22 February 2021

ASX ANNOUNCEMENT

APPENDIX 4D – Half-Year Results Ended 31 December 2020

Brisbane, Australia – ImpediMed Limited (ASX.IPD), a medical technology company that uses bioimpedance spectroscopy (BIS) technology to generate powerful data to maximise patient health, today released its Appendix 4D and interim financial results for the half-year ended 31 December 2020 (1st Half FY'21).

Revenue Summary:

- Record period for Total Revenue for 1st Half FY'21 of $3.6 million, +26% the previous corresponding period (pcp) (1st Half FY'20: $2.8 million).
- Record period for SOZO® Revenue for 1st Half FY'21 of $3.3 million, +54% pcp (1st Half FY'20: $2.1 million).
- Record period for SOZO SaaS Revenue for 1st Half FY'21 of $2.3 million, +48% pcp (1st Half FY'20: $1.6 million).
    - SOZO SaaS Revenue of $2.0 million from Core Business[i], +25% pcp.
    - The appreciating AUD is underrepresenting the strength of the SaaS Revenue from the Core Business in the translated results. When reported in USD, SOZO SaaS Revenue from the Core Business was +36% pcp.
    - SOZO SaaS Revenue of $0.4 million, when rounded, from Clinical Business[ii].

Cash Flow Summary:

- Cash on hand as at 31 December 2020 of $19.0 million.
- Cash receipts from customers for 1st Half FY'21 of $3.3 million.
- Receipt of an additional $8.0 million, before costs, during 1st Half FY'21 from the exercise of options issued to subscribers in the entitlement offer.
    - A total of $9.1 million has been received for the first three expiry periods.
    - There is potential for up to a further $9.1 million to be raised by 31 March 2021, from remaining options issued in the offer.
- Net operating cash outflows for 1st Half FY'21 of $6.6 million, which is significantly better than the forecasted $8.0 million net operating cash outflow announced to the market on 27 October 2020.

Operational Summary and Key SaaS Metrics:

- Over 182,000 patient tests recorded since the initial launch of SOZO.
    - Q1 and Q2 FY'21 were both record quarters for patient tests, with over 28,000 patient tests completed in Q2 FY'21 alone. This is an increase of +33% pcp.
- Annual Recurring Revenue[iii] of $7.8 million, +86% pcp.
    - ARR of $4.9 million from Core Business, +17% pcp.
    - ARR of $2.9 million from Clinical Business.
- Contracted Revenue Pipeline[iv] of $14.8 million, +54% pcp.
- Churn Rate remains low at just 1%.
    - Renewal Rate of 100% on contracts up for renewal during 1st Half FY'21.
- More than 680 SOZO units sold since launch, representing a 42% increase in the number of units sold, when compared to the pcp.
- AstraZeneca selected SOZO for two Phase II clinical trials to measure fluid volume in patients with heart failure and chronic kidney disease.
    - A combined 375 SOZO devices will be leased across 31 countries for the two trials, with the contracts valued at over $4.5 million.

Please refer to the Financial Report for details on additional key milestones achieved during the period.

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

Contact Details

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

Media Contact:
Kyahn Williamson, WE Communications
T: +61 3 8866 1200
E: kwilliamson@we-worldwide.com

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

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

For more information, visit www.impedimed.com.

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

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

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

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[i] The **Core Business** refers to the commercialisation efforts from the Company's core strategic focus areas. To date, this primarily includes revenue from SOZO contracts in the Oncology market.
[ii] The **Clinical Business** refers to revenue generating contracts related to clinical trials. These contracts are often finite in nature, as they relate to clinical trials with specific end dates.
[iii] **Annual Recurring Revenue (ARR):** The amount of revenue reasonably expected to be booked for the next 12-month period based on existing signed contracts, and assuming installation upon sale.
[iv] **Contracted Revenue Pipeline (CRP):** Future period revenue amounts related to TCV[v] that are yet to be reported as recognised revenue.
[v] **Total Contract Value (TCV):** Total value of customer contracts including one-time and recurring revenue.

All FY'21 revenue and cash flow numbers are unaudited. CRP, ARR and TCV are non-IFRS financial metrics that do not represent revenue in accordance with Australian Accounting Standards.

ImpediMed Limited

ABN 65 089 705 144

Appendix 4D

1 **for the half-year ended 31 December 2020**

(previous corresponding period : half-year ended 31 December 2019)

The information contained in this document should be read in conjunction with the financial statements for the year ended 30 June 2020 and any public announcements made by ImpediMed Limited and its controlled entities (the "Group") during the interim reporting period in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

2 **Results for announcement to the market**

		Current period	Increase / Decrease	Movement %
		$000		
2.1	Revenue from ordinary activities	**3,579**	Increase	26%
2.2	Loss from ordinary activities after tax attributable to members	**(10,438)**	Decrease	19%
2.3	Net loss for the period attributable to members	**(10,438)**	Decrease	19%
2.4	Dividends	**NIL**		

There were no dividends declared and paid during the half year on ordinary shares.
There were no dividends proposed and not yet recognised as a liability during the half year.

2.5	Dividend Record Date	**Not applicable**	

2.6 Explanation of operating performance

Refer to the Operating and Financial Review in the Directors' Report of the half-year Financial Report for the current reporting period.

3 **Net tangible assets per ordinary security**

		Current period		Previous corresponding period
Net tangible assets ($000)	**$**	**17,207**	$	10,572
Issued share capital at reporting date ($000)	**$**	**258,385**	$	232,746
Number of shares on issue at reporting date		**1,076,596,070**		509,708,587
Net tangible assets per ordinary security	**$**	**0.02**	$	0.02

4 **Acquisitions and divestments**

N/A

5 **Details of dividends**

There were no dividends paid during the period or payable at 31 December 2020.

6 **Dividend Reinvestment Plans**

The Group has no dividend reinvestment plan.

7 **Associates and joint ventures**

There are no equity accounted associates and joint venture entities.

