of the proxy votes (including votes at the Board's discretion) in favour of adopting the 2019 remuneration report. The Board carefully considers feedback provided by shareholders and proxy advisers on the 2019 Remuneration Report and throughout the year as outlined in the following table.

Concern	ImpediMed Response
CEO's fixed remuneration	<p>No increase in fixed remuneration was provided for the year ended 30 June 2020. During the Group's capital raise in March 2020, the MD/CEO's base salary was temporarily reduced by an additional 30% effective 1 April 2020. This is in addition to the program that was effective 1 July 2019 where MD/CEO cash base salary has been reduced by 20% stock in lieu of cash, resulting in a total cash reduction of 50%.</p> <p>MD/CEO fixed cash remuneration decreased by 23% to \$557,846 for the reporting period (2019: \$722,014).</p> <p>Total MD/CEO Remuneration decreased by 54% to \$1,142,148 for the reporting period (2019: \$2,497,973).</p>
Executive fixed remuneration	<p>Similar to the MD/CEO, other executives' base salary was temporarily reduced by an additional 10% effective April 2020 at the request of shareholders and the uncertainty of potential future impacts of COVID-19; This is in addition to the program which was effective July 2020 where cash base salary has been reduced by 20% stock in lieu of cash, a total cash reduction of 30%.</p>
Payment of STI which appears at odds with the company's financial performance and position	<p>Increased weighting on financial KPI's (100% for the reporting period up from 50% in 2019). This change displays our commitment to pay for performance by directly tying incentive outcomes to predetermined financials that support long-term value creation at ImpediMed.</p> <p>STI achievements were reduced by 78% to \$0.53m for the reporting period (2019: \$2.45m).</p>

1.2. Remuneration Arrangements in Financial Year 2020

Performance-Based Remuneration

The Remuneration Committee is committed to executive and shareholder alignment, and this is achieved via a remuneration philosophy with a significant performance-based orientation. The Remuneration Committee and KMP displayed this commitment in the year ended 30 June 2020 with remuneration actions that considered internal and external factors impacting ImpediMed, namely the:

- Financial and operational performance for the reporting period,
- Stock price performance for the reporting period, and
- Potential impacts from the COVID-19 pandemic.

Adhering to its pay-for-performance philosophy, and commitment to executive and shareholder alignment, a greater weighting was placed on long-term incentives tied to performance metrics during the reporting period (50% in current period up from 40% in 2018; no LTI was issued in 2019).

Additionally, in for the year ended 30 June 2020, certain senior executive staff, including the MD/CEO, were provided equity compensation, in the form of market value shares, in lieu of a portion of their cash Base Salaries. This further reinforces our performance philosophy, but also conserved cash.

Consistent with the changes to executive remuneration and to better align NED remuneration with shareholders, in the year ended 30 June 2020, an equity share plan remuneration program was established for NEDs with an equity share program where 100% of cash fees are foregone and received in the form of market value shares to an equivalent amount.

The MD/CEO did not receive an increase in fixed remuneration for the year ended 30 June 2020. Effective April 2020, the MD/CEO's fixed cash remuneration was temporarily reduced by 30% as requested by shareholders during the March 2020 capital raise and the uncertainty of potential future impacts of COVID-19. This is in addition to the program that was effective July 2019, in which the MD/CEO cash base salary has been reduced by 20% stock in lieu of cash, a total cash reduction of 50% effective April 2020.

Similar to the MD/CEO, other Executives' fixed cash remuneration was temporarily reduced by 10%, effective April 2020, due to the financial situation of the company and the uncertainty of potential future impacts of COVID-19. This is in addition to the program which was effective July 2019 where cash base salary has been reduced by up to 20% stock in lieu of cash, a cumulative cash reduction of 30% effective April 2020.

We believe that the actions of the Committee, and the intended actions of both NEDs and Executives highlight ImpediMed's focus on delivering shareholder value and further aligning executive and NED interests with shareholders.

Benchmarking

The Committee conducted a comprehensive review of the comparator groups in 2019. Benchmarks against the comparator groups, together with, when appropriate, other surveys were referenced for establishing financial year 2020 remuneration. During the year, due to the external environment and market, and at the request of shareholders, changes were made to executive and board remuneration that deviated from the practice of benchmarking against a comparator group. The Committee will conduct periodic benchmarking to measure the external market and may reference peers, comparator groups or third-party compensation surveys with regard to industry and size.

1.3. Key Developments Expected for Financial Year 2021

Executive Remuneration

In financial year 2021, the Group will continue the temporary base salary reductions of the MD/CEO and certain executives while the impact of COVID-19 on the company is monitored. The Group will also look to continue the Executive Share Plan to allow executives to exchange up to 20% of cash base salary with equity grants, in the form of market value shares, to manage its available cash resources and increase the alignment of executives with shareholders. The equity remuneration would be treated as part of fixed remuneration.

As the Group shows progress with commercialisation and a path to profitability, the Board will review MD/CEO and Executive remuneration to ensure that remuneration is in line with our remuneration practices in relation to the highly competitive market for specific technical skills critical to our business.

Board Remuneration

The remuneration structure among US life sciences and medical technology companies typically includes a significantly weighted equity component for board members. With a majority of the ImpediMed Board being US based, the Board looks to continue the 25% NED fee reduction and the use of the Non-Executive Director Share Plan to allow equity remuneration in lieu of cash for NEDs for financial year 2021. The use of equity remuneration will allow the Group to better utilise its available cash resources, to increase alignment to shareholders and also to retain and attract NEDs that have the specific background and experience required by the Group (e.g. regulatory regime, reimbursement environment) in the highly competitive US healthcare industry.

SECTION 2

Executive Remuneration Philosophy and Strategy

The Remuneration Committee reviews the remuneration philosophy and strategy and makes recommendations to the Board regarding the remuneration arrangements for Executive KMP. ImpediMed's remuneration philosophy and strategy are designed to attract, motivate and retain executives of the required calibre by identifying and rewarding high performers and recognising the contribution of each Executive to the continued growth and success of the Group.

The remuneration philosophy at ImpediMed targets fixed remuneration at the median of external comparators and, for exceptional performance, targets variable remuneration above the median. To determine executive remuneration, the Remuneration Committee benchmarks against companies in Australia and the United States to ensure that policy objectives are met and are in line with good corporate practices for a company of ImpediMed's size and industry. The committee obtained remuneration benchmarking with reference to peers, together with, where appropriate, other benchmarking reports that apply to specific positions in 2019 and updated these analyses in 2020 through internal means.

Other factors the Remuneration Committee may consider when setting remuneration include, internal equity, individual performance, tenure, leadership skills and ability to impact Group performance. In addition, while recruiting and retaining key executive talent, remuneration decisions may be determined based on negotiations with such individuals and can reflect such factors as the amount of remuneration that the individual would forgo by joining or remaining with the Group.

To this end, key objectives of the Group's reward framework are to:

- Align remuneration with the Group's business strategy, remuneration philosophy and interests of shareholders
- Offer an attractive and competitive mix of remuneration benchmarked against applicable markets
- Provide strong linkage between individual and Group performance and rewards
- Offer remuneration based on internal comparison with other employees and matching the role requirements with the skills, experience and responsibilities of individual executives.

- Support the corporate mission statement, values and policies through recruiting, organising and managing high achieving individuals committed to the Group's success

While continuing to pursue this remuneration strategy, the Remuneration Committee and Board vary arrangements as needed to meet immediate priorities.

SECTION 3

Remuneration Governance

3.1. Role of the Remuneration Committee

The Remuneration Committee of the Board of Directors of the Group is responsible for making recommendations to the Board on the remuneration arrangements for the Non-Executive Directors (NED), Executive Directors (ED), the Managing Director and Chief Executive Officer (MD/CEO) and Executives reporting to the MD/CEO.

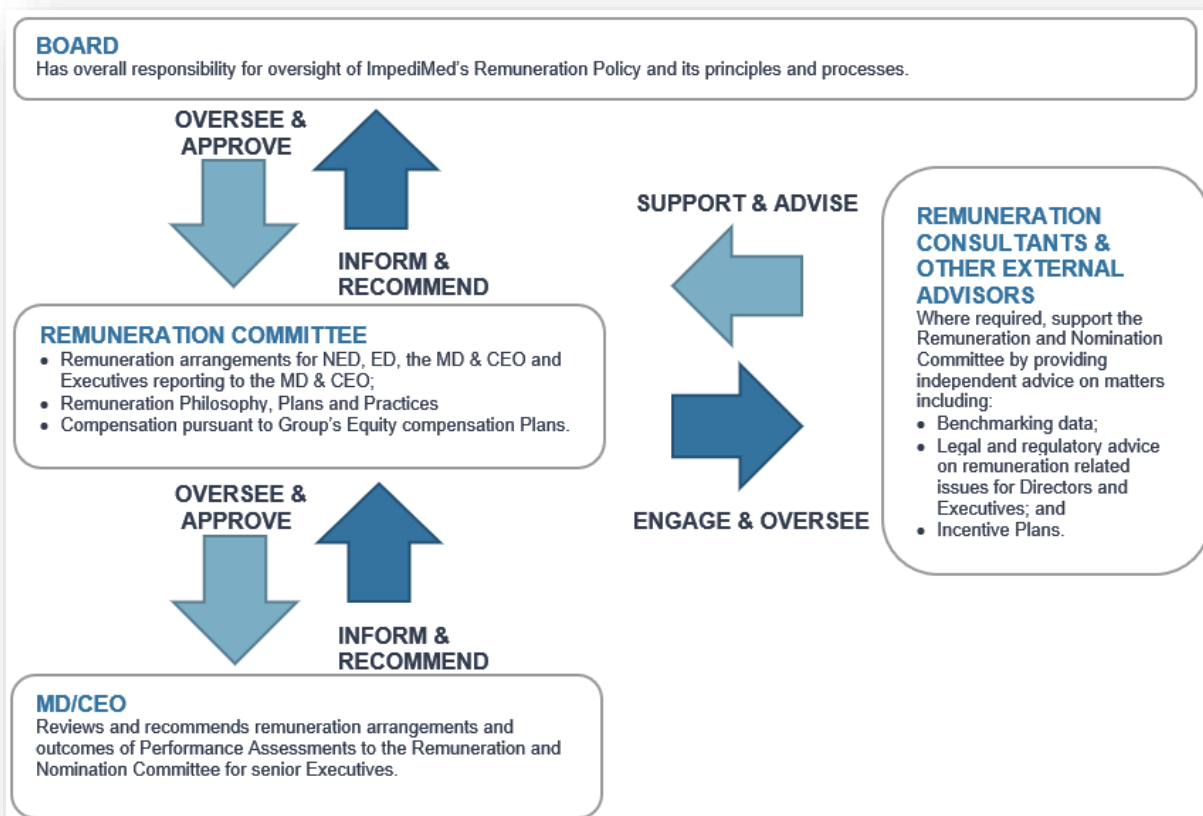
The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Executives and NEDs on a periodic basis by reference to relevant employment market conditions, with the overall objective of maximising shareholder benefit by attracting and retaining high-quality, high-performing Executives and NEDs. In determining the level and composition of Executive remuneration, the Remuneration Committee may also engage external consultants to provide independent advice.

As of the date of this report, the Remuneration Committee comprises the following Non-Executive Directors, all of whom are independent:

- Donald Williams (Chair)
- David Anderson
- Robert Graham

3.2 Services from Remuneration Consultants

Under the provisions of the Committee's Charter, the Committee may engage the assistance and advice from external remuneration advisors. To ensure that any recommendations made by remuneration consultants are provided without undue influence being exerted by Executives, external remuneration consultants deliver their advice directly to members of the Committee. In the year ended 30 June 2020, Willis Towers Watson (WTW) provided support and counsel to the Remuneration Committee of a nature relating to executive remuneration within Australia and US frameworks. The work undertaken by WTW in the year ended 30 June 2020 did not constitute a remuneration recommendation for the purposes of the Corporations Act 2001.



SECTION 4

Key Management Personnel

For the purposes of this report, the Key Management Personnel (KMP) of the Group are those persons defined as having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group. This information has been audited as required by section 308(3C) of the Act.

Directors	
Scott Ward	Chairman and Non-executive Director
David Anderson	Non-executive Director (appointed May 2020)
Judith Downes	Non-executive Director
Gary Goetzke	Non-executive Director (retired March 2020)
Robert Graham	Non-executive Director
Amit Patel	Non-executive Director
Donald Williams	Non-executive Director
Richard Carreon	Managing Director and Chief Executive Officer
Executives	
Morten Vigeland	Chief Financial Officer (separated from employment March 2020)
Shashi Tripathi	Chief Technology Officer
David Adams	Senior Vice President Operations and Strategic Planning
Catherine Kingsford	Senior Vice President Medical Affairs
Dennis Schlaht	Senior Vice President R&D and Technology

Subsequent to year-end, Tim Cruickshank was appointed Chief Financial Officer of the Group.

SECTION 5

Remuneration of Non-Executive Directors (NEDs)

The Remuneration Committee considers the level of remuneration required to attract and retain highly qualified Non-Executive Directors with the necessary skills and experience for the Group's Board. This remuneration is reviewed periodically with regard to market practice and NED duties, responsibilities and accountability.

NED fees are determined within an aggregate Directors' fee pool, approved by shareholders at the annual general meeting (AGM). The maximum aggregate remuneration approved in 2015 was \$800,000. To assist the company in managing its available cash resources, increase the alignment of the NED remuneration with shareholders' interests and ensure that NED remuneration is attractive in both Australia and the US (NED membership is currently 67% US and 33% Australian), for the year ended 30 June 2020, with the introduction of the Equity Share Plan, 100% of NED remuneration was received in the form of equity, in lieu of cash. Effective April 2020, the NED fees were reduced by 25% at the request of shareholders during the capital raise. The sum of NED fees paid in the reporting year was \$598,441 (2019: \$619,236), which consisted of \$12,692 for superannuation and \$585,749 in shares issued in lieu of cash.

Table 9.1 shows individual Director fees paid during the year ended 30 June 2020.

SECTION 6

Managing Director and CEO Remuneration

Based on the Remuneration Committee's recommendation, the Board agreed to not increase Mr Carreon's base salary for the year ended 30 June 2020. In addition, effective 1 April 2020 Mr Carreon received a 30% temporary salary reduction, resulting in a base salary of USD \$361,434, down from USD \$516,334 (2019: USD \$516,334) plus non-monetary health benefits. In addition, Mr Carreon exchanged 20% of base salary with equity, in the form of market value shares. Refer to table 9.1 for details on financial year 2020 remuneration in AUD.

Mr Carreon's STI performance conditions and outcomes have been detailed in section 7.2.1 and 7.2.2. During the year ended 30 June 2020, the Board issued 1,992,612 Options (2019: no options issued) to Mr Carreon at an exercise price of \$0.15 per option under the EIP. During the year ended 30 June 2020, the Board issued 1,962,871 Performance Rights (2019: no performance rights issued) to Mr Carreon under the EIP.

The Options and Performance Rights were approved by shareholders at the 2019 AGM and subsequently granted on 11 November 2019.

The Options granted to Mr Carreon consisted of a mix of incentive stock options (ISO) and non-statutory stock options (NSO). Subject in all cases to continuous employment with the Group, the Options will vest over a four-year period, with one-quarter of the number of total options granted vesting annually, on each one-year anniversary of the date of grant. Additionally, if in the opinion of the Board a Change of Control has occurred or is likely to occur, the Board may declare an Option to be free of any Vesting Conditions as detailed in Rule 5.3(b) of the Plan.

All options which have not vested shall automatically lapse and be forfeited without consideration, upon cessation of Mr Carreon's employment with the Group, unless otherwise determined by the Board.

The Performance Rights granted to Mr Carreon were issued for nil consideration when the closing price of a share on ASX on the date of grant was \$0.15. Subject in all cases to continuous employment with the Group, the Performance Rights will vest on the third anniversary of the date of grant to the extent that relevant performance hurdles are satisfied. The extent to which a performance condition is satisfied will be determined by the Remuneration Committee with a recommendation to the Board, whose decision is final and binding on the Participant. The Remuneration Committee may determine that a performance condition has been satisfied at or between "minimum" and "maximum", in which case the percentage of performance rights that vest will be determined by the Remuneration Committee. If any performance rights do not vest (as determined by the Remuneration Committee), those performance rights will lapse.

All Performance Rights that have not vested shall automatically lapse and be forfeited without consideration, upon cessation of Mr Carreon's employment with the Group unless otherwise determined by the Board.

The Board may declare that some, none, or all outstanding unvested Performance Rights are free of Performance Conditions and may vest on an accelerated basis immediately before a Change of Control Event. Without limiting the Board's discretion, the Board may have regard to the degree to which the relevant Performance Conditions have been achieved prior to the Change of Control Event.

If the Participant ceases employment with the Company or any Group entity, where such cessation of employment is due to the Participant's death, permanent illness or permanent physical or permanent mental incapacity (as certified by a medical practitioner who is approved in writing by the Board), the Board

may, at its discretion, determine that the Performance Rights will vest (on the third anniversary of the Date of Grant) on the same basis as if the Participant was still employed by the Company or another Group entity.

SECTION 7

Remuneration of Executives

The majority of the Group's Executive KMP are based in the US and are remunerated according to the laws and norms of that country, which differ in many important respects from Australian practice.

As described in SECTION 2, the framework for executive remuneration at ImpediMed is based upon a remuneration philosophy and strategy established by the Remuneration Committee and approved by the Board of Directors. The Remuneration Committee references benchmarking data from companies with regard to industry and size, as well as input from independent remuneration consultants.

For the year ended 30 June 2020, the remuneration structure for Executive KMP and other select employees consisted of the following elements:

Component	Performance Measure	Strategic Objectives and Link to Performance
FIXED REMUNERATION: Base salary, superannuation, employee health benefits and any salary sacrificed benefits.	The fixed remuneration is not performance related. It is set having regard for: <ul style="list-style-type: none"> - Experience and qualifications of the individual - Responsibilities and criticality of role - Remuneration paid to similar roles as benchmarked against surveyed companies with regard to industry and size 	<ul style="list-style-type: none"> - Offer an attractive mix of remuneration benchmarked against the applicable market-region and country practices
SHORT-TERM INCENTIVE (STI): Cash-based incentive awarded for the achievement of ImpediMed's Operating Plan objectives measured over a one-year performance period.	Financial KPIs (100%): <ul style="list-style-type: none"> - Total Revenue - Contracted Revenue Pipeline (CRP) ⁽ⁱ⁾ - Cash Flow ⁽ⁱ⁾ 	<ul style="list-style-type: none"> - Align remuneration with the Group's business strategy - Align the interests of executives and shareholders and share the success of the Group with the employees - Provide strong linkage between individual and Group performance and rewards - To attract and retain the key talent needed to deliver on our corporate objectives and strategic plan
LONG-TERM INCENTIVE (LTI): Equity-based incentive, comprising a mix of Options and Performance Rights for Group Performance over the long-term.	<ul style="list-style-type: none"> - Time-based (50%): Options vest subject to the participant remaining in employment with ImpediMed over a four (4) year period. - Performance-based (50%): Performance Rights vest subject to achieving two (2) equally weighted hurdles over a three (3) year period: <ul style="list-style-type: none"> - Revenue Pipeline (CRP) at 30 June 2022 - Total Shareholder Return (TSR 3-Year) 	

(i) CRP is unaudited, non-AASB financial metrics that do not represent revenue in accordance with Australian Accounting Standards. Refer to the Directors' Report for a glossary of non-AASB financial terms used by the Group.

7.1. Fixed Remuneration

Fixed remuneration consists of base salary, superannuation and other entitlement benefits that vary by state or country. Fixed remuneration is not “at risk” as it does not vary with the performance of the Group.

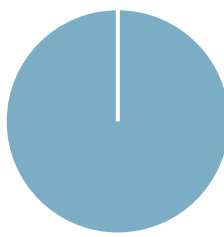
Fixed remuneration is not automatically increased but is typically reviewed annually, to ensure it remains competitive.

As described in SECTION 7, fixed remuneration for Executives takes into consideration benchmarking data from other companies with regard to industry and size. In addition to reviewing benchmarking survey data, when setting fixed remuneration for any given role, the Remuneration Committee has regard to the experience, qualifications and skill set of the individual, as well as the responsibilities and criticality of the role.

In year ended 30 June 2020, MD/CEO and other executives took a temporary reduction in base salary and an additional portion of base salary in equity in lieu of cash as a result of the request of shareholders and in consideration of external market factors (COVID-19).

7.2. Short-Term Incentive (STI)

The STI plan is a cash-based incentive that is awarded based on annual performance. In the year ended 30 June 2020, the STI Plan focused on both Group and Individual performance. The remuneration philosophy at ImpediMed targets variable remuneration above the median for exceptional performance and the STI aims to encourage performance over and above what is expected as part of the ordinary course of business. The key features of the STI plan for the year ended 30 June 2020 are outlined below:

Participants	KMP and other selected employees												
Award Type	Cash												
Opportunity	<p>The percentage of the target STI opportunity for the year ended 30 June 2020 has been expressed as a percentage of Total Fixed Remuneration (TFR) in the table below:</p> <table border="1"> <thead> <tr> <th>KMP</th><th>Target STI %</th></tr> </thead> <tbody> <tr> <td>MD/CEO</td><td>70%</td></tr> <tr> <td>CTO</td><td>40%</td></tr> <tr> <td>SVP Operations and Strategic Planning</td><td>40%</td></tr> <tr> <td>SVP Medical Affairs</td><td>40%</td></tr> <tr> <td>SVP R&D and Technology</td><td>40%</td></tr> </tbody> </table> <p>Actual STI payments awarded depend on the extent to which specific key performance indicator (KPI) targets are achieved, as follows:</p> <ul style="list-style-type: none"> - Threshold performance – 50% of target opportunity - At target performance – 100% of target opportunity - Maximum performance – 150% of target opportunity for Executives; 200% of target opportunity for MD/CEO <p>Threshold performance is the minimum level of performance required to earn any STI.</p> <p>Targets are set with a level of ‘stretch’ built-in, and therefore, maximum performance for any STI is only achieved in respect of exceptional performance.</p>	KMP	Target STI %	MD/CEO	70%	CTO	40%	SVP Operations and Strategic Planning	40%	SVP Medical Affairs	40%	SVP R&D and Technology	40%
KMP	Target STI %												
MD/CEO	70%												
CTO	40%												
SVP Operations and Strategic Planning	40%												
SVP Medical Affairs	40%												
SVP R&D and Technology	40%												
Performance Period	The performance period is the 12-month financial year.												
Performance Conditions	<p>For the year ended 30 June 2020, the KPIs for KMP are included in the diagram below:</p>  <p>Financial Goals (Revenue, CRP, Cash Flow) 100%</p> <p>■ Financial</p> <p>Additional detail is provided in section 7.2.1.</p>												

7.2.1 STI Performance Conditions and Outcomes

The table below provides an overview of ImpediMed's performance against the financial and non-financial KPIs applicable to Executive KMP.

For the year ended 30 June 2020, all Executive KMP had common KPIs.

KPI	Key Achievements & KPI Outcomes
Financial Goals: 100% Key financial goals that are directly tied to performance results, leading indicators of long-term growth and management of a set operating plan.	KPI Assessment: Between Minimum and At Plan Achieved 21.8% of the 100% target performance for the various objectives.
Revenue: Revenue growth reflects increased marketplace adoption that has already occurred.	Revenue increased 38% to \$5.7M (2019: \$4.2M).
Contracted Revenue Pipeline (CRP): CRP is a leading indicator of revenue growth.	CRP increased 25% to \$10.9M (2019: \$8.7M).
Cash Flow: Narrowing of loss shows progress towards profitability.	Operating Cash Outflow decreased 2% to \$(19.2)M [2019: \$(19.6)M].

7.2.2 STI Outcomes

US-based Executives are paid in USD. Listed below are their AUD equivalents.

KMP	Target STI Opportunity AUD (i)	STI Outcome AUD (i)	% Achieved (ii)
R Carreon MD/CEO	538,610	117,417	21.8%
S Tripathi CTO	188,481	41,089	21.8%
D Adams SVP Operations and Strategic Planning	190,515	41,532	21.8%
C Kingsford SVP Medical Affairs	137,140	29,897	21.8%
D Schlaht SVP, R&D and Technology	181,188	39,499	21.8%

- (i) The Target STI Opportunity displayed in the above table is calculated based on the average exchange rate for the year for US-based KMP.
(ii) The MD/CEO outcome is based on 200% maximum performance; remaining KMP are based on 150% maximum performance.

7.3 Long-Term Incentive (LTI)

The Board offers LTIs to reward the performance of Executives in alignment with shareholders' interests and the long-term benefit of the Group.

The key features of the LTI plan are outlined below:

Participants	Executives, and other selected employees and consultants, at the discretion of the Board.																		
Award Type	<p>In order to balance the objectives of US and Australian remuneration practices, IPD's LTI grant policy balances the objectives and marketplace practices in the US and Australia. Options are typically granted subject to time-based vesting (as is common in the US) and do not deliver any value in the absence of share-price appreciation. To align with Australian practices, over time IPD has increased the weighting on performance-based rights in the LTI portfolio.</p> <p>In the year ended 30 June 2020, awards issued under the Employee Incentive Plan (EIP) were issued with a mix of 50% Options and 50% Performance Rights (increase weighting from 2018 issuance with mix of 60% Options and 40% Performance Rights and no grants issued in 2019)</p> <p>Each Option entitles the holder to one fully paid ordinary share of ImpediMed Limited at an exercise price based on the five (5) day Volume Weighted Average Price (VWAP) at close-of-business when granted.</p> <p>Each Performance Right is subject to achieving LTI Hurdles.</p>																		
Opportunity	<p>No annual LTI grants were made to Executive KMP in the financial year ended 30 June 2019, except in relation to a new-hire grant to the CTO. The value of the LTI awards made for the years ended 30 June 2020 and 2019 have been expressed as a percentage of TFR in the table below:</p> <table><tr><th>KMP</th><th>2020 LTI Opportunity</th><th>2019 LTI Opportunity</th></tr><tr><td>MD/CEO</td><td>18%</td><td>No LTI Grant</td></tr><tr><td>CTO</td><td>7%</td><td>51% (i)</td></tr><tr><td>SVP Operations and Strategic Planning</td><td>6%</td><td>No LTI Grant</td></tr><tr><td>SVP Medical Affairs</td><td>7%</td><td>No LTI Grant</td></tr><tr><td>SVP R&D and Technology</td><td>6%</td><td>No LTI Grant</td></tr></table> <p>Performance conditions are typically equally weighted with:</p> <ul style="list-style-type: none">• Minimum Threshold - 50% of "Plan"• Plan - 100% of "Plan"• Maximum - 150% of "Plan" / MD/CEO 200% of "Plan"	KMP	2020 LTI Opportunity	2019 LTI Opportunity	MD/CEO	18%	No LTI Grant	CTO	7%	51% (i)	SVP Operations and Strategic Planning	6%	No LTI Grant	SVP Medical Affairs	7%	No LTI Grant	SVP R&D and Technology	6%	No LTI Grant
KMP	2020 LTI Opportunity	2019 LTI Opportunity																	
MD/CEO	18%	No LTI Grant																	
CTO	7%	51% (i)																	
SVP Operations and Strategic Planning	6%	No LTI Grant																	
SVP Medical Affairs	7%	No LTI Grant																	
SVP R&D and Technology	6%	No LTI Grant																	
Performance Period	<p>For LTI awarded in the year ended 30 June 2020:</p> <ul style="list-style-type: none">• Options vest annually in equal portions over a four (4) year period; and• Performance Rights vest based on performance over three (3) years.																		
Performance Conditions	<p>For Performance Rights awarded in the year ended 30 June 2020, the Board assigned performance hurdles to increase the focus on supporting the Group's long-term business strategy and shareholder value. The performance hurdles include a minimum of three strategic measures and require the achievement of key milestone objectives.</p> <p>Each Performance Right awarded is subject to achieving LTI Hurdles related to the following objectives:</p> <ul style="list-style-type: none">• Contracted Revenue Pipeline (CRP) at 30 June 2022• Total Shareholder Return (TSR 3-Year) <p>These performance conditions were selected because their achievement in the defined timeframe is critical to the company's success and drives long-term value-creation demonstrating the company's achievement for shareholders over the long term.</p> <p>Due to the commercially sensitive nature of the specific performance metrics within these KPI's, ImpediMed will provide further details in the annual report following the end of the performance period.</p>																		

Treatment of Dividends on Unvested Awards	The LTI instruments do not carry dividend or voting rights prior to vesting.
Leaver Provisions	Where a participant ceases employment prior to vesting, the award is forfeited unless the Board applies its discretion to allow vesting at, or post, cessation of employment.
Clawback Provisions	Provides the Board discretion to clawback variable pay of LTI participants in the event of serious misconduct or fraud by the employee or other specific events.
Change of Control	In a situation where there is likely to be a change of control of the Group, the Board may have the discretion to determine whether some, none or all of the LTI instruments will vest.

(i) 2019 LTI for new hire grant.

The Remuneration Committee aims to prudently manage dilution and the accounting-cost of executive equity plans, while leveraging long-term incentives to maintain shareholder alignment and execution of the business strategy. Periodically the remuneration committee reviews capacity levels of LTI plans.

7.3.1 LTI Performance Conditions and Outcomes

For grants made in the year ended 30 June 2018, in addition to time-based requirements, performance rights also included specific challenging performance conditions that needed to be satisfied in order for the rights to vest. The table below provides an overview of ImpediMed's performance against the performance conditions applicable to performance rights granted to Executive KMP for the period of 1 July 2018 to 30 June 2020. Each performance condition was set with reference to minimum, at-plan or maximum achievement.

Performance Condition	Key Achievements & Performance Outcomes
Heart Failure (HF): 50%	KPI Assessment: Maximum Achieved 50% of maximum performance (MD/CEO: 75% achievement) for the objectives as detailed below.
Medical evidence necessary to accelerate early adoption of SOZO for the fluid management of HF patients Selected to measure progress towards developing evidence of the effectiveness of IPD's technology in monitoring patients with HF to improve patients' lives with more accurate, individualised care, while also providing savings to the healthcare system	Achievement: <ul style="list-style-type: none"> Completed three HF studies using IPD technology, published and presented results demonstrating clinical utility. Three white papers have been written to support commercial use. Submitted manuscript to peer reviewed journal. Released the HF-Dex software, based on study findings as well as utilising feedback on the product from various Key Opinion Leaders. Collaborated with Scripps Health in implementing improvements to the software enhancing both usability and data visualisation aspects. The Group's reimbursement consultants, MCRA, conducted a series of reimbursement reviews with positive findings. The Group expects first commercial sales over the balance of the 2020 calendar year.
Revenue Growth: 50%	KPI Assessment: Not Achieved Achieved 0% of the 50% target performance for the objectives as detailed below.
Revenue Growth Selected to measure commercialisation of IPD's technology	Achievement: <ul style="list-style-type: none"> The milestones established for the year ended 30 June 2018 were based on a capital-based business model but later the Group transitioned to a SaaS business model. The Group had revenue of \$5.7m for the reporting period as well as a CRP of \$10.9m as at 30 June 2020. While this represented strong growth in the SaaS model, the revenue metric was not achieved.

These rights will vest during calendar year 2020, subject to satisfying the remaining time-based requirements related to the grant.

7.3.2 LTI Outcomes

The following table provides the percent and number of performance rights that vested as a result of the performance summarised above.

KMP	% Performance Hurdles Achieved (compared to at Plan)	% Performance Hurdles Opportunity	# Performance Rights to Vest (subject to remaining time-based requirements)	AUD Value of Performance To Vest (\$0.062 share price at 30 June 2020)
Richard Carreon MD/CEO	100%	200%	631,000	\$39,122
Catherine Kingsford SVP Medical Affairs	75%	150%	124,500	\$7,719
Dennis Schlaht SVP, R&D and Technology	75%	150%	136,500	\$8,463
David Adams SVP, Operations and Strategic Planning	75%	150%	144,750	\$8,975

7.4 Minimum Shareholding Requirement

Executives are prohibited from disposing of ImpediMed shares acquired from equity-based share schemes (other than to the extent necessary to satisfy statutory obligations, such as to fund the associated tax liability arising on the vesting of the equity, or with the consent of the Board), unless immediately after that disposal they continue to hold ImpediMed shares with a value equal to or greater than the minimum shareholding requirement. The minimum shareholding requirement for Executives is equal to the value of their annual base salary after tax.

The minimum shareholding requirement for NED's is equal to the value of one year's base fee (excluding committee fees) after tax. For the purposes of calculating whether the minimum shareholding has been met, the calculation is based on the share price at the time of purchase and/or vesting.

As at the date of this report, all NED's met their minimum shareholding requirement with the exception of David Anderson (appointed May 2020), who is within the first five years of the minimum shareholding requirement.

SECTION 8

Executive Contractual Arrangements

Remuneration arrangements for the Executive KMP are formalised in employment contracts. Contracts are generally "at-will" and outline the remuneration and other key provisions. At-will employment is a term used in US labour law for contractual relationships where an employee can be dismissed by an employer without cause and warning. Certain Executive KMP have negotiated termination provisions as follows:

	Notice Period	Payment in Lieu of Notice	Treatment of STI and LTI on Termination
Managing Director			
R Carreon	12 months	12 months	Unvested awards forfeited
Executives			
S Tripathi	9 months	9 months	Unvested awards forfeited
D Adams	9 months	9 months	Unvested awards forfeited
C Kingsford	9 months	9 months	Unvested awards forfeited
D Schlaht	9 months	9 months	Unvested awards forfeited

SECTION 9

Statutory Tables

9.1 Remuneration of KMP for the Year Ended 30 June 2020

30 June 2020	Short-Term Benefits			Post-Employment	Long-Term Benefits	Share-Based Payments				Performance Related	
\$AUD	Base Salaries & Fees	STI Award	Non-Monetary	Superannuation	Long Service Leave	LTI Awards	Share Plans (in lieu of Base Salaries & Fees)	Severance	Total	STI as % of Total	LTI as % of Total
Directors											
S Ward (i)	-	-	-	-	-	-	161,335	-	161,335	0%	0%
D Anderson (i) (ii)	-	-	-	-	-	-	10,290	-	10,290	0%	0%
J Downes	-	-	-	6,680	-	-	70,312	-	76,992	0%	0%
R Graham	-	-	-	6,012	-	-	63,281	-	69,293	0%	0%
G Goetzke (i) (iii)	-	-	-	-	-	-	70,048	-	70,048	0%	0%
A Patel (i)	-	-	-	-	-	-	94,717	-	94,717	0%	0%
D Williams (i)	-	-	-	-	-	-	115,766	-	115,766	0%	0%
R Carreon (i) (iv) (v)	557,846	117,417	23,484	17,954	-	339,138	86,309	-	1,142,148	10%	30%
Executives											
M Vigeland (i) (iv) (v) (vi)	201,588	-	25,129	10,251	-	(380,085)	32,098	311,218	200,199	0%	(190)%
D Adams (i) (iv) (v)	368,728	41,532	33,717	16,816	-	113,307	66,089	-	640,189	6%	18%
S Tripathi (i) (iv) (v)	435,862	41,089	33,828	16,806	-	110,837	15,966	-	654,388	6%	17%
C Kingsford (v)	265,710	29,897	-	45,441	8,329	87,163	38,121	-	474,661	6%	18%
D Schlaht (i) (iv) (v)	351,052	39,499	33,828	11,777	-	130,040	61,740	-	627,936	6%	21%
Total	2,180,786	269,434	149,986	131,737	8,329	400,400	886,072	311,218	4,337,962		

The figures represent the amounts expended in the relevant reporting period.