8 **Accounting standards**

The Financial Report for the group has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

9 **Auditors' review report**

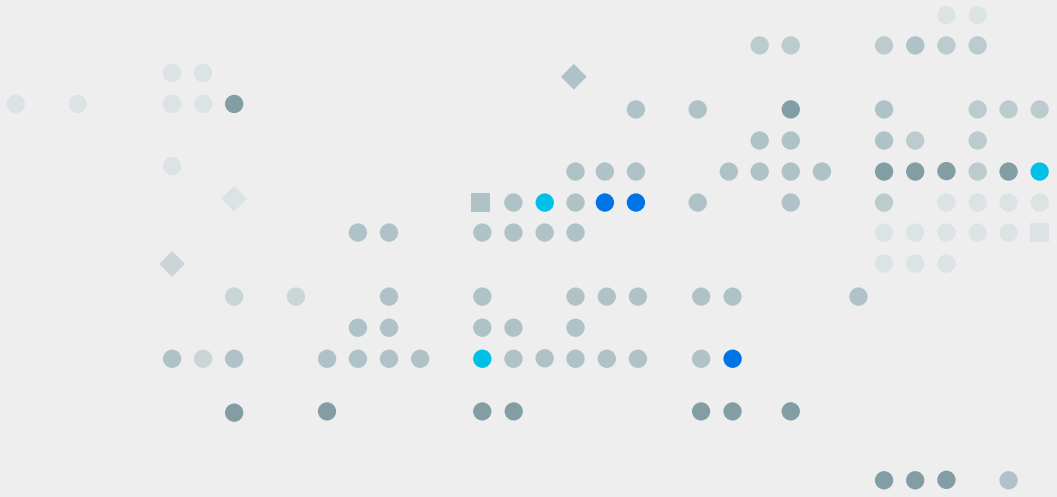
The review report prepared by the independent auditor Ernst & Young has been issued with an Emphasis of Matter paragraph regarding material uncertainty relating to Going Concern, and is provided with the half-year Financial Report.

IMPEDIMED LIMITED

Financial Report

For the Half-Year Ended 31 December 2020

Platform Technology.
Transforming Care.



ABN 65 089 705 144

impedimed®

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31 December 2020

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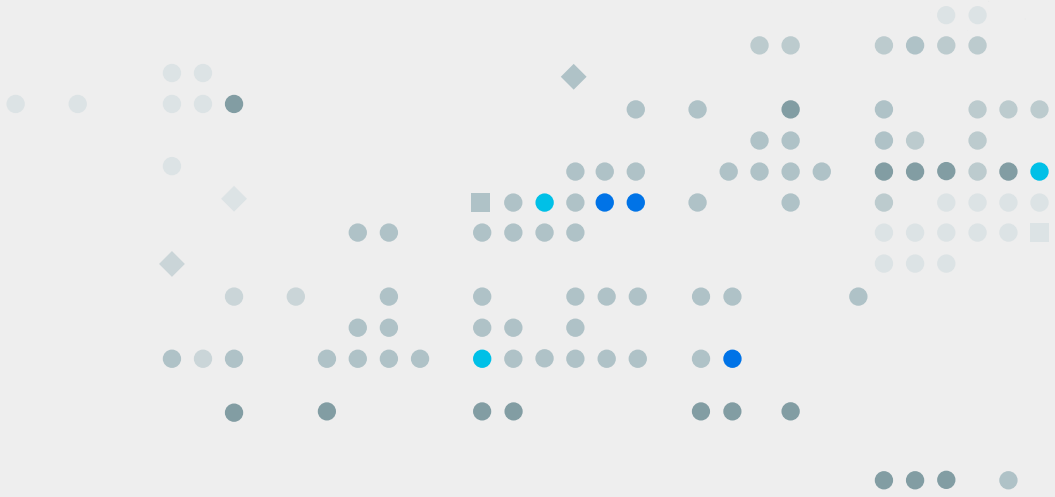


Platform Technology.
Transforming Care.

Corporate Information

This financial report covers the consolidated entity comprising ImpediMed Limited ("ImpediMed", 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 period amounts have been reclassified for consistency with the current period 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
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".

Websites

www.impedimed.com
www.preventlymphedema.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 USA

Bankers

Commonwealth Bank of Australia
240 Queen Street
Brisbane QLD 4000

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

Auditors

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

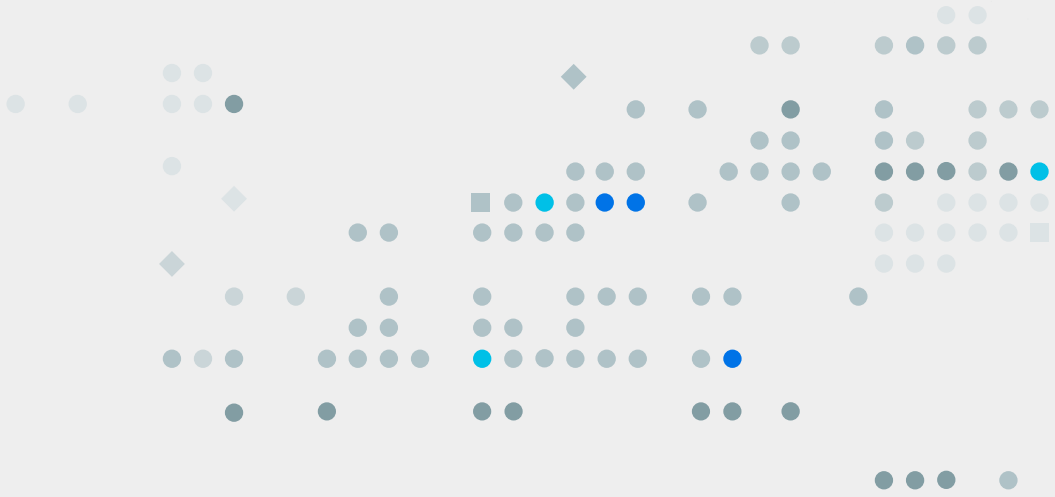
Remuneration Advisors to the Board of Directors

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

Financial Report
For the Half-Year Ended
31 December 2020

Directors' Report

Chapter 2



Platform Technology.
Transforming Care.

Your Directors submit their report together with the consolidated interim financial report for ImpediMed Limited for the half-year ended 31 December 2020.

Directors

The names and details of the Parent's Directors (the "Board") in office during the half-year and until the date of this report are outlined below. Directors were in office for this entire period unless otherwise stated.

Scott Ward
MS, BSc
Non-Executive Chairman

David Anderson
BSc
Non-Executive Director

Judith Downes
BA(Hons), DipEd, GradDipBus(Acct), FAICD, FCPA, FCA
Non-Executive Director

Robert Graham
AO, FAA, FAHMS, MBBS, MD, FRACP, FACP, FAHA, GAICD
Non-Executive Director

Amit Patel
MBA, BME
Non-Executive Director

Donald Williams
BAcy, CPA
Non-Executive Director

MANAGING DIRECTOR

Richard Carreon
Executive Director

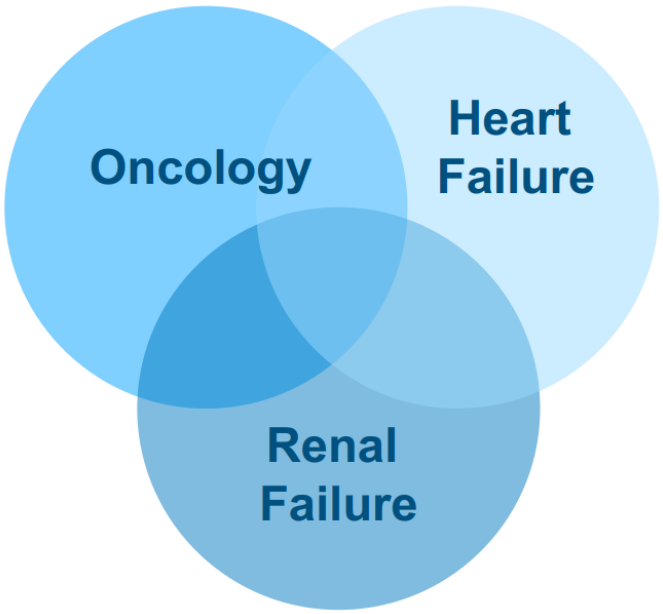
Principal Activities

ImpediMed is a medical technology company that uses bioimpedance spectroscopy (BIS) technology to generate powerful data to maximise patient health.

The principal activities of the Group during the period were the development, manufacture and sale of bioimpedance spectroscopy devices and software services.

ImpediMed produces a family of FDA-cleared and CE-marked medical devices, including the SOZO® Digital Health Platform, which are sold in select markets globally.

The Group is initially focused on three large and growing markets: Oncology, Heart Failure, and Renal Failure.



These markets overlap significantly and represent an annual addressable market of over $2.0 billion.

	Oncology Lymphoedema Protein Calorie Malnutrition Dehydration	Heart Failure Fluid Overload	Renal Failure Fluid Overload Protein Calorie Malnutrition
Chronic disease	✓	✓	✓
Long-term patient management	✓	✓	✓
High cost of care	✓	✓	✓
Large unmet need	✓	✓	✓

In Renal Failure, the terms Protein Calorie Malnutrition (PCM) and Protein Energy Wasting are often used interchangeably. ImpediMed most commonly refers to this disease state as PCM.

Group Overview

ImpediMed Limited was founded in Brisbane, Australia in September 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.

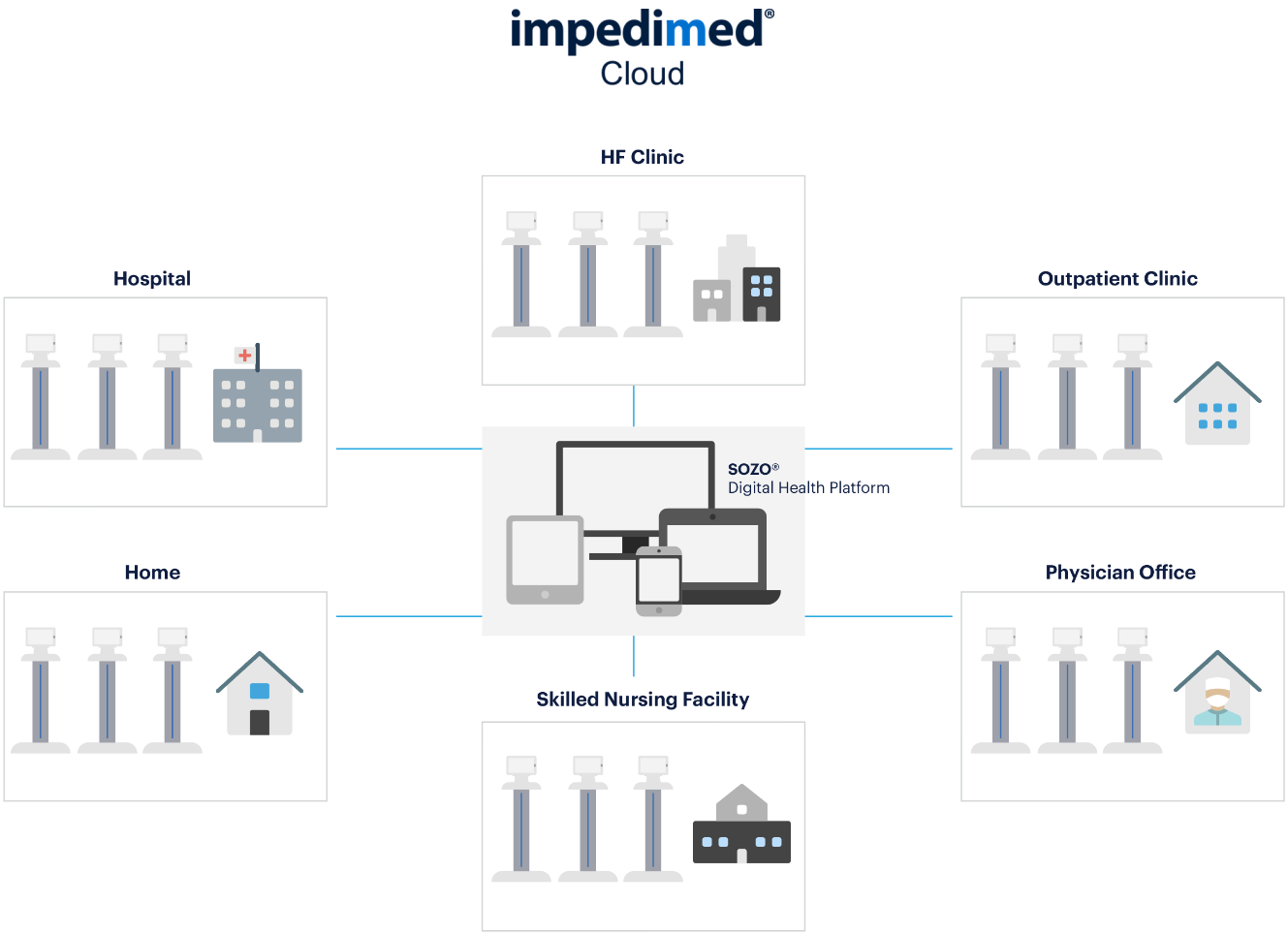
ImpediMed Hellas, a Kalamaria, Greece corporation in a research & development and marketing capacity in Europe.

ImpediMed TM Incorporated (formerly XiTRON Technologies, Incorporated), a California corporation formerly operating in power test and measurement markets globally.

Connected Digital Health Platform

SOZO, the world's most advanced, noninvasive bioimpedance spectroscopy (BIS) device, delivers a precise snapshot of fluid status and tissue composition in less than 30 seconds. 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 failure, and can be used to monitor and maintain overall health – all on a single device.

Access	Test patients at any location and immediately review results online.
Trends	Track trends in patient data for actionable results.
Scalable	Add and move test locations without any additional software setup.
Secure	Control who accesses the HITRUST certified SOZO network and establish unique security settings.



Milestones

For the half-year ended 31 December 2020, the Group executed on a number of key milestones across all three strategic focus areas: Oncology, Heart Failure and Renal Failure.

ONCOLOGY

PREVENT

11 January 2021

PREVENT Trial Completed – Final Patient Completed Follow-up

The Group announced that the PREVENT trial is now complete and the study investigators have commenced work on a manuscript ahead of its planned submission by the end of February 2021. The Principal Investigator, Sheila H. Ridner, PhD, RN, FAAN, Professor of Nursing at Vanderbilt University School of Nursing, has communicated the following to the Group:

- All PREVENT trial patients have now completed their follow-up visits.
- No patients are still undergoing treatment.
- The 10 participating sites are closed, and all data is currently being compiled.
- The investigators expect to have the paper finalised and submitted for initial journal review by the end of February 2021.