- (i) Certain Directors and Executives are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD on a monthly basis. Share-based compensation includes the expense during the financial year of all awards regardless of the financial year awarded.
- (ii) D Anderson was appointed to the Board in May 2020.
- (iii) G Goetzke retired in March 2020.
- (iv) Non-monetary benefits for US based employees include the payment of certain health and disability related insurance premiums as is customary in the US market.
- (v) The fair value of the equity-settled share options granted under the EIP plan are estimated as at the date of grant using the Black Scholes option valuation model, while share options granted under the ESOP schemes are estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation (if there is a restriction on the share price for exercisability of the option). The fair value of equity-settled performance rights granted under the EIP plan are calculated at the date of grant using the share price from the close of business on the day prior to the date of grant.
- (vi) M Vigeland separated employment in March 2020.

Refer to the Directors' Report, details of KMP, for dates of new appointments and resignations.

9.1 Remuneration of KMP for the Year Ended 30 June 2019

30 June 2019	Short-Term Benefits			Post-Employment	Long-Term Benefits	Share-Based Payments		Performance Related	
\$AUD	Base Salaries & Fees	STI Award	Non-Monetary	Super-annuation	Long Service Leave	LTI Awards	Total	STI as % of Total	LTI as % of Total
Directors									
S Ward (i)	160,181	-	-	-	-	-	160,181	0%	0%
J Downes	75,000	-	-	7,125	-	-	82,125	0%	0%
R Graham	67,500	-	-	6,413	-	-	73,913	0%	0%
G Goetzke (i) (iii)	94,040	-	-	-	-	-	94,040	0%	0%
A Patel (i)	94,040	-	-	-	-	-	94,040	0%	0%
D Williams (i)	114,937	-	-	-	-	-	114,937	0%	0%
R Carreon (i) (iv) (v)	722,014	678,614	21,448	24,050	-	1,051,847	2,497,973	27%	42%
Executives									
M Vigeland (i) (iv) (v) (vi)	492,689	209,078	27,505	18,065	-	302,258	1,049,595	20%	29%
D Adams (i) (iv) (v)	433,488	183,955	24,794	17,293	-	92,247	751,777	24%	12%
S Tripathi (i) (iv) (v)	442,503	187,780	26,528	18,323	-	310,618	985,752	19%	32%
C Kingsford (v)	339,456	144,052	-	44,250	9,356	258,322	795,436	18%	33%
D Schlaht (i) (iv) (v)	416,716	176,838	25,765	11,112	-	253,719	884,150	20%	29%
Total	3,452,564	1,580,317	126,040	146,631	9,356	2,269,011	7,583,919		

The figures represent the amounts expended in the relevant reporting period.

- (i) Certain Directors and Executives are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD on a monthly basis. Share-based compensation includes the expense during the financial year of all awards regardless of the financial year awarded.
- (ii) D Anderson was appointed to the Board in May 2020.
- (iii) G Goetzke retired in March 2020.
- (iv) Non-monetary benefits for US based employees include the payment of certain health and disability related insurance premiums as is customary in the US market.
- (v) The fair value of the equity-settled share options granted under the EIP plan are estimated as at the date of grant using the Black Scholes option valuation model, while share options granted under the ESOP schemes are estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation (if there is a restriction on the share price for exercisability of the option). The fair value of equity-settled performance rights granted under the EIP plan are calculated at the date of grant using the share price from the close of business on the day prior to the date of grant.
- (vi) M Vigeland separated employment in March 2020.

Refer to the Directors' Report, details of KMP, for dates of new appointments and resignations.

9.2 Remuneration Awards: Granted, Vested, and Lapsed During the Year

(A) OPTIONS

30 June 2020	Numbers	Grant Date	Value per Option at Grant Date	Exercise Price per Option (\$)	Expiry Date for Option Vested	Vested Number of Options this Year (#)	Fair Value of Options Granted During Year (\$)	Number of Options Lapsed During Year (#)
Executives								
R Carreon	1,992,612	11-Nov-19	0.0902	0.15	11-Nov-26	-	179,698	-
R Carreon	-	15-Nov-17	0.4963	0.8150	15-Nov-24	388,250	-	-
R Carreon	-	14-Nov-16	0.9458	1.46	14-Nov-23	218,000	-	-
R Carreon	-	03-Nov-15	0.5906	1.0000	01-Jul-22	128,125	-	-
R Carreon	-	24-Apr-14	0.1147	0.21	30-Jun-20	-	-	639,222
R Carreon	-	24-Jun-13	0.0513	0.11	30-Jun-20	-	-	139,367
M Vigeland	-	24-Jun-13	0.0513	0.11	30-Jun-20	-	-	279,800
M Vigeland	-	23-Sep-13	0.1259	0.18	13-Sep-20	-	-	200,000
M Vigeland	-	24-Apr-14	0.1147	0.21	30-Jun-20	-	-	189,900
M Vigeland	-	04-Dec-14	0.3781	0.69	04-Dec-21	-	-	988,000
M Vigeland	-	01-Jul-15	0.5240	0.87	01-Jul-22	-	-	237,500
M Vigeland	-	25-Oct-16	1.0269	1.66	25-Oct-23	-	-	303,000
M Vigeland	-	15-Nov-17	0.4963	0.82	15-Nov-24	-	-	530,000
M Vigeland	603,446	11-Nov-19	0.0902	0.15	11-Nov-26	-	54,420	603,466
S Tripathi	649,863	11-Nov-19	0.0902	0.15	11-Nov-26	-	58,606	-
S Tripathi	-	31-Jul-18	0.2258	0.52	31-Jul-25	128,750	-	-
D Adams	541,863	11-Nov-19	0.0902	0.15	11-Nov-26	-	48,866	-
D Adams	-	14-Nov-16	0.9459	1.46	14-Nov-23	83,750	-	-
D Adams	-	15-Nov-17	0.4963	0.815	15-Nov-24	119,000	-	-
C Kingsford	466,476	11-Nov-19	0.0902	0.15	11-Nov-26	-	42,068	-
C Kingsford	-	01-Jul-15	0.5240	0.87	01-Jul-22	7,812	-	-
C Kingsford	-	25-Oct-16	1.0269	1.66	25-Oct-23	65,000	-	-
C Kingsford	-	15-Nov-17	0.4963	0.815	15-Nov-24	102,500	-	-
D Schlaht	510,363	11-Nov-19	0.0902	0.15	11-Nov-26	-	46,026	-
D Schlaht	-	01-Jul-15	0.5240	0.8700	01-Jul-22	5,729	-	-
D Schlaht	-	25-Oct-16	1.0269	1.6600	25-Oct-23	64,500	-	-
D Schlaht	-	15-Nov-17	0.4963	0.8150	15-Nov-24	112,000	-	-
Total	4,764,623					1,423,416	429,684	4,110,255

(B) PERFORMANCE RIGHTS

Granted	Terms and Conditions of Each Grant					
30 June 2020	Numbers	Grant Date	Value per Perf Right at Grant Date (\$)	Expiry Date for Perf Right Vested During Year	Number of Perf Rights (#) vested during year	Number of Perf Rights Lapsed During Year
Executives						
R Carreon	1,962,871	11-Nov-2019	0.15	11-Nov-2022	-	-
R Carreon	-	15-Nov-2017	0.815	15-Nov-2020	-	(631,000)
R Carreon	-	14-Nov-2015	1.53	14-Nov-2019	352,501	(117,499)
M Vigeland	445,830	11-Nov-2019	0.15	11-Nov-2022	-	(445,830)
M Vigeland	-	15-Nov-2017	0.815	15-Nov-2020	-	(322,500)
M Vigeland	-	25-Oct-2016	1.68	25-Oct-2020	95,666	(27,334)
S Tripathi	479,832	11-Nov-2019	0.15	11-Nov-2022	-	-
D Adams	400,332	11-Nov-2019	0.15	11-Nov-2022	-	-
D Adams	-	14-Nov-2016	1.53	14-Nov-2019	165,000	-
D Adams	-	15-Nov-2017	0.815	15-Nov-2020	-	(144,750)
C Kingsford	344,636	11-Nov-2019	0.15	11-Nov-2022	-	-
C Kingsford	-	14-Nov-2016	1.53	14-Nov-2019	81,666	(23,334)
C Kingsford	-	15-Nov-2017	0.815	15-Nov-2020	-	(124,500)
D Schlaht	377,060	11-Nov-2019	0.15	11-Nov-2022	-	-
D Schlaht	-	14-Nov-2016	1.53	14-Nov-2019	80,500	(23,000)
D Schlaht	-	15-Nov-2017	0.815	15-Nov-2020	-	(136,500)
Total	4,010,561				775,333	(1,996,247)

(i) Performance rights granted in financial year 2020 have time and performance-based vesting criteria. Refer to Note 18 for additional information.

9.3 Remuneration Awards: Awards Held by Key Management Personnel

(A) OPTIONS

30 June 2020	Held at the Start of the Period	Granted During Period	Exercised During Period	Options of Other Changes (i)	Held at the End of the Period	Options Vested and Exercisable
	No.	No.	No.	No.	No.	No.
Directors						
R Carreon	13,655,872	1,992,612	-	(778,589)	14,869,895	11,882,783
Executives						
M Vigeland	2,728,200	603,446	-	(3,331,646)	-	-
S Tripathi	515,000	649,863	-	-	1,164,863	128,750
D Adams	811,000	541,863	-	-	1,352,863	489,250
C Kingsford	1,832,400	466,476	-	(69,950)	2,228,926	1,492,450
D Schlaht	1,918,200	510,363	-	(349,750)	2,078,813	1,279,950
Total	21,460,672	4,764,623	-	(4,529,935)	21,695,360	15,273,183

(i) Options from other changes include expired or lapsed options.

(B) PERFORMANCE RIGHTS

30 June 2020	Held at the Start of the Period	Granted During Period	Vested During Period	Perf Rights from Other Changes	Held at the End of the Period
	No.	No.	No.	No.	No.
Directors					
R Carreon	1,732,000	1,962,871	(352,501)	(748,499)	2,593,871
Executives					
M Vigeland	445,500	445,830	(95,666)	(795,664)	-
S Tripathi	310,000	479,832	-	-	789,832
D Adams	454,500	400,332	(165,000)	(144,750)	545,082
C Kingsford	354,000	344,636	(81,666)	(147,834)	469,136
D Schlaht	376,500	377,060	(80,500)	(159,500)	513,560
Total	3,672,500	4,010,561	(775,333)	(1,996,247)	4,911,481

9.4 Shareholdings of Key Management Personnel

(A) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

30 June 2020	Held at the Start of Period	Granted as Remuneration	On exercise of Options & Vesting of Perf Rights	Net Change Other	Held at the End of Period	Held Nominally
	No.	No.	No.	No.	No.	No.
Directors						
S Ward	250,000	1,331,321	-	-	1,581,321	1,581,321
J Downes (i)	82,600	559,445	-	470,357	1,112,402	1,112,402
D Anderson (ii)	-	-	-	-	-	-
G Goetzke (iii)	256,100	674,455	-	(930,555)	-	-
R Graham (i)	-	503,502	-	269,684	773,186	773,186
A Patel	88,000	781,598	-	-	869,598	869,598
D Williams	130,000	955,286	-	-	1,085,286	1,085,286
R Carreon	1,008,591	665,310	352,501	-	2,206,402	2,206,402
Executives						
M Vigeland (iii)	898,243	198,208	95,666	(1,192,117)	-	-
D Adams	159,000	515,868	165,000	-	839,868	839,868
S Tripathi (iv)	-	-	-	-	-	-
C Kingsford (v)	1,184,241	297,061	81,666	2,248,522	3,811,490	3,811,490
D Schlaht (v)	914,657	480,412	80,500	454,224	1,929,793	1,929,793
Total	4,971,432	6,962,466	775,333	1,320,115	14,029,346	14,029,346

(i) The shareholding movements during the period for Directors relate to shares purchased through capital raisings during the year and not through compensation.

(ii) D Anderson's was appointed to the board in May 2020. Shares will be granted as remuneration beginning July 2020

(iii) The shareholding movements during the period for G Goetzke and M Vigeland relate to their changes in classification as KMP and not necessarily to the sale of shares.

(iv) S Tripathi's share plan election was effective April 2020. Shares will be granted as remuneration beginning July 2020.

(v) The shareholding movements during the period relate to a reclassification of shares held from indirect to held directly in the name of the KMP.

(B) SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

During the year ended 30 June 2020, no shares were issued on the exercise of remuneration options (2019: 1,509,298) and 775,333 shares were issued on the vesting of performance rights (2019: nil).

There were 1,238,366 options exercised in June 2019 where the share issuances were pending at the reporting date and were subsequently issued in July 2019.

9.5 Other Transactions and Balances with KMP and their Related Parties

For the year ended 30 June 2020, the Group issued shares to Directors and Executives as equity-based remuneration in lieu of cash. There were no other transactions that occurred with Directors or Executives that would be considered related party transactions.

SECTION 10

Consequences of Performance on Shareholder Value

ImpediMed Limited has operated as a listed public company since October 2007. The Group is building revenue in its core medical business and has yet to achieve profitability. The Remuneration Committee has linked certain items below as part of the review of KMP remuneration.

In addition, the Remuneration Committee considers other elements are necessary to create shareholder wealth through acceptance and use of the Group's products. While the Remuneration Committee has regard to the items shown in the following table, in respect of the current and prior financial years, KMPs' remuneration is not solely linked to these items, but rather to building the elements necessary to create shareholder wealth through acceptance and use of the Group's products.

Amount \$	2020	2019	2018 (restated)	2017	2016
SOZO Revenue (Millions)	\$4.7	\$2.3	\$0.7	\$0.1	nil
Change in SOZO Revenue	99%	229%	600%	N/A	N/A
Total Medical Revenue (Millions)	\$5.7	\$4.2	\$3.3	\$4.8	\$4.1
Change in Medical Revenue	38%	27%	(31)%	17%	37%
Net Loss Attributable to Equity Holders of the Parent Entity (Millions)	(\$21.5)	(\$24.1)	(\$27.4)	(\$27.6)	(\$26.0)
Dividends Paid	nil	nil	nil	nil	nil
Share Price at 30 June	\$0.062	\$0.114	\$0.395	\$0.75	\$0.95
Change in Share Price	(46)%	(71)%	(47)%	(21)%	9%
Market Cap (Millions)	\$64.2	\$43.3	\$149.7	\$281.6	\$352.5

Directors' Meetings

The number of meetings of directors (including the meetings of committees of directors) held during the year and the number of meetings attended by each director are detailed in the table below:

	Board Meetings		Remuneration Committee		Audit & Risk Management Committee	
Directors (i)	# Meetings Eligible to Attend	# Meetings Attended	# Meetings Eligible to Attend	# Meetings Attended	# Meetings Eligible to Attend	# Meetings Attended
Total	11	11	3	3	5	5
S Ward	11	11	3	3	5	5
D Anderson (ii)	1	1				
J Downes	11	11			5	5
R Graham	11	9	3	2		
G Goetzke (iii)	7	4	2	2		
A Patel	11	11			5	5
D Williams	11	11	3	3	5	5
R Carreon	11	11				

(i) A Director's attendance at a committee meeting is only included if the Director is a member of the committee or Chairman of the Board. The Nomination Committee did not have any meetings during the year.

(ii) D Anderson appointed May 2020.

(iii) G Goetzke retired in March 2020.

Committee Membership

Directors	Remuneration Committee	Audit & Risk Management Committee	Nomination Committee
S Ward (i)		-	Chair
D Anderson (ii)	Member		Member
J Downes	-	Chair	Member
R Graham	Member	-	Member
A Patel	-	Member	Member
D Williams	Chair	Member	Member
R Carreon (iii)	-	-	-

(i) S Ward left the Remuneration Committee in July 2020.

(ii) D Anderson was appointed to the Nomination Committee and the Remuneration Committee in July 2020.

(iii) As an Executive Director, R Carreon does not sit on any Committees.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable and where noted (\$000)) under the option available to the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the Class Order applies.

Auditor's Independence Declaration and Non-Audit Services

Auditor's Independence Declaration

The directors received the declaration on page 56 from the auditor of the Company and have resolved the auditor is independent.

Non-Audit Services

No non-audit services were provided.

Signed in according with a resolution of the Directors.



Scott R. Ward
Chairman



Judith Downes
Director

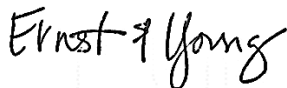
26 August 2020

Auditor's Independence Declaration to the Directors of ImpediMed Limited

As lead auditor for the audit of the financial report of ImpediMed Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ImpediMed Limited and the entities it controlled during the financial year.



Ernst & Young



Jennifer Barker
Partner
26 August 2020

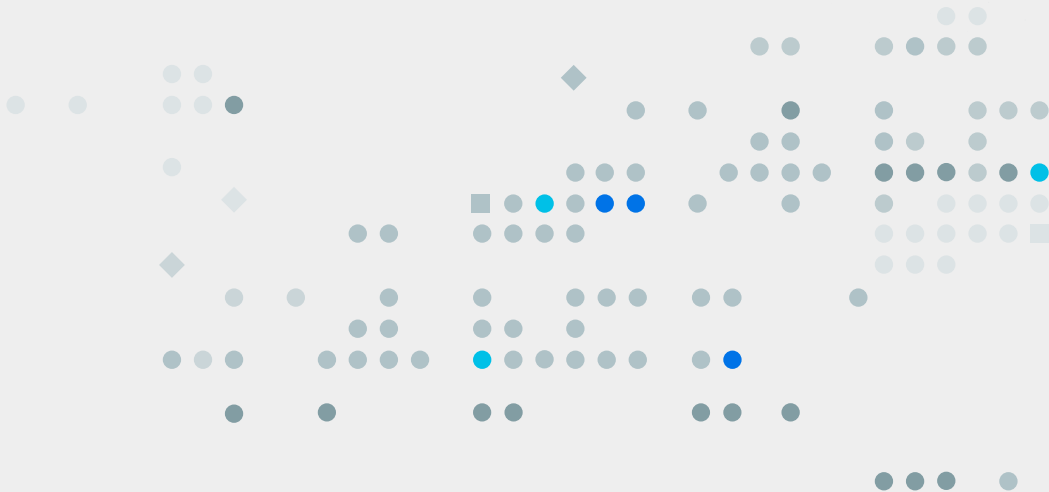


SOZO® Digital Health Platform

SOZO, the world's most advanced, non-invasive bioimpedance spectroscopy (BIS) device, incorporates ImpediMed's technology to aid in the assessment of secondary lymphoedema, as well as to monitor patients living with heart failure. SOZO delivers a precise snapshot of L-Dex®, fluid status, and tissue composition in less than 30 seconds, allowing clinicians across multiple specialties to provide individualised, proactive care that can help improve patient outcomes.

Financial Statements

Chapter 4



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Notes	2020 \$000	2019 \$000
Continuing Operations			
SOZO Revenue	4	4,656	2,345
Legacy Revenue	4	1,038	1,753
Other Revenue	4	47	58
Total Revenue from Contracts with Customers		5,741	4,156
Cost of Goods Sold		(1,678)	(1,252)
Gross Profit		4,063	2,904
Finance Income, Net	6	39	371
Other Income	6	4,142	2,644
Salaries and Benefits	7	(15,515)	(15,770)
Share-based Payments	7	(2,246)	(2,849)
Clinical Trials and Research & Development	7	(3,308)	(2,958)
Administrative and Governance		(2,329)	(2,374)
Consultants and Professional Fees		(2,279)	(2,121)
Other Expenses	7	(3,896)	(3,792)
Loss from Continuing Operations Before Income Tax		(21,329)	(23,945)
Income Tax	19	(48)	(51)
Net Loss from Continuing Operations		(21,377)	(23,996)
Loss from Discontinued Operations	30	-	(127)
Net Loss		(21,377)	(24,123)
Other Comprehensive Income			
Items that may be reclassified as profit or (loss):			
Foreign Currency Translation Gain or (Loss)	16	(162)	1,274
Other Comprehensive Gain or (Loss) for the Period, Net of Tax		(162)	1,274
Total Comprehensive Loss		(21,539)	(22,849)
		\$	\$
Basic and Diluted Loss per Share	2	(0.04)	(0.06)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE

	Notes	2020 \$000	2019 \$000
Assets			
Current Assets			
Cash and Cash Equivalents	8	19,663	11,330
Trade and Other Receivables	9	3,730	3,488
Contract Assets	5	785	497
Inventories	10	864	1,121
Prepayments and Other		408	537
Total Current Assets		25,450	16,973
Non-Current Assets			
Other Financial Assets		77	45
Right of use Asset	29	823	-
Property and Equipment	11	192	188
Intangible Assets	12	6,522	5,375
Total Non-Current Assets		7,614	5,608
Total Assets		33,064	22,581
Liabilities			
Current Liabilities			
Trade Payables and Other	13	2,330	2,447
Contract Liabilities	5	578	520
Provisions	14	1,837	3,694
Interest Bearing Lease Liabilities	29	364	-
Total Current Liabilities		5,109	6,661
Non-Current Liabilities			
Interest Bearing Lease Liabilities	29	507	-
Provisions	14	87	135
Total Non-Current Liabilities		594	135
Total Liabilities		5,703	6,796
Net Assets		27,361	15,785
Equity			
Issued Capital	15	250,563	219,727
Reserves	16	26,859	24,775
Accumulated Losses		(250,061)	(228,717)
Total Equity		27,361	15,785

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

	Notes	2020 \$000	2019 \$000
Cash Flows from Operating Activities			
Receipts from Customers (Inclusive of GST and US Sales Tax)		5,385	4,459
Payments to Suppliers (Inclusive of GST and US Sales Tax)		(11,766)	(11,483)
Payments to Employees		(17,440)	(15,932)
Interest Received		131	397
Government Grant Receipts		4,472	2,971
Net Cash Flows Used in Operating Activities	8	(19,218)	(19,588)
Cash Flow from Investing Activities			
Proceeds from the Disposal of Assets, Net of Disposal Costs		-	459
Purchase of Property and Equipment	11	(91)	(34)
Development Expenditures and Purchase of Intangibles	12	(2,070)	(2,190)
Net Cash Flows Used in Investing Activities		(2,161)	(1,765)
Cash Flows from Financing Activities			
Proceeds from Issue of Ordinary Shares	15	33,251	163
Transaction Costs from Capital Raising		(2,679)	(18)
Payment of Principal Portion of Lease Liabilities		(413)	-
Net Cash Flows from Financing Activities		30,159	145
Net Decrease in Cash and Cash Equivalents		(8,780)	(21,208)
Net Foreign Exchange Differences		(447)	1,193
Cash and Cash Equivalents at Beginning of Year		11,330	31,345
Cash and Cash Equivalents at End of Year	8	19,663	11,330

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

	Notes	Issued Capital \$000	Share Reserves \$000	Foreign Currency Reserves \$000	Reserves \$000	Accumulated Losses \$000 (restated)	Total \$000
At 30 June 2018		219,746	16,022	4,630	20,652	(204,594)	35,804
Loss for the Period from Continuing Operations		-	-	-	-	(23,996)	(23,996)
Loss from the Period from Discontinued Operations		-	-	-	-	(127)	(127)
Other Comprehensive Gain from Continuing Operations		-	-	1,554	1,554	-	1,554
Other Comprehensive Loss from Discontinued Operations		-	-	(280)	(280)	-	(280)
Total Comprehensive Loss for the Period			16,022	5,904	21,926	(228,717)	12,955
Equity Transactions:							
Share-based Payments	18	-	2,849	-	2,849	-	2,849
Allotment of Ordinary Shares	15	96	-	-	-	-	96
Costs of Capital Raising	15	(115)	-	-	-	-	(115)
At 30 June 2019		219,727	18,871	5,904	24,775	(228,717)	15,785
Effect of Adoption of AASB 16 Leases	29	-	-	-	-	33	33
At 30 June 2019 (adjusted)		219,727	18,871	5,904	24,775	(228,684)	15,818
Loss for the Period from Continuing Operations		-	-	-	-	(21,377)	(21,377)
Other Comprehensive Loss from Continuing Operations		-	-	(162)	(162)	-	(162)
Total Comprehensive Loss for the Period			18,871	5,742	24,613	(250,061)	(5,721)
Equity Transactions:							
Share-based Payments	18	-	2,246	-	2,246	-	2,246
Issue of Ordinary Shares	15	33,335	-	-	-	-	33,335
Costs of Capital Raising	15	(2,499)	-	-	-	-	(2,499)
At 30 June 2020		250,563	21,117	5,742	26,859	(250,061)	27,361

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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1. Basis of Preparation

Corporate Information

The financial report of the Group for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Board of Directors on 25 August 2020.

ImpediMed Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group had cash at its disposal of \$19.7 million at 30 June 2020 (30 June 2019: \$11.3 million) and had no borrowing from banks or other financial institutions at that date. The Group incurred a net loss of \$21.4 million for the year ended 30 June 2020 (30 June 2019: \$24.1 million) and had \$19.2 million (30 June 2019: \$19.6 million) of cash outflows from operations.

Whilst the Group continues to generate operating losses and net cash outflows from operations, the Group's future viability is dependent upon achieving the Board approved operating plan for FY21.

The Board approved operating plan includes assumptions relating to (i) increased cash inflows from growth in future sales, (ii) the take-up of options associated with the recent capital raise, and (iii) other funding arrangements.

Included in the FY21 operating plan is approximately \$17.1 million of cash assumed to be raised by 31 March 2021 through the take-up of options associated with the recent Entitlement Offer. As of 30 June 2020, \$1.1 million of the available \$18.2 million in options had already been exercised.

If the Group is unable to manage cash inflows and outflows at amounts as necessary to meet future operating plans, there is material uncertainty whether the Group will be able to continue as a going concern to realise assets and extinguish liabilities in the ordinary course of business. The Directors are confident they will be able to generate cash flows that will provide sufficient funding to enable the Group to continue to be able to pay its debts as and when they fall due for a period in excess of 12-months from the date the financial report has been signed.

On this basis, the going concern basis of accounting has been used. No adjustment has been made to the amounts and classifications of recorded assets and liabilities should the Group be unable to continue as a going concern.

Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2. Earnings per Share (EPS)

The following reflects the net loss attributable to ordinary equity holders and the weighted average number of ordinary shares used in the calculations of basic earnings per share:

	2020 \$000	2019 \$000
Net Loss Used in Calculating Basic and Diluted Earnings		
Continuing Operations	(21,377)	(23,996)
Discontinued Operations	-	(127)
Net Loss Attributable to Ordinary Equity Holders of the Parent for Basic and Diluted Earnings per Share	(21,377)	(24,123)
	No.	No.
Weighted Average Number of Ordinary Shares Used in Calculating Basic and Diluted Earnings per Share	595,167,164	379,229,784
	\$	\$
Basic and Diluted Loss per Share	(0.04)	(0.06)
Basic and Diluted Loss per Share from Continuing Operations	(0.04)	(0.06)

Diluted EPS is calculated by taking the net loss attributable to ordinary equity holders and dividing it by the sum of the weighted average number of ordinary shares and the weighted average number of convertible instruments.

For the financial year ended 30 June 2020, diluted EPS is equal to basic EPS as the Group is currently in a loss

position and any conversion of instruments to ordinary shares would have an antidilutive effect on earnings per share.

As of the end of financial year 2020 there were 32,595,501(2019: 29,045,901) options and 7,372,095 (2019: 4,916,500) performance rights on issue.

Subsequent to the end of the financial year, the Group issued 29,787,481 ordinary shares in relation to options exercised by participants of the April 2020 non-renounceable accelerated Entitlement Offer. Refer to Note 25 for additional disclosure.

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share, which is currently not applicable to the Group due to the net loss, would be calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Dividends Paid and Proposed

There were no dividends paid or proposed during the current period or in the prior year.

4. Segment Reporting

(A) Operating Segment

Identification of Reportable Segment

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Chief Executive Officer (whom is the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management according to the nature of the products and services provided, as the Group's risks and returns are affected predominantly by differences in the products produced and services provided. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer on at least a monthly basis.

During the year, the Chief Executive Officer reviewed the business revenue information with the Medical Segment, consisting of the Group's SOZO and Legacy product lines, consistent with the previous Annual Report.

The primary focus during the 2020 financial year for the Medical Segment was the continued commercialisation of SOZO and of the subscription revenue model, focused on building a high margin contracted revenue pipeline for strong recurring revenue growth in FY2021 and beyond.

Accounting Policies and Inter-Segment Transactions

Accounting Policies

The accounting policies used by the Group in reporting segments internally are consistent with the prior period.

An operating segment is a component of an entity that

engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker being the Chief Executive Officer. The Group aggregates two or more operating segments when they have similar economic characteristics and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services, and if applicable;
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Major Customers

The Group has several customers to which it provides both products and services. In the Medical segment no one customer accounts for more than 10% of the Group's revenues. The Group does not believe there is inherent risk for future financial years that would stem from reliance on revenue growth from any one customer.

Segment Revenues and Segment Results

On a monthly basis, the Chief Executive Officer assesses the performance of each segment by analysing the segment's revenues and net operating profit / (loss) before depreciation and amortisation, finance cost, and tax.

Year Ended 30 June 2020	Medical			
	SOZO® \$000	Legacy \$000	Other	Total \$000
Revenue				
Revenue from Subscriptions and Consumables	3,410	714	-	4,124
Revenue from Devices	1,246	324	-	1,570
Other Revenue	-	-	47	47
Total Revenue by Segment	4,656	1,038	47	5,741

Year Ended 30 June 2019	Medical			
	SOZO® \$000	Legacy \$000	Other	Total \$000
Revenue				
Revenue from Subscriptions and Consumables	1,626	1,485	-	3,111
Revenue from Devices	719	268	-	987
Other Revenue	-	-	58	58
Total Revenue by Segment	2,345	1,753	58	4,156

Gross Margins

The Group pays particular attention to its Gross Margins by Operating Segment, specifically the Gross Margins associated with its recurring revenue under the SOZO SaaS business model. These revenue streams are shown in the SOZO revenue for *Revenue from Subscriptions and Consumables*.

For the 2020 financial year, the Group achieved gross margins of over 83% from its recurring revenue streams and 56% from device sales. At the end of Q4 FY20, gross margins on the recurring revenue streams were over 86% and Management anticipates this will continue to increase in FY21. The increase in gross margins on the recurring revenue streams is an important SaaS metric as it indicates that a healthy mix of SOZO contracts are maturing past their initial year under contract, whereby the costs of maintaining the contract become considerably reduced compared to the initial year of the contract.

(B) Geographical Segments

The following tables present revenue and profit/(loss)

Geographical Segment Revenue

Year Ended 30 June 2020	Australia/ROW \$000	North America \$000	Total \$000
Device Revenue	468	1,102	1,570
Consumable Revenue	353	3,771	4,124
Other Revenue	12	35	47
Total Segment Revenue	833	4,908	5,741

Year Ended 30 June 2019	Australia/ROW \$000	North America \$000	Total \$000
Device Revenue	333	654	987
Consumable Revenue	303	2,808	3,111
Other Revenue	20	38	58
Total Segment Revenue	656	3,500	4,156

Sales of Goods – Device and Consumable Revenue

All segment assets and costs relating to the Group's operating segments as at 30 June 2020 are Medical.

information and certain asset and liability information regarding geographical segments for the years ended 30 June 2020 and 2019. Revenue data is based on the location of the customer for geographical reporting purposes.

Australia / Rest of World (ROW)

Australia is the corporate home office of the Group and the main domicile of its research and product development activities, intellectual property and corporate services. The Australia / ROW geographical segment primarily sells and ships Medical segment products to customers and distributors located in Australia, Europe and the rest of the world excluding the US.

North America

The Group's North American office in Carlsbad, California serves as the operational hub for the Medical segment and the domicile of its main assets and executive personnel. This office sells and ships Medical segment products to customers located in the US.

5. Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to

the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

	2020 \$000	2019 \$000
Sales of Goods and Subscription Services		
Revenue from Subscriptions and Consumables	4,124	3,111
Revenue from Devices	1,570	987
Other Revenues	47	58
Total Revenue from Contracts with Customers	5,741	4,156

Set out below are the amounts that relate to SOZO contracts that remain on the balance sheet at 30 June:

	2020 \$000	2019 \$000
Contract Balances		
Trade Receivables (Note 9)	917	800
Contract Assets	785	497
Contract Liabilities	(578)	(520)

Set out below is the amount of revenue recognised from:

	2020 \$000	2019 \$000
Amounts Included in Contract Liabilities at the Beginning of the Year	353	230
Performance Obligations Satisfied in Previous Years	416	8

AASB 15 Revenue Recognition Policy

(a) Sale of Goods – Legacy Devices and Consumables

Revenue from the stand-alone sale of legacy devices and consumables is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the devices or consumables, and when there is persuasive evidence, usually in the form of a purchase order or an executed sales agreement with a customer at the time of delivery of the goods to the customer that no further work or processing is required to satisfy the performance obligation, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading date).

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(b) SOZO 2 – Sale of Device and Subscription Services

The Group enters into contracts with customers for bundled sales of SOZO 2 devices and subscription services. The Group has determined that these bundled sales contracts are comprised of two performance obligations because the promises to transfer the SOZO device and to provide subscription services for ongoing assessment are capable of being distinct and separately identified.

Accordingly, the Group allocates the transaction price, which may include a discount, based on the relative stand-alone selling prices of the equipment and subscription services.

The transaction price allocated to the SOZO device is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the devices in accordance with the contractual terms,

and when there is persuasive evidence, usually in the form of a purchase order or an executed sales agreement with a customer at the time of delivery of the goods to the customer that no further work or processing is required to satisfy the performance obligation, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading date).