The PREVENT trial is a seminal study, the largest randomised controlled trial to be conducted on patients at-risk of lymphoedema. The study enrolled >1200 patients across 10 trial sites in the US and Australia, involving 13 hospitals. Of these, 3 of the 9 US sites are National Comprehensive Cancer Network® (NCCN) Member Institutions. The trial was conducted over six and a half years and patients were followed for up to three (3) years, with primary aim to determine if subclinical detection of extracellular fluid accumulation via bioimpedance spectroscopy, and subsequent early intervention, reduces the rate of lymphoedema progression relative to the rate when using tape measurements.

HITRUST CSF Certified

17 December 2020

ImpediMed Achieved HITRUST® CSF Certification

The certification gives the highest level of assurance in the Group's systems integrity. In the US, customers are more frequently demanding HITRUST for this additional level of assurance above HIPAA (Health Insurance Portability and Accountability Act of 1996) and Business Associate compliance. This certification will further streamline the Group's sales process with major institutions beginning to require HITRUST as a prerequisite to conducting business.

The HITRUST Common Security Framework (CSF) is a comprehensive and certifiable security framework used to approach regulatory compliance, quality, and risk management. HITRUST unifies recognised standards and regulatory requirements from NIST, HIPAA/HITECH, ISO, PCI DSS, FTC, and COBIT, making it one of the most robust security frameworks around the world. HITRUST sets the global standard for safeguarding information and this certification places ImpediMed at the forefront of quality assurance and customer data protection. ImpediMed joins a select group of companies that have passed this rigorous process and obtained certification.

30 November 2020

Meta-analysis: BIS L-Dex® Statistically Significant Reduction in Lymphoedema

The Group announced the publication of a meta-analysis, demonstrating the effectiveness of ImpediMed's L-Dex measure utilising bioimpedance spectroscopy technology (BIS L-Dex) in reducing the relative subsequent incidence rates of chronic breast cancer-related lymphoedema (BCRL) by 81% when compared to circumference monitoring (tape measure) with a p-value of <0.001. In every high-risk subgroup evaluated, BIS L-Dex achieved significant reductions in the incidence of chronic lymphoedema with p-values of <0.001. The results are both statistically and clinically significant, demonstrating patients monitored with BIS L-Dex were significantly less likely to develop chronic BCRL. Tape measure underperformed the background group, highlighting that tape measure does not identify subclinical lymphoedema.

The meta-analysis, titled *The Impact of Monitoring Techniques on Progression to Chronic Breast Cancer Related Lymphedema: A Meta-Analysis Comparing Bioimpedance Spectroscopy versus Circumferential Measurements*, was performed on 50 eligible studies and included >67,000 women with breast cancer, with follow up ranging from eight (8) months to 3.9 years.

The paper made the following conclusions:

1. Evidence suggests that monitoring with BIS allowing for early intervention, significantly reduces the relative risk of chronic BCRL, with a 69% and 81% reduction compared to background and circumference measurements, respectively.
2. Circumference monitoring did not appear to provide a benefit with respect to chronic BCRL incidence.
3. Based on these results, BIS should be considered for BCRL screening in order to detect subclinical BCRL and reduce rates of chronic BCRL, particularly in high-risk patients.

The purpose of the meta-analysis was to evaluate BCRL incidence rates among patients monitored by BIS L-Dex compared to patients monitored using circumference (tape measure) measures or patients having no standardised monitoring (background). A meta-analysis provides a high level of evidence when rating strength of research, as it integrates all relevant evidence and provides a more reliable answer than a single study. The meta-analysis and the recently published Boyages, et al. paper will together form a strong submission to the National Comprehensive Cancer Network® (NCCN).

16 November 2020

NSW Health Further Expands Lymphoedema Prevention Program

New South Wales (NSW) Health further expanded patient access to its lymphoedema prevention program using the SOZO Digital Health Platform through the purchase of 25 additional SOZO units. NSW Health is now one of the largest providers of the SOZO Digital Health Platform in Australia, with over 45 units purchased to date.

NSW Health operates over 230 public hospitals in its eight local districts that cover the Sydney metropolitan region and surrounding rural areas. With nearly 45,000 new cancer cases every year, NSW is the largest public health system in Australia. As a connected health platform, SOZO allows patient's care providers to access their lymphoedema measurements at every location in the NSW Health network.

International Journal of Radiation Oncology biology • physics

29 October 2020

Landmark Radiation Manuscript Supports L-Dex Use

The Group announced the publication of a sub-analysis of the PREVENT trial that demonstrates the benefit of BIS L-Dex in detecting subclinical breast cancer-related lymphoedema (sBCRL) compared to tape measure. The study, published in the prestigious *International Journal of Radiation Oncology, Biology and Physics*, contributes new insight into the role of regional nodal irradiation on the incidence of breast cancer-related lymphoedema.

The analysis concluded that the "lower triggering rates with BIS and its better discrimination of the risk of sBCRL by receipt and type of regional node irradiation (RNI) as compared to tape measure to support its use for post treatment surveillance to detect sBCRL and initiate early intervention. The risk of sBCRL increased with more extensive axillary treatment."

The study was performed by world-renowned radiation oncologists and investigators from the PREVENT trial. Data from the PREVENT trial over a 2-year period was analysed to determine the incidence of sBCRL stratified by the extent of treatment by surgery and/or level of radiation.

HEART FAILURE

Phoenix Healthcare NETWORK

18 November 2020

ImpediMed Secured First Commercial Heart Failure Sales

The Group received the first order for its SOZO Digital Health Platform to be used in the management of heart failure patients. Phoenix Healthcare Network, which operates cardio-pulmonary rehabilitation units within nursing homes and long-term care facilities, has initially purchased five SOZO units, with implementation to begin early in calendar year 2021.

The Phoenix Healthcare network of over 80 independent companies provide products and consultation services to skilled nursing facilities in the U.S. and Canada. There are over 15,500 skilled nursing facilities in the US offering longer-term care to patients in need of assistance with the activities of daily life. Approximately 25% of first-time U.S. Medicare heart failure hospital patients are discharged to skilled nursing facilities, up from only 5% thirty years ago. These trends are being driven with the objective of reducing hospital readmissions and combatting chronic heart failure post-acute care costs which can comprise up to 70% of the total cost of care.