The revenue from subscription services related to ongoing provision of access to assessment and testing for SOZO is recognised at a point in time based on the enforceable contract value based on the quoted price in the form of a purchase order or an executed sales agreement with a customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(c) SOZO 3 – Sale of Device and Subscription Services

The Group enters into contracts with customers for bundled sales of SOZO 3 devices and subscription services. The Group has determined that these bundled sales contracts are comprised of one performance obligation because the promises to transfer the SOZO device and subscription services for ongoing assessment are not capable of being distinct and separately identified.

Accordingly, the Group allocates the entire transaction price, which may include a discount, to the one performance obligation.

Revenue under these contracts are recognised using the input cost method based on the estimated cost of fulfilling the completion of the promises in accordance with the contractual terms, and when there is

persuasive evidence, usually in the form of a purchase order or an executed sales agreement with a customer at the time of delivery of the goods to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(d) Rendering of Other Services

Revenue from the repair of instruments is recognised at the point in time upon completion of the performance obligation, which is typically when the repair has been performed. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Key Considerations in the Revenue Policy

In determining the transaction price for the subscription services, the Group considers the effect of the following:

(i) Judgements

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying the number of performance obligations in a bundled sale of equipment and subscription services under different contractual arrangement for SOZO 2 and 3. The Group provides devices that are bundled together with the subscription services to a customer. Under the contractual terms the subscription services are a promise to provide ongoing access to assessment and testing services in the future and are part of the negotiated exchange between the Group and the customer. The delivery of those services can vary under the contracts and impacts the determination of performance obligations.

(ii) Significant Financing Component

The Group may receive short-term advances from its customers in the form of up-front payment of devices, consumables or advance payment of subscription services. The Group has not identified any significant financing components within these advances. Using the practical expedient in AASB 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the

transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. There was no adjustment made in respect of this in the current or prior periods.

(iii) Warranty Obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(iv) Incremental Costs of Obtaining a Contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of SOZO devices and subscription services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

(v) Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group completes the performance obligations under the contract.

6. Finance and Other Income

	2020 \$000	2019 \$000
Finance Income		
Interest Income – term deposits	112	371
Interest Expense – lease liability (i)	(73)	-
Finance Income, Net	39	371

R&D Tax Incentive	2,606	2,620
Proceeds from Tax Refunds, Grants, and Other (ii)	1,536	24
Other Income	4,142	2,644

(i) Refer to Note 29 for details related to the implementation of AASB 16 *Leases*.

(ii) During the period, the Group applied for and received government grants and forgivable loans in relation to the COVID-19 pandemic. The Group recognised \$1.3M in income related to the Paycheck Protection Program (PPP) in the United States and \$0.2M in income related to the JobKeeper Program and pay as you go (PAYG) tax credits in Australia. The Group recognised \$0.3M as deferred grant income related to these programs at the balance sheet date which will be recognised in future periods. Refer to Note 13 for details.

Interest Revenue

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Tax Incentive Revenue and Grant Revenue

The Australian Taxation Office (ATO) provides certain Research and Development (R&D) tax incentives and concessions under the AusIndustry R&D Tax Incentive program. The program is a broad-based entitlement program that aims to promote innovation within Australia for eligible R&D activities.

The Group accrues for amounts when there is reasonable assurance of receipt. Whilst there is a judgment involved in when there is reasonable assurance, the Group now has a history of successful lodgings and receipt with the ATO. The Group recognises income related to the R&D tax incentive in the period in which the expenses are recognised.

In relation to the COVID-19 pandemic, the Group received cash in the US from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in the form of a forgivable loan. Management believes there is reasonable assurance that the Group will meet the terms for the loan to be forgiven in full and therefore have accounted for it in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

The Group also received cash grants from the Australian government from two programs (JobKeeper Program and pay as you go (PAYG) tax credits from the ATO).

Under AASB 120, the Group will recognise the income from the forgivable loan and the grants on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

7. Expenses

Salaries and Benefits	2020 \$000	2019 \$000
Wages and Salaries (i)	11,954	11,337
Performance & Sales Bonuses (ii)	2,139	3,933
Employee Benefits	1,016	932
Superannuation	496	457
Annual Leave & Long Service Leave	278	118
Taxes and Other	1,278	994
Capitalised Employee Costs (i)	(1,646)	(2,001)
Sub-Total Salaries and Benefits	15,515	15,770
Share-Based Payments to Employees	2,246	2,849
Total Salaries and Benefits	17,761	18,619

- (i) Certain wages and salaries relating to SOZO software development have been recognised as Intangible Assets in accordance with AASB 138 *Intangible Assets* in both the current and prior corresponding periods. In addition, certain wages and salaries directly related to SOZO customer installations and trainings are allocated to cost of revenue for the current period.
- (ii) Performance & Sales Bonuses for the 2020 financial year primarily consisted of \$1.4 million (2019: 1.2 million) in sales related Commissions and \$0.7 million (2019: \$2.7 million) in Short-Term Incentives (including on-costs) for employees resulting from 21.8% achievement.

Clinical Trials and Research & Development	2020 \$000	2019 \$000
Cardiology and Other Clinical Trials	1,623	1,557
Oncology Clinical Trials (i)	1,590	1,079
Product Engineering	95	322
Total Clinical Trials and Research & Development	3,308	2,958

- (i) With enrolment completed in the 1,100 patient PREVENT Trial, the largest international multicenter randomised controlled trial undertaken in the prevention of breast cancer-related lymphoedema, costs related to oncology clinical trials increased in the current financial period due to costs incurred for data analytics and technical writing. The Group expects that expenditure on the PREVENT Trial will decrease in the 2021 financial year as follow up screening concludes for existing patients within the trial and the 3-year data is released.

Other Expenses	2020 \$000	2019 \$000
Depreciation and Amortisation (i)	1,436	682
Advertising and Promotion (ii)	875	714
Travel (iii)	856	1,293
IT, Property and Other (iv)	729	1,103
Total Other Expenses	3,896	3,792

- (i) Depreciation and Amortisation increased in the financial period due to the capitalisation of Software Development costs \$961,000 (refer to Note 12) and the implementation of AASB 16 *Leases* \$332,000 (refer to Note 29).
- (ii) The Group increased Advertising and Promotion expenses due to the implementation of the Lymphoedema Prevention Program (LPP), offset slightly by a reduction of tradeshow costs in the final quarter of the financial year due the COVID-19 pandemic.
- (iii) Travel decreased due to the COVID-19 pandemic.
- (iv) Property expenses were reclassified to interest and depreciation expenses during the period due to the implementation of AASB 16 *Leases* (refer to Note 29 for details).

8. Cash and Cash Equivalents

	2020 \$000	2019 \$000
Cash at Bank and in Hand	10,886	3,165
Short Term Deposits	8,777	8,165
Cash and Cash Equivalents	19,663	11,330

RECONCILIATION FROM NET LOSS AFTER TAX TO NET CASH FLOW FROM OPERATIONS

	2020 \$000	2019 \$000
Net Loss After Tax	(21,377)	(24,123)
Adjustments For:		
Depreciation and Amortisation Expense	1,436	682
Share-based Payment Expense	2,246	2,849
Amounts Set Aside for Provisions (Accounts Receivable)	14	15
Unrealised Foreign Currency (Gain) / Loss	346	1
Changes in Net Assets and Liabilities:		
Decrease / (Increase) in Assets:		
Inventories	257	690
Property, Plant & Equipment and Intangible Assets	(49)	(27)
Receivables	(256)	609
Other Current and Non-current Assets	128	(688)
(Decrease) / Increase in Liabilities		
Current Payables	(58)	451
Other Current and Non-current Liabilities	(1,905)	547
Net assets associated with discontinued operations	-	(594)
Net Cash Used in Operating Activities	(19,218)	(19,588)

9. Trade and Other Receivables

	2020 \$000	2019 \$000
Trade Receivables	917	800
Allowance for Expected Credit losses	(46)	(52)
Interest Receivable	6	18
Tax and Other Receivables	2,853	2,722
Total Trade and Other Receivables	3,730	3,488

Impairment on Current Assets

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to recognise an allowance for ECLs for all trade receivables and contract assets through profit or loss.

During the year, the Group recognised \$13,000 (2019: nil) in expected credit losses in accordance with AASB 9.

Trade receivables are non-interest bearing and are generally include 30-90 day terms, based upon each customer's credit rating.

Movements in the provision for impairment loss were as follows:

	2020 \$000	2019 \$000
At July 1	52	396
Charge for the Year	19	86
Amounts Reversed	(25)	(91)
Amounts Written Off (i)	(1)	(339)
Foreign Exchange Translation	1	-
At June 30	46	52

(i) During the prior period, the Group wrote off \$339,000 of outstanding aged receivables that were previously provided for.

The remaining receivables past due, but not considered impaired, are actively assessed by Management and viewed as recoverable. As at 30 June, the ageing analysis of trade receivables is as follows:

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired		
			<30 Days	30-60 Days	>61 days
2020	871	605	76	38	152
2019	748	516	70	44	118

Fair Value and Credit Risk

Due to the short-term nature of these receivables, the carrying value is assumed to approximate its fair value. The maximum exposure to credit risk is the fair value of the receivables.

Trade receivables, which generally have 30-90 day terms, are recognised at fair value less an expected credit loss for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are generally considered objective evidence of impairment.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value or fair value of each class of receivables. No collateral is held as security.

When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

10. Current Assets – Inventories

	2020 \$000	2019 \$000
Raw Materials (at cost) (i)	269	341
Sub-assemblies (at cost) (i)	-	-
Finished Goods (at cost) (i)	1,320	1,712
Provision for Obsolete Inventory (i)	(725)	(932)
Total Inventories at the Lower of Cost and Net Realisable Value	864	1,121

(i) the Group made efforts to best utilise working capital and has scheduled additional builds of SOZO inventory so that delivery of inventory from the contract manufacturer is in line with sales forecasts.

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventory write-downs recognised as an expense in cost of sales totaled \$23,000 (2019: \$600) for the Group.

Costs incurred in bringing each product to its present location and condition is accounted for as purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price including import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), if applicable. Volume discounts and rebates are included in determining the cost of purchase.

A provision for inventory obsolescence is recorded when it is determined the net realisable value of inventory is lower than its cost. Factors contemplated in determining net realisable value are expected future usage, sales volumes and price and the age and nature of the inventory held.

11. Non-Current Assets – Property and Equipment

Year Ended 30 June 2020	Leased, Demo & Loan Devices \$000	Leasehold Improvements \$000	Property & Machinery \$000	Computer Equipment \$000	Total \$000
At 1 July 2019 Net of Accumulated Depreciation	66	11	72	39	188
Additions	-	23	-	82	105
Disposals	-	-	-	-	-
Transfers from Inventory	17	-	-	-	17
Depreciation Charge for the Year	(33)	(8)	(29)	(51)	(121)
Effect of Foreign Exchange	(1)	-	3	1	3
At 30 June 2020 Net of Accumulated Depreciation	49	26	46	71	192
At 30 June 2020					
Cost	889	186	707	702	2,484
Accumulated Depreciation	(840)	(160)	(661)	(631)	(2,292)
Net Carrying Amount	49	26	46	71	192

Year Ended 30 June 2019	Leased, Demo & Loan Devices \$000	Leasehold Improvements \$000	Property & Machinery \$000	Computer Equipment \$000	Total \$000
At 1 July 2018 Net of Accumulated Depreciation	102	4	154	108	368
Additions	-	11	17	4	32
Disposals	(18)	-	-	-	(18)
Transfers from Inventory	30	-	-	-	30
Depreciation Charge for the Year	(47)	(4)	(103)	(78)	(232)
Effect of Foreign Exchange	(1)	-	4	5	8
At 30 June 2019 Net of Accumulated Depreciation	66	11	72	39	188
At 30 June 2019					
Cost	873	162	697	612	2,344
Accumulated Depreciation	(807)	(151)	(625)	(573)	(2,156)
Net Carrying Amount	66	11	72	39	188

Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight line or diminishing value basis over the estimated useful life of the specific assets as follows:

Plant, Machinery and Equipment	1 – 10 years
Devices Under Lease or Loan	3 years
Leasehold Improvements	2 – 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Certain assets classified as Plant, Machinery and Equipment during the year have been determined to have a one-year useful life based on the expected economic life of the assets and are amortised using the straight-line method.

Certain Leasehold improvements capitalised by the Group were calculated to have useful lives that mirror their respective premise leases.

Derecognition

An item of property and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

12. Non-Current Assets – Intangible Assets and Goodwill

Year Ended 30 June 2020	Development Costs (i) \$000	Other Software (i) \$000	Patents & Licenses \$000	Goodwill \$000	Total \$000
At 1 July 2019 Net of Accumulated Amortisation & Impairment	2,747	28	16	2,584	5,375
Arising During the Year	2,070	-	-	-	2,070
Amortisation	(961)	(11)	(3)	-	(975)
Effect of Foreign Exchange	-	-	-	52	52
At 30 June 2020 Net of Accumulated Amortisation & Impairment	3,856	17	13	2,636	6,522
At 30 June 2020					
Cost (Gross Carrying Amount)	5,244	488	36	2,636	8,404
Accumulated Amortisation & Impairment	(1,388)	(471)	(23)	-	(1,882)
Net Carrying Amount	3,856	17	13	2,636	6,522

Year Ended 30 June 2019	Development Costs (i) \$000	Other Software (i) \$000	Patents & Licenses \$000	Goodwill \$000	Total \$000
At 1 July 2018 Net of Accumulated Amortisation & Impairment	964	74	17	2,449	3,504
Arising During the Year	2,190	3	-	-	2,193
Amortisation	(407)	(51)	(2)	-	(460)
Effect of Foreign Exchange	-	2	1	135	138
At 30 June 2019 Net of Accumulated Amortisation & Impairment	2,747	28	16	2,584	5,375
At 30 June 2019					
Cost (Gross Carrying Amount)	3,174	481	36	2,584	6,275
Accumulated Amortisation & Impairment	(427)	(453)	(20)	-	(900)
Net Carrying Amount	2,747	28	16	2,584	5,375

(i) Development costs relate to internally generated and developed SOZO software. Other software relates to externally purchased software used in operations of the Group.

Description of the Group's Intangible Assets and Goodwill

Accounting Policies for Intangible Assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at

each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level consistent with the methodology outlined for goodwill below. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

	Software & Patents and Licenses	Development Costs
Useful Lives	Finite	Finite
Method Used	Amortised over the period of expected future benefit from the related project on a straight-line basis	Amortised over the period of expected future benefit from the related project on a straight-line basis
Internally Generated / Acquired	Acquired	Internally generated
Impairment Test / Recoverable Amount Test	When an indication of impairment exists	When an indication of impairment exists

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Expenditures on advertising and promotional expenses are recognised in the statement of comprehensive income when the Group has either the right to access the goods or has received the services.

Software

The Group's software intangible primarily includes the Group's investment in its Quality Management System (QMS), Enterprise Resource Planning (ERP) system and Customer Relationship Management (CRM) system.

Software costs are carried at cost less accumulated amortisation and accumulated impairment losses. The intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of three or four years. The amortisation has been recognised in the statement of comprehensive income in the line item "depreciation and amortisation". If an impairment indication arises, the recoverable amount is estimated, and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Development Costs

The Group capitalises certain costs related to the development of medical technology software in accordance with AASB 138 Intangible Assets.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the development.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment

losses. Any expenditure capitalised is amortised over the period of expected benefit from the related project.

Intangible assets related to development costs have been assessed as having a finite life and are amortised using the straight-line method over a period of three or five years, based on the expected economic life of the assets. The amortisation has been recognised in the statement of comprehensive income in the line item "depreciation and amortisation". If an impairment indication arises, impairment testing is undertaken.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

Patents and Licenses

The Group holds three licences and numerous patents. All patents and licences are carried at cost less accumulated amortisation and impairment losses. These intangible assets have been determined to have a finite life and are amortised using the straight-line method over a useful life of between five and twenty years. The amortisation has been recognised in the statement of comprehensive income in the line item "depreciation and amortisation". Patents and licences are subject to impairment testing whenever there is an indication of impairment.

No impairment loss has been recognised for the years ended 30 June 2020 or 2019.

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit and loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within

the entity at which goodwill is monitored for internal management purposes and is not larger than an operating segment determined in accordance with AASB 8. The goodwill of the Group is allocated to the Medical cash generating unit which is the only unit under the Medical Segment.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units to which the goodwill relates.

The Group performs its impairment testing as at 30 June each year and more frequently if indicators of impairment exist, using the value in use (VIU), discounted cash flow methodology.

When the recoverable amount of the cash-generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed. When goodwill forms part of a cash generating unit or group of cash generating units and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment Tests for Goodwill and Intangible Assets with Indefinite Useful Lives

Description of the Group's Cash Generating Units (CGUs)

At 30 June 2020, the Group has only one CGU, which

is the Medical CGU. During the current period, the key focus of the Medical CGU was the sale of devices for the subclinical assessment of lymphoedema in cancer survivors, though it also includes the sale of devices used in body composition, and other areas of fluid status measurement. The Medical CGU is the core business of the Group and the part of the business forecasting substantial growth. There was no impairment in financial years 2020 and 2019.

Details of Impairment Testing

Impairment testing has been performed by reviewing the carrying amounts of net assets and by calculating the value in use (VIU) of the CGU.

The market capitalisation of the Group at 30 June 2020 was approximately \$62 million, which exceeded the net assets recorded (including goodwill) by approximately \$35 million.