HFSA HEART FAILURE SOCIETY OF AMERICA

1 October 2020

HFSA Poster Supports HF-Dex in the Management of Heart Failure Patients

The Group announced a poster presentation at the prestigious Heart Failure Society of America (HFSA) Virtual Annual Scientific Meeting demonstrating that a SOZO with HF-Dex assessment greater than 51% serves as a marker for heart failure hospital readmission. The poster combines heart failure patient data from ImpediMed's Heart Failure at Home and IMPEL studies. The findings showed a statistically significant ($p<0.05$) difference in median HF-Dex for patients readmitted for heart failure (52.1%) compared to patients not readmitted for heart failure (49.0%) and healthy subjects (44.8%). The poster was authored by Dr. Andrew Accardi, Emergency Medicine Physician at Scripps Health in San Diego and co-authored by Dr. Tom Heywood, Heart Failure Cardiologist at Scripps Health.

30 September 2020

AstraZeneca Selected SOZO for Heart Failure & Renal Trials

AstraZeneca selected SOZO to be used in a Phase II trial to measure and track fluid volume in patients with heart failure and chronic kidney disease. The study will evaluate the efficacy, safety, and tolerability of a combination of two AstraZeneca drugs in heart failure patients with chronic kidney disease. The study will require approximately 175 SOZO devices globally, will run for approximately 18 months and will generate in excess of $2.0 million in revenue. The trial will provide a significant number of cardiologists, both in the US and globally, firsthand experience with SOZO.

30 September 2020

Scripps Collaboration Resulted in SOZO for Heart Failure Launch

The Group announced it launched its fluid analysis for heart failure software for the SOZO Digital Health Platform. The launch followed 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 updates improve usability and data visualisation for cardiologists to implement SOZO as an objective measure of fluid volume for their heart failure patients.

The SOZO fluid analysis for heart failure is a novel tool for assessing fluid overload in heart failure. It utilises ImpediMed's HF-Dex heart failure index which is a measure of extracellular fluid as a percent of total body water. The recent improvements incorporated colour-coded HF-Dex reference ranges and additional colour-coded graphs to show extracellular, intracellular, and total body fluid volume as well as weight.

The HF-Dex reference ranges were derived from an analysis of heart failure patients from ImpediMed's heart failure home study and research performed on healthy subjects. The heart failure home study is an observational study that tracks recently hospitalised heart failure patients with daily SOZO tests at home. The analysis yielded BIS-derived reference ranges for normal fluid volumes, elevated fluid volumes, and fluid overload, which is defined as HF-Dex greater than 51%. Data from this study, combined with individual patient case reports illustrates the benefits of SOZO in heart failure patients:

- Differentiating between fluid and tissue-related weight changes
- Tracking response to medication changes
- A marker for readmission when HF-Dex is higher than 51%

RENAL FAILURE

9 November 2020

AstraZeneca selected SOZO for Second Large Renal Trial

AstraZeneca selected SOZO to be used in a second Phase II trial to measure and track fluid volume in patients with chronic kidney disease. Approximately 200 SOZO devices will be required for the trial across 24 countries. The trial will run for approximately 18 months and will generate in excess of $2.0 million in revenue. This is in addition to the Phase II trial announced in September 2020. In total, approximately 375 SOZO devices will be leased under the two studies, bringing the total expected revenue to more than $4.5 million.

680+ SOZO® Devices Sold To Date

Technology Adoption

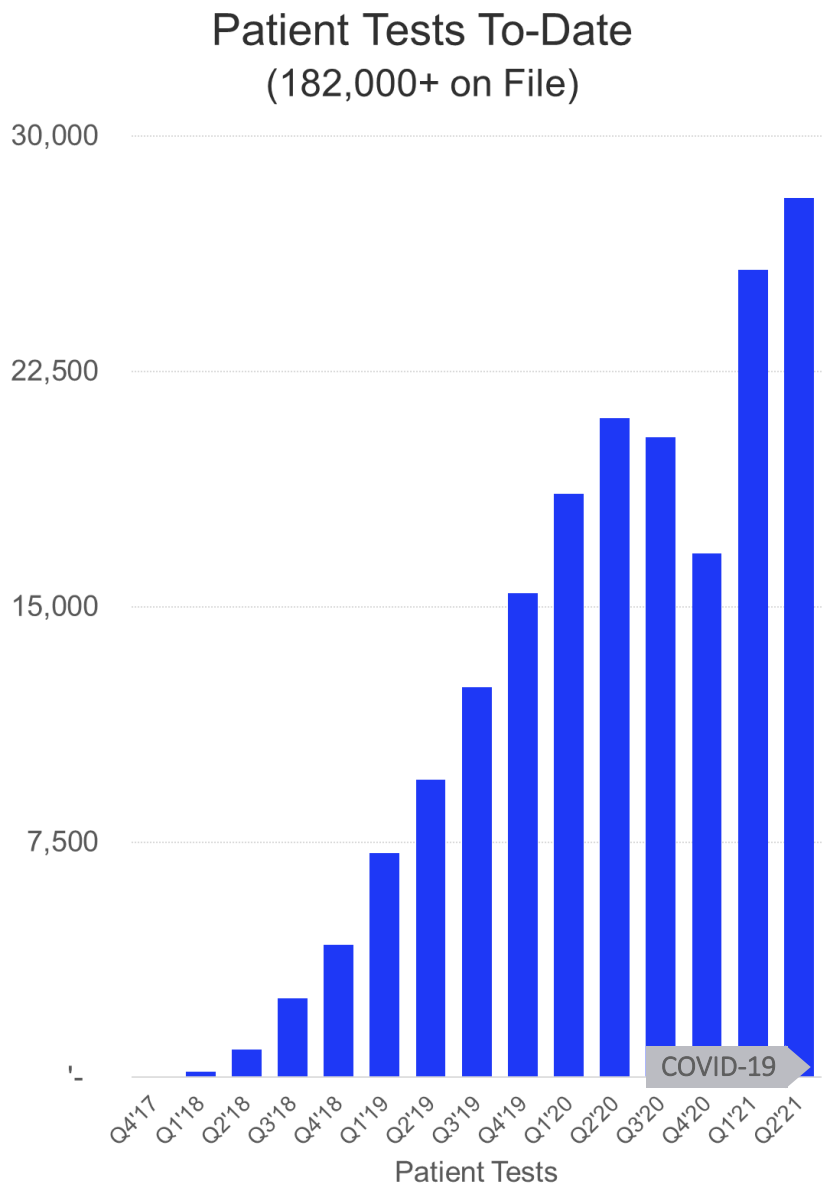
SOZO Patient Tests

As of 31 December 2020, ImpediMed's customers have conducted more than 182,000 patient tests since the initial launch of SOZO. Q1 and Q2 FY'21 were both record quarters for patient tests, with over 28,000 patient tests completed in Q2 FY'21 alone. This is an increase of more than 33% year over year.

Although the Group continues to see robust growth, patient testing in the US slowed in the last weeks of December due to the increased COVID-19 restrictions in hospitals across the US. This trend is likely to continue, as the virus has yet to spike and resources from all over the healthcare system are being diverted by vaccination efforts. The Group continues to monitor patient testing and utilisation of our devices by customer and regionally, in order to place resources in areas with the ability to drive growth.

To date, our growing patient database now has more than 550 million individual data points that have allowed us to:

- Increase the accuracy of SOZO
- Automate key protocols
- Improve our current algorithms
- Create new algorithms
- Provide real-world data to the FDA for regulatory clearances



Operating and Financial Review

Operating Results for the Half-Year

Revenue

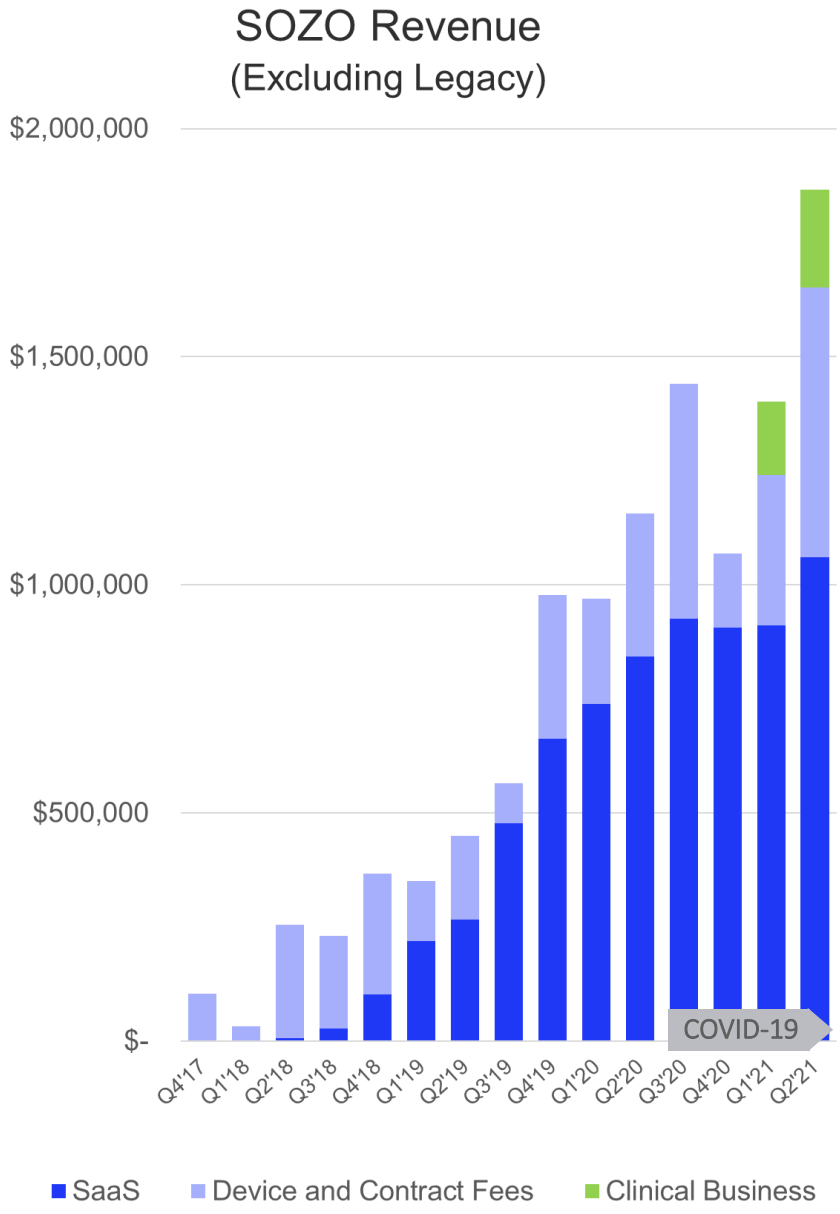
Total Revenue for the six-month period ended 31 December 2020 was $3.6 million (31 December 2019: $2.8 million). Despite the ongoing headwinds from the global COVID-19 pandemic, this was an increase of 26% from the previous corresponding period. The increase in revenue was attributable to SOZO, but was partially offset by a decrease in legacy consumables revenue as the existing customer base continued to transition to the SOZO platform.

SOZO Revenue for the current period was $3.3 million (31 December 2019: $2.1 million), an increase of 57% over the previous corresponding period. This increase in revenue was attributable to SOZO commercialisation efforts in (1) landing accounts through the sale of new SOZO devices, (2) the expansion of existing SOZO customers, and (3) the additional revenue stream from the Clinical Business.

LANDING ACCOUNTS (Device and Contract Fees): As of 31 December 2020, there were more than 680 SOZO units in the market (31 December 2019: 480 SOZO units), representing a 42% increase in the number of units sold, when compared to 31 December 2019. To date, the majority of device sales are in the Oncology market.

EXPANDING ACCOUNTS [Software-as-a-Service (SaaS)]: Of the SOZO revenue, $2.3 million related to SaaS revenue (31 December 2019: $1.6 million), a 44% increase over the previous corresponding period. Of the $2.3 million in SaaS revenue, $2.0 million was generated by the Core Business and the remainder was generated by the Clinical Business.

CLINICAL BUSINESS: During the period, the Group executed a number of contracts within the Clinical Business, with the two largest contracts being the AstraZeneca studies. AstraZeneca selected SOZO for two Phase II clinical trials to measure fluid volume in patients with heart failure and chronic kidney disease. Approximately 375 SOZO devices will be leased across 31 countries for the two studies. These contracts are valued at over $4.5 million.



^ YOY denotes Year-over-Year change in metric.
(i) Annual Recurring Revenue (ARR): The amount of revenue reasonably expected to be booked for the next 12-month period based on existing signed contracts, and assuming installation upon sale.
(ii) Contracted Revenue Pipeline (CRP): Future period revenue amounts related to TCV[iii] that are yet to be reported as recognised revenue.
(iii) Total Contract Value (TCV): Total value of customer contracts including one-time and recurring revenue.
All FY'21 revenue and cash flow numbers are unaudited.
ARR, CRP and TCV are unaudited, non-AASB financial metrics that do not represent revenue in accordance with Australian Accounting Standards.
The values shown for total ARR and CRP across all lines of business, including the Core Business and Clinical Business.
All figures are stated in Australian dollars (AUD) unless otherwise notated.

SaaS Financial Metrics

In addition to revenue recognised during the current period, Annual Recurring Revenue (ARR) at 31 December 2020 totaled $7.8 million (31 December 2019: $4.2 million), an increase of 86% over the previous corresponding period.

Contracted Revenue Pipeline (CRP) at 31 December 2020 totaled $14.8 million (31 December 2019: $9.6 million), an increase of 54% over the previous corresponding period.

Gross Margins exceeded 90% on SaaS revenue for the six-month period and the Group expects to maintain these margins on the entire CRP of $14.8 million.

The Churn Rate remained negligible at 1% globally. In addition, the Group renewed 100% of the contracts up for renewal in the period. The few cancelations that occurred primarily related to small, independent surgeon offices that were unable to complete their contracts.