The VIU cash flow model is based on a five-year period which analyses the net present value (NPV) of cash flows using a 12.5% (2019: 12.5%) discount rate and a 3% (2019: 3%) long-term growth rate. The short-term cash flows used in the cash flow model are based on operating plans and forecasts approved by the Board, which consider the size of markets available to the Group. In order to calculate the discount rate for use in the VIU cash flow model, the Group used a weighted average cost of capital (WACC) method. The Group currently has no debt, aside from the funds received from the SBA and has created equity by relying upon capital raises for its operating funds. Due to the inherent risk related to future cash flows, Management has assessed the breakeven discount rate at 30 June 2020 to be 17.3% (2019: 16.2%).

13. Current Liabilities – Trade and Other Payables

	2020 \$000	2019 \$000
Trade Payables and Accruals (i)	1,913	2,086
Employee Related Payables	366	307
Sales Tax and Other Payables	51	54
Carrying Amount of Trade and Other Payables	2,330	2,447

(i) Includes \$0.3M of deferred grant revenue. Refer to Note 6 for details.

Trade payables and accruals are unsecured and non-interest bearing and normally settle on 30-90 days terms. Sales tax and other payables are non-interest bearing and normally have longer payment terms.

Trade payables and other payables are carried at amortised cost and, due to their short-term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect to the purchase of these goods and services.

Fair Value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest Rate, Foreign Exchange and Liquidity Risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 26.

14. Provisions

	2020 \$000	2019 \$000
Current		
Employee Entitlements (i)	1,799	3,666
Warranty Provision	38	28
Total Current Provisions	1,837	3,694
Non-Current		
Employee Entitlements	42	26
Deferred Rent Liability (ii)	-	83
Office Lease – Make Good Provisions	26	26
Prepaid Service Contracts	19	-
Total Non-current Provisions	87	135

(i) The provision for current employee benefits primarily relates to the estimate for employee short-term incentives related to that financial year, as well as a provision for accrued employee annual leave. The short-term incentive plan is a cash-based incentive which is awarded based on annual performance. For the financial year ended 30 June 2020, the incentive plan focused on both Group and individual performance.

(ii) See Note 29 for adjustments on adoption of AASB-16 *Leases*.

Significant Movements in Provisions

For the year ended 30 June 2020, the Group has an accrual of \$0.6 million (2019: \$2.7 million) in short-term incentives, which is offset by the utilisation of approximately \$2.7 million (2019: \$2.1 million) in short-term incentives related to the prior year accrual, net of foreign exchange differences.

Nature and Timing of Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee Entitlements

Employee entitlements comprise accrued entitlements for annual leave, performance pay and superannuation contributions (all current) and for long service leave (non-current).

Employee entitlements expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured

at the rates paid or payable.

Retirement Benefit Obligation

Contributions to superannuation plans are recognised as an expense when they become payable. The Group contributes to various defined contribution superannuation funds in respect to all employees and at various percentages of their salary, including contributions required by the Superannuation Guarantee Charge. These contributions are made to external superannuation funds and are not defined benefits programs. Consequently, the Group's legal or constructive obligation is limited to these contributions.

Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bond market discount rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Warranty Provision

A provision for warranty is recognised for expected warranty claims on products sold during the last year, based on experience of the level of repairs and returns on a one-year warranty period that is generally given for products sold. It is expected that these costs will be incurred during the next financial year.

Make Good Provision

To comply with office lease agreements, the Group must restore leased premises to the original condition at the end of each premise's respective lease term. Because of the nature of the liability, the greatest uncertainty in estimating the provision is the cost that will ultimately be incurred. The provision for each premise has been calculated using pre-tax discount rates of 1-8%, depending on the location of the premise.

15. Contributed Equity

Ordinary Shares

	2020 \$000	2019 \$000
Ordinary Shares Fully Paid	250,563	219,727
Total Ordinary Shares	250,563	219,727

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares fully paid include transaction costs of

\$2,499,000 (2019: \$115,000) pertaining to the cost of capital from the July 2019 Entitlement Offer, the April 2020 Entitlement Offer, and the exercise of options during the current reporting period. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Number of Shares	\$000
At 1 July 2018	378,993,655	219,746
Issued During the Period as a Result of:		
Issue of Ordinary Shares	810,332	96
Transactions Costs (i)	-	(115)
At 30 June 2019	379,803,987	219,727
Issued During the Period as a Result of:		
Issue of Ordinary Shares under the April 2020 Entitlement Offer	486,114,474	19,323
Issue of Ordinary Shares under the July 2019 Entitlement Offer	126,602,928	13,926
Issue of Ordinary Shares under the Equity Share Plans(ii)	7,480,640	-
Issue of Ordinary Shares from the Exercise of Employee Awards	1,695,232	86
Transactions Costs	-	(2,499)
At 30 June 2020	1,001,697,261	250,563

(i) Transaction costs for the 2019 financial year include \$105,000 related to the July 2019 Entitlement Offer.

(ii) Shares issued under the Equity Share Plans relate to remuneration paid to Non-Executive Directors and Executives in lieu of cash.

Capital Management

	2020 \$000	2019 \$000
Trade and Other Payables	2,330	2,447
Less Cash and Cash Equivalents	(19,663)	(11,330)
Net Debt	(17,333)	(8,883)
Total Equity	27,361	15,785
Total Capital	10,028	6,902
Net Debt to Equity Ratio	N/A	N/A

There are no externally imposed capital requirements on the Group. When managing capital, Management's objective is to ensure that the entity continues as a going concern, as well as to maintain optimal returns and benefits to shareholders and other stakeholders. The Group will, from time to time, evaluate the Group's capital structure with a view to optimising its cost of capital.

16. Reserves

Movements in Other Reserves

	Share Reserves \$000	Equity Compensation Reserve \$000	Foreign Currency Translation \$000	Total \$000
At 1 July 2018	16,022	-	4,630	20,652
Foreign Currency Translation	-	-	1,274	1,274
Share-based Payment	2,849	-	-	2,849
At 30 June 2019	18,871	-	5,904	24,775
Foreign Currency Translation	-	-	(162)	(162)
Share-based Payment	1,281	965	-	2,246
At 30 June 2020	20,152	965	5,742	26,859

The Group currently maintains two long-term incentive plans for share-based payments in relation to awards issued as options and performance rights. All options issued under the long-term incentive plans must be issued with an exercise price no less than fair market value. The actual exercise price will be determined by a committee of Directors, which is generally determined to be the Parent's volume weighted average stock price over the five days prior to the option grant. No options or performance rights provide dividend or voting rights to the holders.

Further details on share-based payments are provided in Note 18.

At 30 June 2020, there were 39,967,596 (30 June 2019: 32,962,401) unissued ordinary shares in respect of 32,595,501 (30 June 2019: 29,045,901) unlisted options, 7,372,095 (30 June 2019: 4,916,500) performance shares and nil (30 June 2019: nil) listed options.

Nature and Purpose of Reserves

Share Option Reserve and Performance Share

Reserve

The share option and performance share reserves are used to record the value of share-based payments provided to employees and participants, including KMP, as part of their remuneration. Refer to Note 18 for further details of these plans.

Equity Escrow Reserve

The Equity Escrow reserve is used to record the value of share-based payments to participants in the Equity Compensation Plan. The Plan went into effect 1 July 2020 after receiving shareholder approval at the 2020 AGM providing up to 20% base salary as equity in lieu of cash. The NEDs have also agreed to a 25% reduction in their fees effective 1 April 2020 which were already being received 100% in equity with the NED Share Plan that went into effect 1 July 2020.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

17. Key Management Personnel (KMP)

	2020 \$000	2019 \$000
Employee Benefits (i) (ii)	2,600	5,168
Post-employment Benefits	451	147
Share-based Payments (iii)	1,286	2,269
Total Compensation (iv)	4,337	7,584

- (i) Short-term employee benefits include salaries and wages, short-term incentives earned during the period, other one-time short-term incentives, and non-monetary benefits such as insurance benefits.
- (ii) During the year, fixed cash remuneration was reduced by 50% for MD/CEO and 30% for certain Executives. In addition, directors' fees, which were already being taken as equity remuneration, were reduced by 25% during the year. See Remuneration Report for details.
- (iii) Share-based Payments decreased in the 2020 financial year due to the forfeiture of certain Performance Rights and a lower share price used in valuing long-term incentive awards during the year.
- (iv) The majority of KMPs are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD monthly. Refer to the Remuneration Report for additional details in relation to KMP remuneration practices.

Interests Held by Key Management Personnel

Share options and performance rights held by KMP, under the EIP and ESOP to purchase ordinary shares, have the following expiry dates and exercise prices:

Grant Type	Expiry Date	Exercise Price	2020
Performance Rights	15-Nov-2020	\$ -	1,036,750
Share Options	30-Jun-2021	\$ 0.21	779,122
Performance Rights	31-Jul-2021	\$ -	310,000
Share Options	4-Dec-2021	\$ 0.69	3,538,000
Share Options	1-Jul-2022	\$ 0.87 – \$1.00	837,500
Share Options	8-Jul-2022	\$ 0.35	7,252,561
Performance Rights	11-Nov-2022	\$ -	3,564,731
Share Options	25-Oct-2023	\$ 1.66	518,000
Share Options	13-Nov-2023	\$ 1.46	335,000
Share Options	14-Nov-2023	\$ 1.46	872,000
Share Options	15-Nov-2024	\$ 0.82	2,887,000
Share Options	31-Jul-2025	\$ 0.51	515,000
Share Options	11-Nov-2026	\$ 0.15	4,161,177
			26,606,841

18. Share-based Payment Plans

Recognised Share-based Payment Expenses

The expense recognised for share-based payments during the year is shown in the table below:

	2020 \$000	2019 \$000
Expense Arising from Equity-Settled Share-Based Payment Transactions – Employees and Consultants	1,281	2,849
Expense Arising from the Equity Compensation Plan – Directors and Employees	965	-
Total Expense Arising from Share-Based Payment Transactions	2,246	2,849

Executive and Non-Executive Share Plans

During the period, the Group instituted an Executive Share Plan whereby up to 20% of an Executive's gross salary and short-term incentives and a Non-Executive Share Plan whereby 100% of Directors' fees were taken as shares in lieu of cash. The Group established these plans to (a) align the financial interests of Executives and Directors with those of the shareholders, (b) facilitate the acquisition of shares by the Executives and Directors, and (c) preserve cash reserves by remunerating the Executives and Directors with shares in lieu of cash. Refer to the 2019 AGM Notice for full details of the plans.

During the period, share-based payments under the Non-Executive Director and Executive Share Plans totaled approximately \$965,000 (30 June 2019: nil), of which approximately \$886,000 (30 June 2019: nil) was related to Key Management Personnel (KMP). These shares were issued in lieu of cash remuneration, which comprised 100% of Directors' fees and up to 20% of Executive salaries.

Equity-Settled Transactions

The Group provides benefits to employees (KMP) and certain consultants in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently three types of plans in place to provide these benefits:

- The Employee Incentive Plan (EIP), which provides benefits in the form of shares, options or performance shares to employees and consultants, including the CEO. This plan has a US Sub-Plan established as an appendix to EIP.
- The Employee Share Option Plans (ESOP), which provides benefits to employees and consultants, including the CEO if he or she is not a member of the Board of Directors. This Group has two (2) ESOPs – one for US based employees and one for Australian based employees.
- The CEO Option Plan.

Further details of the share-based payment plans are described below. During the current financial year, the Group continued to operate under the Employee Incentive Plan (EIP).

Stakeholders and industry participants expect that the Group's remuneration framework should provide competitive and appropriate remuneration so that the company can attract and retain skilled employees and

motivate them to improve Group performance. For all financial year 2020, the Group operated under the Employee Incentive Plan for issuing and maintaining employee share option schemes.

Under the EIP, participants are eligible to receive shares, options or performance rights, which will help to align the interests of employees (participants) with those of the Group and its Members.

No share options schemes were issued under the ESOP during the year. Outstanding options that reside under the ESOPs remain under that plan, but any outstanding options under the ESOPs that are cancelled or forfeited do not become available under the EIP nor return to the available option pool.

(A) TYPES OF SHARE-BASED PAYMENTS PLANS Employee Incentive Plan (EIP)

On 30 October 2014, the Board resolved to establish the Employee Incentive Plan and the corresponding US Sub-Plan as a means of providing incentives to employees, consultants and executive or non-executive directors of the Group.

Purpose of the EIP and the US Sub-Plan

The purpose of the EIP is to provide a long-term incentive for employees to work with commitment toward enhancing the value of the Group and the shares for the benefit of shareholders, as well as to retain and attract employees whose contributions are, or may be, beneficial to the growth and development of the Group.

Issue of Options Excluded from Group's 15% Limit Under ASX Listing Rule 7.1

Under ASX Listing Rule 7.1, subject to certain exceptions, a company must not issue more than 15% of the company's total issued capital without shareholder approval. An exception is provided in ASX Listing Rule 7.2 (exception 9) where holders of ordinary securities approve the issue of securities under an employee incentive scheme as an exception to ASX Listing Rule 7.1.

EIP Plan Terms and Conditions

Incentives under the EIP include a Share, an Option, or a Performance Right. Incentives are granted to eligible employees of and collaborators with (collectively known as Participants) the Group at the discretion of the Board of Directors.

In granting the incentives, which are issued for nil consideration, the Directors evaluate potential participants with respect to their abilities, experience, responsibilities and their contribution to the Group.

Unless otherwise determined by the Board, an option incentive held by a Participant will lapse upon the first to occur of:

- Its expiry date;
- The Participant failing to meet the Incentive's vesting conditions with the prescribed period;
- If the Participant ceases to be employed by the Group due to resignation or retirement:
 - For vested options, 30 days after the date of cessation of employment (or such longer period as the Board determines);
 - For unvested Incentives, the date of cessation of employment (or such longer period as the Board determines);
- If the Participant ceases to be employed by the Group due to retrenchment, or the Participant's death, permanent illness or permanent physical or mental incapacity (as certified by a medical practitioner who is approved in writing by the Board):
 - For vested options, 12 months after the date of cessation of employment (or such longer period as the Board determines); and
 - For unvested Incentives, the date of cessation of employment (or such longer period as the Board determines)
- If the Participant ceases to be employed by the Group for any other reason:
 - For vested incentives, 30 days after the date of cessation of employment (or such longer period as the Board determines); and
 - For unvested incentives, the date of cessation of employment (or such longer period as the Board determines)
- A determination by the Board that the participant:
 - Has been dismissed or removed from office as an employee or Director of the Group for any reason which entitles the Group to dismiss the Participant without notice, or
 - Acted fraudulently, dishonestly or in breach of the participant's obligations to the Group.

If at any time or times prior to the exercise by the participant or vesting of any outstanding Incentives, there is any reconstruction (including a consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Group, the terms of Incentives and the rights of the participant will be amended by the Board to the extent necessary to comply with the ASX Listing Rules at the time of the reconstruction.

An Incentive is personal to the Participant to whom it was granted, and the Participant may not sell, assign, transfer or otherwise dispose of, or make a declaration

of trust in respect of, an Incentive except to an Associate of that Participant. This does not prevent the exercise of the Incentive by the estate of a deceased Participant.

The contractual life of each Incentive granted is specified by the participant's Incentive agreement. There are no cash settlement alternatives. The Incentive issued under the plan cannot be transferred and are not quoted as tradeable instruments on the ASX.

US Sub-Plan

The US Sub-Plan is effective for a period of ten years from the date of its adoption by the Board, unless terminated earlier by the Board.

The exercise price of an Option will not be less than the fair market value of a Share on the date of grant of the Option.

The Group's obligation to issue securities under the US Sub-Plan is subject to any restrictions in the Corporations Act or the ASX Listing Rules.

Share Options

Share options are issued to eligible participants under the EIP. The Group issued 9,624,808 (2019: 1,547,000) share options to participants under the EIP during the current year.

For new and existing employees and consultants, share options issued during the period generally vest on the one-year anniversary of the date of grant or of employment in an amount equal to the product of one-fourth multiplied by the number of total options granted.

In a situation where there is likely to be a change of control of the Group, the Board may have the discretion to determine whether some, none or all of the LTI instruments will vest.

Performance Shares

Performance shares (or Performance Rights) are issued to eligible participants under the EIP in recognition of their contribution to the performance of the Group and are often subject to meeting individual performance hurdles. The Group issued 5,750,175 (2019: 485,000) performance rights to employees under the EIP during the current year.

All performance rights are issued at the discretion of the Board of Directors and are issued for nil consideration. The performance rights granted during the year vest in full on the third anniversary of the grant date. In the event of a change of control, all outstanding unvested performance rights may vest on an accelerated basis immediately.

If the participant ceases employment with the Group where such cessation of employment is due to the participant's death, permanent illness or permanent physical or permanent mental incapacity (as certified by a medical practitioner who is approved in writing by the Board), the performance rights will fully vest on the third anniversary of the date of grant.

Performance rights which have not vested shall automatically lapse and be forfeited without consideration upon cessation of the participant's employment with the Group.

The fair value of performance shares is measured by using the stock price for ImpediMed Limited as of the close of business on the day prior to the grant date multiplied by the number of eligible shares. The number of eligible shares is measured using a combination of the probability of future service and the achievement of specific goals.

Employee Share Option Plan (ESOP)

The Group has two schemes under the ESOP it operated, one for eligible Australian participants and one for eligible US participants. The only outstanding grants for the ESOP were issued prior to 30 October 2014, as no additional awards were issued under the ESOP after the creation of the EIP.

ESOP Schemes Terms and Conditions

Share options were granted to participants of the Group at the discretion of the Board of Directors.

When a participant ceases to be eligible to continue participating in the plan prior to vesting their share options, the unvested share options are forfeited. The participant has 30 days to exercise vested options after cessation of employment.

In the event of a change of control of the Group, at the discretion of the Board of Directors, all options vest immediately.

The contractual life of each option granted is specified by the stock option agreement not to exceed ten years from the date of grant. There are no cash settlement alternatives. The options issued under the plan cannot be transferred and are not quoted as tradeable instruments on the ASX.

Chief Executive Option Plan

There were no options issued under the Chief Executive option plan during the current or prior year. All CEO option grants are subject to approval by the shareholders.

Options issued to the CEO were issued under the EIP or ESOP, except for the issuance of 7,252,561 options upon hiring. Those options were issued outside of any existing option schemes upon shareholder approval at the 2012 AGM. For additional information on option grants, refer to the Managing Director and CEO Remuneration section of the Remuneration Report.

(B) SUMMARY OF OPTIONS AND PERFORMANCE RIGHTS

Employee Incentive Plan (EIP)

The following table illustrates the number of shares (Number) and weighted average exercise price (WAEP) of share options under the EIP plans:

SHARE OPTIONS

	2020		2019	
	Number	WAEP \$	Number	WAEP \$
Balance at the Beginning of the Year	18,180,771	0.86	18,216,070	0.89
Granted During the Year	9,624,808	0.15	1,547,000	0.31
Forfeited During the Year	(3,459,946)	0.70	(1,582,299)	0.74
Expired During the Year	(169,771)	0.73	-	-
Balance at the End of the Year	24,175,862	0.60	18,180,771	0.86
Exercisable at 30 June	10,980,375	0.89	10,237,487	0.86

PERFORMANCE RIGHTS

	2020		2019	
	Number	WAEP \$	Number	WAEP \$
Balance at the Beginning of the Year	4,916,500	-	4,431,500	-
Granted During the Year	5,750,175	-	485,000	-
Forfeited During the Year	(2,317,414)	-	-	-
Exercised During the Year	(403,666)	-	-	-
Expired During the Year	(573,500)	-	-	-
Balance at the End of the Year	7,372,095	-	4,916,500	-
Exercisable at 30 June	-	-	-	-

Employee Share Option Plan (ESOP)

The following table illustrates the number of shares (Number) and weighted average exercise price (WAEP) of share options under the ESOP schemes:

	2020		2019	
	Number	WAEP \$	Number	WAEP \$
Balance at the Beginning of the Year	10,865,130	0.30	14,009,968	0.28
Forfeited During the Year	(631,050)	0.11	(158,550)	0.32
Exercised During the Year	(25,534)	0.16	(1,560,364)	0.11
Expired During the Year	(1,788,907)	0.19	(1,425,924)	0.25
Balance at the End of the Year	8,419,639	0.34	10,865,130	0.30
Exercisable at 30 June	8,419,639	0.34	10,865,130	0.30

Employee Incentive Plan (EIP)

The year-end balance is represented by:

SHARE OPTIONS

Number of Options	Exercise Price (\$)	Expiry Date
4,234,000	0.69	04-Dec-2021
1,184,500	0.87	01-Jul-2022
250,000	1.03-1.05	08-Dec-2022
375,000	0.89	18-May-2023
200,000	1.32	01-Aug-2023
518,000	1.66	25-Oct-2023
566,500	1.47	04-Nov-2023
335,000	1.46	13-Nov-2023
872,000	1.46	14-Nov-2023
120,000	0.74	28-Apr-2024
53,500	0.64	13-Sep-2024
4,974,000	0.82	15-Nov-2024
306,000	0.68	27-Apr-2025
578,000	0.52	31-Jul-2025
70,000	0.23	01-Oct-2025
100,000	0.23	01-Jan-2026
498,000	0.14	01-Apr-2026
40,000	0.14	01-Aug-2026
100,000	0.15	01-Sep-2026
40,000	0.15	01-Oct-2026
7,821,362	0.15	11-Nov-2026
230,000	0.17	02-Jan-2027
450,000	0.11	20-Feb-2027
195,000	0.04	08-Apr-2027
65,000	0.07	16-Jun-2027
24,175,862		

PERFORMANCE RIGHTS

Number of Rights	Exercise Price (\$) (i)	Expiry Date
1,402,750	-	15-Nov-2020
415,000	-	20-Feb-2023
150,000	-	08-Apr-2023
4,739,345	-	11-Nov-2022
175,000	-	05-Jun-2022
180,000	-	27-Apr-2021
310,000	-	31-Jul-2021
7,372,095		

(i) Exercise price is nil as performance rights are issued for nil consideration.

Employee Stock Option Plan (ESOP)

The year-end balance is represented by:

Number of Options	Exercise Price (\$)	Expiry Date
1,067,078	\$0.21-.26	30-Jun-2021
100,000	\$0.44	30-Jun-2022
7,252,561	\$0.35	08-Jul-2022
8,419,639		

Chief Executive Option Plan

There were no options issued under the Chief Executive Option Plan during the current year. Options issued to the Chief Executive Officer during the current year were issued under the Employee Incentive Plan and during prior years were issued under the Employee Incentive Plan and the Employee Share Option Plan.

(C) WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE

Employee Share Option Plan (ESOP)

The weighted average remaining contractual life for share options outstanding as at 30 June 2020 is .10 (2019: 2.47) years.

Employee Incentive Plan (EIP)

The weighted average remaining contractual life for share options outstanding as at 30 June 2020 is 4.40 (2019: 4.10) years. The weighted average remaining contractual life for performance rights outstanding as at 30 June 2020 is 1.91 (2019: 1.34) years.

(D) RANGE OF EXERCISE PRICES

Employee Share Option Plan (ESOP)

The range of exercise prices for options outstanding as at 30 June 2020 is \$0.21-0.44 (2019: \$0.11-0.44)

Employee Incentive Plan (EIP)

The range of exercise prices for options outstanding as at 30 June 2020 is \$0.04-1.66 (2019: \$0.14-1.66). The performance rights are issued at nil exercise price.

(E) WEIGHTED AVERAGE FAIR VALUE

Employee Incentive Plan (EIP)

The weighted average fair value of options granted during the year was \$0.15 (2019: \$0.31).

(F) OPTION PRICING MODEL

The fair value of the equity-settled share options granted under the EIP and ESOP schemes is estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation if there is a restriction on the share price for exercisability of the option – taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs in the models used for the financial years ended 30 June 2020 and 2019:

	EIP Issue 2020	EIP Issue 2019
Expected Volatility (%)	73.45%	52.70%
Risk Free Interest Rate (%)	2.62%	2.36%
Expected Life of Options (Years)	7	7
Option Exercise Price (\$)	\$0.04 - \$0.15	\$0.14 - \$0.52
Stock Price at Grant Date (\$)	\$0.04 - \$0.20	\$0.14 - \$0.41
Calculated Fair Value at Grant Date (\$)	\$0.02 - \$0.10	\$0.06 - \$0.24

The fair value of performance shares is measured by using the stock price for ImpediMed Limited as of the close of business on the day prior to the grant date multiplied by the number of eligible shares.

The dividend yield for all tranches was nil. The weighted average share price for all tranches at grant date was \$0.14 in financial year 2020 (2019: \$0.31).

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on management's expectation of exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

The expected volatility rate was determined using a sample of industry averages based on historical share prices. The resulting expected volatility therefore reflects the assumption that the industry averages are

indicative of future trends, which may not necessarily be the actual outcome.

(G) ACCOUNTING POLICIES FOR EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date they are granted. The fair value is determined by a Black-Scholes model, details of which are given in Note 18.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of ImpediMed Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service condition are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by the Parent to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by ImpediMed Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

During the prior period, certain options of the MD/CEO were modified to amend the terms of the grant. The amendment removed the market-based exercise conditions of the options. Under AASB 2, this change is viewed as a modification which must be accounted for. Specifically, AASB 2 requires both the option using the original terms and the option with the modified terms to be fair valued at the modification date. The difference between the valuations is recorded in the profit and loss to the extent the fair value of the modified options is greater. Based on the work performed in the current financial year, no additional expense was recorded for the modification of the MD/CEO's options, given the fair value of the modified option was not deemed to be greater than the existing option.

19. Income Tax

The major components of income tax are:

Income Tax Expense	2020 \$000	2019 \$000
Current Income Tax		
Current Income Tax Expense	(38)	(47)
Prior Year Over/Under Provision	(10)	(4)
Income Tax Loss Reported in the Consolidated Statement of Comprehensive Income	(48)	(51)

Tax Losses

The Group has tax losses in Australia of approximately \$78.8 million (2019: \$71.0 million) and tax losses in the US of approximately USD \$101.1 million (2019: USD \$94.2 million) that are available for offset against future

taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules. US tax losses of USD \$68.2 million incurred prior to 2017 have a 20-year expiry period, with an expiry range of 2027 to 2037. No deferred tax asset has been recorded in relation to these tax losses.

Statement of Comprehensive Income Disclosure	2020 \$000	2019 \$000
A reconciliation between tax expense and the accounting profit before income tax multiplied by the Group's applicable tax rate is as follows:		
Group's Applicable Tax Rate is as Follows:		
Accounting Loss Before Tax from Continuing Operations and Discontinued Operations	(21,330)	(24,072)
Accounting Loss Before Income Tax	(21,330)	(24,072)
At Australia's Statutory Income Tax Rate of 27.5% (2019: 27.5%)	(5,866)	(6,620)
Adjustment for Current Income Tax of Previous Years		
Expenditure Not Allowable for Income Tax Purposes	2,099	2,261
Other Assessable Income	25	42
Non-Assessable Income	(717)	(721)
Other Temporary Differences Not Recognised	(483)	(523)
Foreign Tax Rate Adjustment (i)	696	960
Tax Losses Not Recognised (ii)	4,283	4,648
Prior Year Over/Under Provision	11	4
Income Tax Loss Reported in the Consolidated Statement of Comprehensive Income	48	51

(i) Movement in the Foreign Tax Rate Adjustment is related to the decrease in the US corporate tax rate.

(ii) Movement in the Tax Losses Not Recognised is primarily related to increased capitalised development costs.

Deferred Tax Disclosures	2020 \$000	2019 \$000
Deferred Tax Assets		
Doubtful Debts	11	13
Employee Entitlements	258	201
S40-880 Costs	581	250
Patents and License Costs	356	384
Sundry Creditors and Accruals	62	75
Losses Available for Offset Against Future Taxable Income	52,543	45,861
Revenue Received in Advance	101	53
Inventory and Other Provisions	214	279
Unrealised Foreign Exchange Losses	(6,828)	(5,979)
Deferred Tax Liabilities		
Income not Derived for Tax Purposes	(2)	-
Property Plan and Equipment	12	-
Subtotal	47,308	41,135
Deferred Tax Assets not Recognisable	(47,308)	(41,135)
Net Deferred Tax Balance Per Accounts	-	-

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by local jurisdictions as of the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a buy in combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probably that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred

tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other Taxes

Revenues, expenses, assets, and liabilities are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in current assets, which, in general are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

The Group is subject to sales taxation in the US in various state jurisdictions. Sales tax has several components:

- On revenue, the Group collects sales tax from customers and remits it to state governments.
- For expenses and assets, the Group pays sales tax on the purchase of goods that are used in the course of business. Sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

Receipts from customers are included in the Cash Flow Statement including sales tax amounts collected which are payable to the taxation authority. These amounts are offset by payments made to taxation authorities during each period in the Cash Flow Statement. Cash flows on expenses and assets are included in the Cash Flow Statement on a gross basis and are classified as operating, investing or financing cash flows as appropriate.

20. Parent Entity Information

Information Relating to ImpediMed Limited:	2020 \$000	2019 \$000
Current Assets	11,575	4,171
Total Assets	15,642	6,946
Current Liabilities	1,297	1,495
Total Liabilities	1,536	1,531
Issued Capital	250,563	219,727
Accumulated Losses	(267,628)	(236,562)
Performance Share Reserve	4,396	4,070
Share Option Reserve	16,720	14,801
Total Shareholder's Equity	4,051	2,036
Loss of the Parent Entity	(31,067)	(7,472)
Total Comprehensive Loss of the Parent Entity	(31,067)	(7,472)

The Parent has not entered into any guarantees in relation to the debts of its subsidiaries. The Parent has not entered into any contractual commitments for the acquisition of property, plant or equipment.

Details of any commitments and any operating leases of the Parent entity are described in Note 23 and any contingent liabilities of the Parent entity are described in Note 24.

21. Related Party Disclosures

Subsidiaries

The consolidated financial statements include the financial statements of ImpediMed Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest	
		2020	2019
ImpediMed Incorporated	United States	100	100
ImpediMed Hellas	Greece	100	100
ImpediMed TM Incorporated	United States	100	100

Ultimate Parent

ImpediMed Limited is the ultimate Australian parent entity.

Details relating to Directors, including remuneration paid, are included in the Directors' Report.

For the year ended 30 June 2020, and for the prior year, no transactions with Directors occurred that would be considered related party transactions.

Terms and Conditions of Transactions with Related Parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Key Management Personnel (KMP)

Details relating to key management personnel, including remuneration paid, are included in Note 17.

For the year ended 30 June 2020, there were no other transactions with KMP that would be considered related party transactions.

22. Auditor's Remuneration

	2020 \$000	2019 \$000
Amounts Received or Due and Receivable by Ernst & Young Australia for:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	251	209
	251	209

23. Commitments

Expenditure Commitments

At 30 June 2020, the Group has commitments of \$1.1 million (2019: \$2.2 million) relating to the funding of future product builds, clinical trials, advertising and promotional activities, and other activities. The expenditure commitments primarily relate to the commercialisation of the SOZO device with L-Dex technology in the US marketplace, as well as the PREVENT and CHF clinical trials.

Royalty Commitments

At 30 June 2020, the Group has liabilities related to commitments for the payment of royalties, which are provided on product sales and are accrued and recognised for the year ended 30 June 2020.

Accounting Policies for Onerous Contracts

An onerous contract provision is recognised for contracts that are deemed onerous. Contracts are deemed onerous if the unavoidable costs of meeting the obligations under the contract exceed the benefits expected to be received. The Group has no commitments deemed to be onerous.

24. Contingencies

Legal Claims

At 30 June 2020, the Group has no provisions provided in relation to legal claims.

Contingent Liabilities

The Group had no contingent liabilities as at 30 June 2020 or 2019.

Cross Guarantees

As a policy, the Group does not undertake any cross guarantees.

25. Events After the Balance Sheet Date

On 22 July 2020, the Group announced the launch of its fluid analysis for heart failure software for the SOZO Digital Health Platform. The launch follows an intensive round of review of improvements in collaboration with Dr. Tom Heywood and Dr. Andrew Accardi at Scripps Health in San Diego, CA USA. The Group has initiated discussions with potential customers and although this is initially a very targeted approach, the Group expects first commercial sales over the balance of the calendar year.

On 7 July 2020, the Group issued 29,787,481 ordinary shares in relation to options exercised by participants of the April 2020 non-renounceable accelerated Entitlement Offer, totaling approximately \$1.1 million.

On 2 July 2020, the Group issued 3,444,527 shares to Non-Executive Directors and Executives as part of the Equity Share Plans. These shares were issued in lieu of cash remuneration, which comprised 100% of Directors' fees and up to 20% of Executive salaries.

26. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

Risk Exposures and Responses

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group manages its exposure to risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The Board reviews and agrees to policies for managing these risks which are summarised below.

The main risks arising from the Group's financial instruments are credit risk, interest risk, foreign currency risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest Rate Risk

At balance date, the Group had the following mix of financial assets exposed to Australian and US interest rate risk:

	2020 \$000	2019 \$000
Financial Assets		
Cash and Cash Equivalents	19,663	11,330
Restricted Cash, Current and Non-current	77	76
Net Exposure	19,739	11,406

The Group does not enter into interest rate swaps, designated to hedge underlying assets or debt obligations, to manage the interest rate risk.

The Group consistently analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative

financing, and the mix of fixed and variable interest rates.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post Tax Loss Higher / (Lower)	
	2020 \$000	2019 \$000
+1.0% (100 Basis Points)	197	114
-0.5% (50 Basis Points)	(99)	(57)

The movements in loss are due to higher/lower interest income from variable rate cash balances. Reasonably possible movements in interest rates were determined based on the Group's current credit rating and relationships with financial institutions and economic forecaster's expectations.

Foreign Currency Risk

As a result of operations in the US and purchases of inventory denominated in United States dollars (USD), the Group's balance sheet can be affected by movements in the USD/AUD exchange rates. The Group has transactional currency exposure related to USD, EUR, and GBP resulting from sales activities into the US and Europe.

The Group holds the majority of its funds in the functional currency of the entity where the funds are expected to be spent. Only funds held in the currencies other than an entity's functional currency are considered at risk of foreign currency fluctuations.

The group does not enter into any forward contracts or any other instrument to hedge the currency exposure, as the Group maintains a significant portion of available funds in USD to match USD expected expenses.

Whilst the Group commenced operations in Europe during the prior year, the amounts that are sensitive to foreign currency risk are deemed immaterial, other than the financial assets denoted.