Operating Results – Investing in Large, Growing Markets

Net loss from operations for the period was $11.6 million (31 December 2019: $12.9 million). The decreased loss from operations, when compared with the prior period, is primarily attributed to an increase in revenue from the Group's high margin SaaS revenue, as well as a broad reduction in operating expenses across the organisation.

Cost of goods sold for the current period totaled $0.8 million (31 December 2019 $0.7 million). There was an increase in device and warranty costs in the current period from higher unit sales, which was offset by a decrease in data hosting fees, compared to the prior period.

Salaries and benefits for the period ended 31 December 2020 totaled $8.5 million (31 December 2019 $7.7 million). Salaries increased slightly compared to the prior period due to (i) additional sales personnel on staff compared to the prior period and (ii) the accrual of short-term incentives related to the first six-months of the current financial year. These increases were slightly offset by the temporary reduction to Non-Executive Director fees and Executive base salaries during the period. Refer to Note 7 of the Financial Statements for additional information.

Refer to Note 7 of the Financial Statements for additional information on all other significant movements in operating expenses and how they relate to our key initiatives.

^ $6.6 million in Option exercise funds were received during the quarter ended 31 December 2020 related to the 2 April 2020 Entitlement Offer. In total, $9.1 million in Option exercise funds have been received to date, with an additional $9.1 million in outstanding in-the-money Options due this quarter. The final exercise date for the unlisted Options is 31 March 2021.
All FY'21 revenue and cash flow numbers are unaudited.
All figures are stated in Australian dollars (AUD) unless otherwise notated.

Review of Financial Condition – Liquidity and Capital Resources

Cash and cash equivalents were $19.0 million at 31 December 2020 (30 June 2020: $19.6 million). Net cash used in operating activities for the period ended 31 December 2020 was $6.6 million (31 December 2020 $9.8 million). The decrease in operating cash outflow was primarily attributable to increased cash receipts from customers, reduced cash payments to Executives via the Equity Compensation Plan, and government grants related to COVID-19 relief received in the current period.

Cash receipts for the period were $3.3 million. In Q2 FY'21, the Group recorded a record $2.0 million in cash receipts from customers, an increase of $0.7 million compared to the previous quarter's cash receipts of $1.3 million.

Cash outflow from investing activities was $1.0 million during the period (31 December 2019: $1.1 million). Investing activities remained consistent over the periods, which primarily related to software enhancements associated with the capitalisation of software development costs.

Cash inflow from financing activities was $7.9 million during the period (31 December 2019: $12.6 million). During the period, the Group received $8.0 million in option exercises, before costs, related to the 2 April 2020 Entitlement Offer. There is an additional $9.1 million of outstanding in-the-money options due to be exercised 31 March 2021.

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 $0.69 and AUD $1.00 to USD $0.77, respectively. The spot exchange rate for the beginning and end of the prior reporting period was AUD $1.00 to USD $0.70 for both periods. This fluctuation of the exchange rate led to a favourable outcome in reporting operating expenditure but led to an unfavourable outcome in reporting cash and cash equivalents when compared to the prior period.

The average exchange rate for the reporting period was $0.72 (Australian dollar (AUD) to US dollar (USD)) (2019: $0.68). During the period, the Group incurred unrealised mark-to-market foreign currency translation losses of $26,000 (2019: $191,000). The loss in both periods primarily relates to exchange rate fluctuations in foreign denominated trade receivables and payables between the transaction date and settlement date.

Glossary of Terms used by ImpediMed	
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 cancelation 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 contacts 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)	[Churn] / [(Total device placements at beginning of period + Total device placements at end of period) / 2]
Renewal Rate (i)	[Total number of end-user customer contracts with expiration dates during the period that were retained] / [Total number of customer contracts with expiration dates during the period]
Core Business	The Core Business refers to the commercialisation efforts from the Company's core strategic focus areas. To date, this primarily includes revenue from SOZO contracts in the Oncology market.
Clinical Business	The Clinical Business refers to revenue generating contracts related to clinical trials. These contracts are often finite in nature, as they relate to clinical trials with specific end dates

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

Significant Events after the Balance Sheet Date

January – February 2021

Issuance of Ordinary Shares – Equity Share Plans

On 4 January 2021, the Group issued 1,554,280 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's base salaries.

American College of Cardiology Accepts SOZO HF Abstract

On 12 February 2021, the Group announced that an abstract evaluating the use of ImpediMed's SOZO BIS technology in identifying heart failure (HF) patients at risk of hospital readmission at the time of discharge has been accepted for poster presentation at the American College of Cardiology (ACC) 70th Annual Scientific Session on 15-17 May 2021 in Atlanta, Georgia, USA. The ACC Conference is "focusing on the latest science, innovation and practice-changing updates in care." To be awarded a poster presentation at this prestigious conference, focusing on innovation in cardiac care, is a tremendous opportunity for the company and is the perfect forum to introduce SOZO to Cardiologists from the US and around the world.

The abstract, titled "Bioimpedance Spectroscopy Measurement of Ongoing Fluid Overload Post-Discharge from Hospitalization for Decompensated Heart Failure," analyses data collected during ImpediMed's Heart Failure Home Study using the SOZO Digital Health Platform.

Likely Developments and 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:

ONCOLOGY

- Submission of the PREVENT Trial manuscript by the Principal Investigators by end of February 2021
- Continue to advance private payor coverage/payment for L-Dex testing
- Continue to propose the addition of BIS L-Dex to the NCCN Guidelines®

HEART FAILURE

- Expand commercial sales of heart failure
- Establish pilot programs in key heart failure centres
- Obtain FDA clearance on removal of SOZO contraindications for implantable pacing and cardioverter defibrillators devices

RENAL FAILURE

- Continued deployment of devices for the AstraZeneca trials both in the US and internationally; Cardiologists and nephrologists at key centres globally will be experiencing SOZO for the first time in the coming months
- Gather feedback from the early experience of cardiologists and nephrologists in the US and internationally
- Continue to progress, regulatory and commercial strategies for Renal Failure

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 Investors section:

https://www.impedimed.com/about/investors/corporate-governance/

Rounding of Amounts

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 ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191. The Group is an entity to which the Class Order applies.

Auditor's Independence Declaration and Non-Audit Services

The Directors append to the Directors' Report to the following declaration from our auditors, Ernst & Young.

Signed in accordance with a resolution of the Directors.