At 30 June 2020, the Group had the following exposure to foreign currency:

	2020 \$000	2019 \$000
Financial Assets		
Cash and Cash Equivalents – USD	157	154
Cash and Cash Equivalents – EUR (i)	21	64
Cash and Cash Equivalents – GBP (ii)	14	3
Trade and Other Receivables – USD	2	10
Trade and Other Receivables – EUR (i)	26	31
	220	262
Financial Liabilities		
Trade and Other Payables – USD	10	54
Net Exposure	210	208

(i) EUR is Euro

(ii) GBP is Great Britain Pound

At 30 June 2020, had the Australian dollar moved against the US dollar, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post Tax Loss Higher / (Lower)	
	2020 \$000	2019 \$000
AUD to Foreign Currency + 15% (2019: +15%)	(27)	(27)
AUD to Foreign Currency – 15% (2019: –15%)	51	38

Significant assumptions used in the foreign currency exposure sensitivity analysis include the following:

- Reasonable possible movements in foreign exchange rates were determined based on review of the last two years' historical movements and economic forecasters' expectations.
- The reasonably possible movement was calculated by taking the USD spot rates at balance date, moving this spot rate by the reasonable possible movements and then re-converting the USD into AUD with the "new spot-rate". This methodology reflects the translation methodology undertaken by the Group.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.
- The sensitivity analysis does not include financial instruments that are non-monetary items as these are not considered to give rise to currency risk.

Sensitivities were only calculated on USD balances in instances where the functional currency is not the USD.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group seeks to trade only with recognised, creditworthy third parties, and as such collateral is typically not requested nor is it the Group's policy to securities its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts is not significant.

With respect to credit risk arising from other financial assets of the Group, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group and \$1,500,000 in outstanding term deposits were held at the end of the financial year (2019: \$75,000). The Group holds a large percentage of cash in Money Market accounts through Bank of America in the US. These accounts are not federally insured but are highly rated and highly regulated investment funds that carry low risk of default.

The Parent has a policy of lending to its wholly owned subsidiaries ensuring their continued operations. The subsidiaries are continually monitored and should there be any risk that they are unable to repay the debt appropriate steps will be taken to remedy this situation.

Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Group has no bank overdrafts or bank loans at 30 June 2019.

The table below reflects all contractually fixed payments

Year Ended 30 June 2020	≤ 6 months \$000	6 – 12 months \$000	1 – 5 years \$000	Total \$000
Liquid Financial Assets				
Cash and Cash Equivalents	19,663	-	-	19,663
Trade and Other Receivables	3,730	-	-	3,730
Other Financial Assets	-	-	77	77
Subtotal	23,393	-	77	23,470
Financial Liabilities				
Trade and Other Payables	(2,280)	(51)	-	(2,331)
Interest Bearing Lease Liabilities	(182)	(182)	(507)	(871)
Net Flow	20,931	(233)	(430)	20,268

Year Ended 30 June 2019	≤ 6 months \$000	6 – 12 months \$000	1 – 5 years \$000	Total \$000
Liquid Financial Assets				
Cash and Cash Equivalents	11,330	-	-	11,330
Trade and Other Receivables	3,488	-	-	3,488
Other Financial Assets	-	-	45	45
Subtotal	14,818	-	45	14,863
Financial Liabilities				
Trade and Other Payables	(2,393)	(54)	-	(2,447)
Net Flow	12,425	(54)	45	12,416

The Group monitors rolling forecasts of liquidity on the basis of expected cash flow.

and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2020.

Maturity Analysis of Financial Assets

The risk implied from the values shown in the table below, reflects a balance view of cash inflows and outflows. Trade payables, and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital e.g. inventories and trade receivables.

These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering their worldwide business unit that reflects expectations of management of expected settlement of financial assets and liabilities.

Liquid assets comprising cash and cash equivalents, restricted cash, trade and other receivables, and other financial assets are considered in the Group's overall liquidity risk. The Group monitors that sufficient liquid assets are available to meet all the required short-term cash payments.

27. Financial Instruments

Fair Values

Fair values have been determined as follows:

Cash and Cash Equivalents:

The carrying amount approximates fair value because of the short-term maturity and/or because the interest rates applied are variable interest rates.

Restricted Cash:

The carrying amount approximates fair value because the interest rates applied are variable interest rates.

Trade Receivables and Payables:

The carrying amount approximates fair value because of the short-term maturity.

Other Financial Assets:

By reference to the current market value of another instrument which is substantially the same or is calculated based on expected cash flows of the underlying net asset base of the financial asset.

Management have assessed that the fair values of the following assets approximate their carrying amounts:

	Carrying Amount		Fair Value	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Financial Assets				
Cash and Cash Equivalents	19,663	11,330	19,663	11,330
Restricted Cash	31	31	31	31
Trade and Other Receivables	3,730	3,488	3,488	3,488
Contract Assets	785	497	497	497
Other Financial Assets	77	45	45	45
	24,286	15,391	24,286	15,391
Financial Liabilities				
Trade and Other Payables	(2,330)	(2,447)	(2,330)	(2,447)
Contract Liabilities	(578)	(520)	(578)	(520)
	(2,908)	(2,967)	(2,908)	(2,967)

28. Significant Accounting Policies

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent assets and liabilities, commitments, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment of Non-Financial Assets Other than Goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future sales expectations. If an

impairment trigger exists, the recoverable amount of the asset is determined.

For assets other than inventory, the impairment triggers used by the Group did not show any indication of impairment as at 30 June 2020. As a result, no impairment has been formally estimated and no impairment loss has been recognised for these assets for this financial period. Refer to Note 12 for the complete details regarding impairment testing.

Impairment of Goodwill and Intangibles with Indefinite Useful Lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. Management determined that no impairment loss should be recognised for this financial reporting period. The assumptions used in this estimation of goodwill and intangibles with indefinite useful lives are discussed in Note 12.

Inventory Impairment

The Group reviews the value of inventories held to determine if inventories are being held at the lower of cost and net realisable value. This requires a determination by Management of the cost of inventories held and the subsequent recognition of these items as expenses, including any write-down to net realisable value. During the year ended 30 June 2020, there were \$23,000 in write-downs to inventory. During the year ended 30 June 2019, there were no write-downs to inventory.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. Refer to Note 19 for the complete details regarding deferred tax assets and deferred tax liabilities.

Development Costs

Under AASB 138 Intangible Assets, Management must determine the degree to which items are recognised as intangible assets, whether those items are purchased or

self-created (at cost). Items are capitalised, as opposed to expensed, if, and only if (1) it is probable that the future economic benefits that are attributable to the asset will flow to the entity and (2) the cost of the asset can be measured reliably and other criteria outlined in respect of development costs are met.

This requires Management to make judgements as to the probability of future economic benefits of development project costs incurred by the Group, as well as to determine when technical and commercial feasibility of the assets for sale or use have been established.

Research and Development Tax Incentive

The Group measures the amount of refund from the Australian Tax Office in relation to the research and development tax incentive on an annual basis. This requires an estimation and judgement by Management of the eligible expenses under the AusIndustry guidelines of self-assessment for the tax credit. Management works in conjunction with registered tax agents and AusIndustry to determine the eligibility of expenses and recognises a receivable and other income when there is reasonable assurance such amounts will be received.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management. The Black Scholes model is used for option grants without conditions, while the Monte Carlo model is used for option grants with conditions. The assumptions are detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

29.Changes to the Group's Accounting Policies

Impact of AASB 16 Leases

AASB 16.C12 AASB 16 supersedes AASB-117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of the initial application.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee. The Group recognised lease liabilities based on the present value of the remaining lease payments, discounted using a weighted

incremental borrowing rate at the date of initial application of 7.68%.

The Group recognised right of use assets based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application.

On adoption of the new standard the Group elected to use the following transition practical expedients:

- to not reassess whether a contract is or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying AASB-117 and IFRIC 4 at the date of initial application.
- to use a single discount rate to a portfolio of leases with reasonably similar characteristics.
- to use hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The following was the impact on adoption of AASB 16 at 1 July 2019:

	1 July 2019 \$000
Assets	
Right of Use Assets	943
Total Assets	943
Liabilities	
Lease Liabilities	(994)
Deferred Rent	84
Total Liabilities	(910)
Equity Adjustment (accumulated losses)	(33)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	1 July 2019 \$000
Operating lease commitments as at 30 June 2019	(1,024)
Weighted average incremental borrowing rate as at 1 July 2019	7.68%
Discounted operating lease commitments as at 1 July 2019	(994)
Adjusted for deferred rent previously recognised	84
Lease liabilities as at 1 July 2019	(910)

At 30 June 2020, the Right of Use assets totaled \$823,000 and the lease liability totaled \$871,000.

30. Discontinued Operations

In October 2018, the Group announced that it agreed to the divestiture of XiTRON Technologies, Inc. ("XiTRON"), a wholly owned subsidiary of the Parent. Under the terms of the agreement, the Group agreed to sell the majority of the net assets of the test and measurement ("T&M") business. The T&M business of XiTRON represented the entirety of the Group's T&M operating segment through its closure in October 2018.

During the previous financial period, the Group applied AASB 5 Non-current Assets Held for Sale and Discontinued Operations as part of accounting for the divestiture of XiTRON Technologies, Inc. and the T&M

operating segment. AASB 5 prohibits the retrospective classification as a discontinued operation, when the discontinued criteria are met after the end of the reporting period.

With the T&M business of XiTRON being classified as a discontinued operation, the T&M operating segment is no longer presented as a distinct operating segment. Refer to Note 4 Segment Reporting for additional information on segment reporting.

The results of the test and measurement operating segment for the year ended 30 June are presented as follows:

	2020 \$000	2019 \$000
Revenue from Contracts with Customers	-	292
Expenses	-	(386)
Operating Loss	-	(94)
Impairment Loss Recognised on the Remeasurement of Fair Value Less Costs to Sell	-	(33)
Loss for the Year from Discontinued Operations	-	(127)
Proceeds from the Disposal of a Business, Net of Disposal Costs	-	467
Net Assets Associated with Discontinued Operations	-	594
Loss for the Year from Discontinued Operations	-	(127)

The net cash flows incurred by the test and measurement operating segment for the year ended 30 June are presented as follows:

	2020 \$000	2019 \$000
Operating	-	8
Investing	-	-
Financing	-	-
Net Cash Flow	-	8

Directors' Declaration

For the year-ended 30 June 2020

In accordance with a resolution of the Directors of ImpediMed Limited, we stated that:

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity for the year-ended 30 June 2020 are in accordance with the Corporations Act 2001, including
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance of the year-ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the consolidated financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

This determination has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2020.

On behalf of the Board



Scott Ward
Chairman



Judith Downes
Director

26 August 2020

Independent Auditor's Report to the Members of ImpediMed Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ImpediMed Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated balance sheet of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$21.4 million during the period ended 30 June 2020 (30 June 2019: \$24.1 million) and is dependent on sufficient cash inflows from growth in future sales, capital raises or other funding arrangements. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. Our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Research and development incentive receivable

Why significant

As outlined in Note 6 Other Income and Expenses, the Group recognised a research & development (R&D) tax incentive totaling \$2.6m for the year ended 30 June 2020.

The matter was considered a key audit matter for the following reasons:

- ▶ The R&D tax incentive balance is a significant component of income to the Group; and
- ▶ As outlined in Note 28 Significant accounting judgments, estimates and assumptions, there is a degree of judgment involved as to whether the R&D tax incentive meets the recognition criteria and in determining the measurement of the rebate including the assessment of the eligibility and appropriateness of the apportionment of eligible expenses based on R&D activities undertaken by the Group.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the mathematical accuracy of the calculation of the Group's claim.
- ▶ On a sample basis, agreed expenses claimed to source documentation, such as payroll information and invoices.
- ▶ Involved our R&D taxation specialists to review the Group's R&D claim and to consider whether the Group's R&D claim meets the recognition criteria.
- ▶ Obtained representations from the Group that the activities are eligible under the self-assessed R&D Tax Incentive criteria, and for a sample of transactions tested the support for the technical and expenditure components of the R&D tax claim.
- ▶ Considered the appropriateness of the disclosures in the financial report.

Revenue recognition

Why significant

The matter was considered a key audit matter due to the Group having a number of different types of revenue, including multi-element arrangements, and the judgements involved in the determination of the performance obligations which impacts the amount and timing of the recognition of revenue from contracts with customers.

The revenue recognition policy is outlined in Note 5.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the application of AASB 15 *Revenue from Contracts with Customers* including reviewing the contractual terms of the existing, new and modified customer contracts and the application of the requirements of AASB 15.
- ▶ Selected a sample of revenue contracts and assessed whether the different elements within the contract should be recognised over a period of time or at a point in time, and when the revenue recognition commences for a contract in accordance with AASB 15.
- ▶ For a sample of contracts recalculated the revenue recognised during the year based on the contractual terms and conditions and the revenue recognition policy of the Group.
- ▶ Assessed the adequacy of the financial report disclosures included in Note 5 to the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

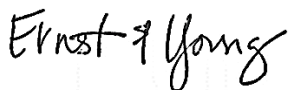
Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2020.

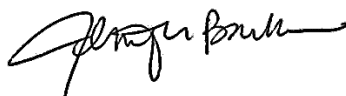
In our opinion, the Remuneration Report of ImpediMed Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Jennifer Barker
Partner
Brisbane
26 August 2020

Shareholder Information (Unaudited)

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 31 July 2020.

(A) DISTRIBUTION OF SHAREHOLDERS

The distribution of Issued Capital is as follows:

Side of Holding	Number of Shareholders	Ordinary Shares	% of Issued Capital
100,001 and Over	892	958,029,940	92.57%
10,001 to 100,000	1,827	71,168,092	6.88%
5,001 to 10,000	479	3,893,843	0.38%
1,001 to 5,000	578	1,722,693	0.17%
1 to 1,000	368	114,701	0.01%
Total	4,144	1,034,929,269	100.00%

(B) DISTRIBUTION OF OPTIONS HOLDERS (excluding employee incentive options)

The distribution of unquoted options on issue to shareholders are:

Side of Holding	Number of Shareholders	Ordinary Shares	% of Issued Capital
100,001 and Over	381	434,002,920	95.11%
10,001 to 100,000	568	21,230,554	4.65%
5,001 to 10,000	128	944,834	0.21%
1,001 to 5,000	45	141,583	0.03%
1 to 1,000	12	7,102	0.00%
Total	1,134	456,326,993	100.00%

(C) DISTRIBUTION OF PERFORMANCE RIGHTS HOLDERS

The distribution of unquoted Performance Rights on issue are:

Side of Holding	Number of Holders	Unlisted Performance Rights	% of Issued Capital
100,001 and Over	11	6,881,595	93%
1 to 100,000	8	490,500	7%
Total	19	7,372,095	100%

(D) DISTRIBUTION OF EMPLOYEE OPTIONS

The distribution of unquoted options on issue are:

Side of Holding	Number of Holders	Unlisted Options	% of Issued Capital
100,001 and Over	34	31,500,001	97%
1 to 100,000	21	1,095,500	3%
Total	55	32,595,501	100%

(E) LESS THAN MARKETABLE PARCELS OF ORDINARY SHARES

There are 1,058 shareholders with unmarketable parcels totaling 2,497,980 shares.

(F) 20 LARGEST SHAREHOLDERS

	Shareholder	Number of Fully Paid Ordinary Shares	% of Issued Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	94,116,697	9.09%
2	NATIONAL NOMINEES LIMITED	83,484,732	8.07%
3	CITICORP NOMINEES PTY LIMITED	48,516,192	4.69%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	40,372,280	3.90%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	26,344,467	2.55%
6	CS THIRD NOMINEES PTY LIMITED	24,212,886	2.34%
7	MR GREGORY WAYNE BROWN	20,000,000	1.93%
8	BNP PARIBAS NOMINEES PTY LTD	19,812,718	1.91%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	14,999,999	1.45%
10	SUNLORA PTY LTD	14,000,000	1.35%
11	MR GREGORY WAYNE BROWN & MRS STEFANIE BROWN	13,080,000	1.26%
12	MBA INVESTMENTS PTY LTD	11,297,134	1.09%
13	MR STEPHEN EDWARD MAHNKEN & MRS DIOR LEONE MAHNKEN	10,000,000	0.97%
14	PAKASOLUTO PTY LIMITED	9,153,298	0.88%
15	APEX INVESTMENT MANAGEMENT PTY LIMITED	9,095,288	0.88%
16	BNP PARIBAS NOMINEES PTY LTD	8,708,075	0.84%
17	SANDHURST TRUSTEES LTD	8,168,695	0.79%
18	PASAGEAN PTY LIMITED	7,280,002	0.70%
19	MOORE FAMILY NOMINEE PTY LTD	6,600,000	0.64%
20	EQUITAS NOMINEES PTY LIMITED	5,853,137	0.57%
	Total	475,095,600	45.91%
	Total Quoted Equity Securities	1,034,929,269	

(G) UNQUOTED EQUITY SECURITIES

The Group had the following unquoted securities on issue as at 31 July 2020: 456,326,993 shareholder options and 32,595,501 options and 7,372,095 performance rights issued as part of an incentive scheme.

(H) SUBSTANTIAL SHAREHOLDERS

The names of the Substantial Shareholders listed in the Group's Register as at 7 August 2020:

Shareholder	Number of Fully Paid Ordinary Shares	% of Issued Capital
Allan Gray Australia Pty Limited and its related bodies corporate	104,869,050	10.13%
Paradice Investment Management Ltd	65,941,454	6.58%
National Nominees Ltd ACF Australian Ethical Investment Ltd	59,925,691	5.98%

(I) RESTRICTED SECURITIES

The company had no restricted securities on issue as at 31 July 2020.

(J) VOTING RIGHTS

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

Performance rights have no voting rights.

(K) ON-MARKET BUY-BACKS

There is no current on-market buy-back in relation to the Company's securities.