Scott Ward
Chairman

Judith Downes
Director

20 February 2021

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of ImpediMed Limited

As lead auditor for the review of ImpediMed Limited for the half-year ended 31 December 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

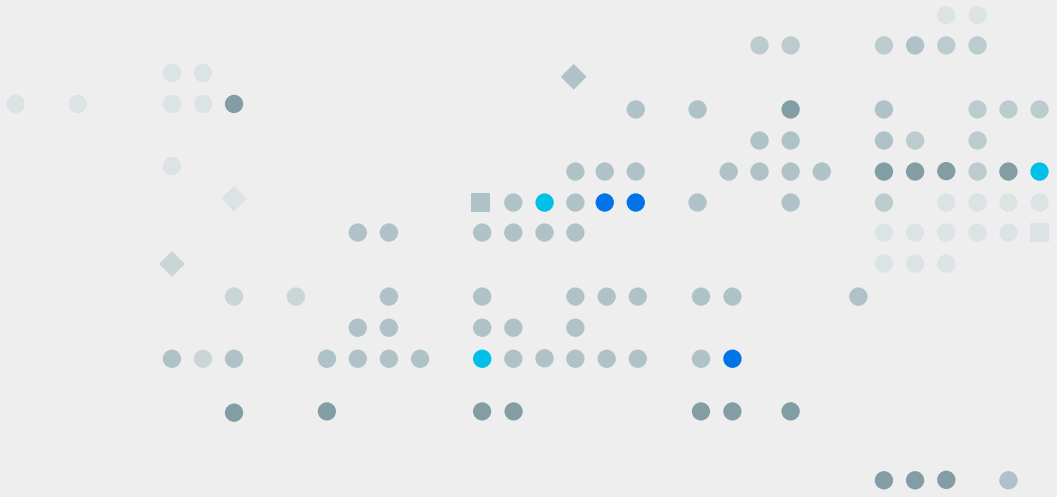
Ernst & Young

Jennifer Barker
Partner
20 February 2021

Financial Report
For the Half-Year Ended
31 December 2020

Financial Statements

Chapter 3



Platform Technology.
Transforming Care.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 31 December

	Notes	2020 $000	2019 $000
Continuing Operations			
SOZO® Revenue	4	3,267	2,126
Legacy Revenue	4	280	687
Other Revenue	4	32	24
Total Revenue from Contracts with Customers		**3,579**	2,837
Cost of Goods Sold		(790)	(735)
Gross Profit		**2,789**	2,102
Other Income	6	1,540	1,493
Finance Income, net	6	(16)	39
Salaries and Benefits	7	(8,528)	(7,715)
Share-based Payments	12	(1,590)	(1,999)
Consulting and Professional Fees	7	(1,387)	(1,324)
Administrative and Governance Fees	7	(1,019)	(1,383)
Clinical Trials and Research & Development	7	(819)	(1,974)
Other Expenses	7	(1,408)	(2,171)
Loss from Operations Before Income Tax		**(10,438)**	(12,932)
Income Tax		-	(9)
Net Loss		**(10,438)**	(12,941)
Other Comprehensive Income			
Items that may be reclassified as profit:			
Foreign Currency Translation Gain / (Loss)		(1,175)	71
Other Comprehensive Gain / (Loss) for the Period, Net of Tax		(1,175)	71
Total Comprehensive Loss		**(11,613)**	(12,870)
		$	**$**
Basic and Diluted Loss per Share	2	(0.01)	(0.03)

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

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 Dec 2020 $000	As at 30 Jun 2020 $000
Assets			
Current Assets			
Cash and Cash Equivalents	8	19,021	19,663
Trade and Other Receivables	9	2,440	3,730
Contract Assets		835	785
Inventories		776	864
Prepayments and Other		938	408
Total Current Assets		**24,010**	25,450
Non-Current Assets			
Other Financial Assets		73	77
Right of Use Asset		603	823
Property and Equipment		193	192
Intangible Assets	10	6,515	6,522
Total Non-Current Assets		**7,384**	7,614
Total Assets		**31,394**	33,064
Liabilities			
Current Liabilities			
Trade and Other Payables		1,374	2,330
Contract Liabilities		1,045	578
Provisions		3,064	1,837
Interest Bearing Lease Liabilities		331	364
Total Current Liabilities		**5,814**	5,109
Non-Current Liabilities			
Interest Bearing Lease Liabilities		316	507
Provisions		104	87
Total Non-Current Liabilities		**420**	594
Total Liabilities		**6,234**	5,703
Net Assets		**25,160**	27,361
Equity			
Issued Capital	11	258,385	250,563
Reserves		27,274	26,859
Accumulated Losses		(260,499)	(250,061)
Total Equity		**25,160**	27,361

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December

	Notes	2020 $000	2019 $000
Cash Flows from Operating Activities			
Receipts from Customers (Inclusive of GST and US Sales Tax)		3,320	2,694
Payments to Suppliers (Inclusive of GST and US Sales Tax)		(5,814)	(5,850)
Payments to Employees		(7,057)	(9,343)
Interest Received		15	77
Other Receipts		2,902	2,650
Net Cash Flows Used in Operating Activities		**(6,634)**	(9,772)
Cash Flow from Investing Activities			
Purchase of Property and Equipment		(40)	(91)
Development Expenditures and Purchase of Intangibles		(934)	(1,040)
Net Cash Flows Used in Investing Activities		**(974)**	(1,131)
Cash Flows from Financing Activities			
Proceeds from Issue of Ordinary Shares	11	8,011	13,929
Transaction Costs from Capital Raising	11	(72)	(1,103)
Proceeds from borrowings		170	-
Payment of Lease Liabilities		(224)	(208)
Net Cash Flows from Financing Activities		**7,885**	12,618
Net Increase in Cash and Cash Equivalents		277	1,715
Net Foreign Exchange Differences		(919)	(74)
Cash and Cash Equivalents at Beginning of Period		19,663	11,330
Cash and Cash Equivalents at End of Period	8	19,021	12,971

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Issued Capital $000	Share Reserves $000	Foreign Currency Reserves $000	Reserves $000	Accumulated Losses $000	Total $000
At 1 July 2019		219,727	18,871	5,904	24,775	(228,717)	15,785
Effect of Adoption of AASB 16 *Leases*		-	-	-	-	33	33
At 1 July 2019 (adjusted)		219,727	18,871	5,904	24,775	(228,684)	15,818
Loss for the Period from Continuing Operations		-	-	-	-	(12,941)	(12,941)
Other Comprehensive Gain from Continuing Operations		-	-	71	71	-	71
Total Comprehensive Gain / (Loss) for the Period		-	-	71	71	(12,941)	(12,870)
Equity Transactions:							
Share-based Payments	12	-	1,999	-	1,999	-	1,999
Allotment of Ordinary Shares	11	14,011	-	-	-	-	14,011
Costs of Capital Raising	11	(992)	-	-	-	-	(992)
At 31 December 2019		**232,746**	**20,870**	**5,975**	**26,845**	**(241,625)**	**17,966**
At 1 July 2020		250,563	21,117	5,742	26,859	(250,061)	27,361
Loss for the Period from Continuing Operations		-	-	-	-	(10,438)	(10,438)
Other Comprehensive Loss from Continuing Operations		-	-	(1,175)	(1,175)	-	(1,175)
Total Comprehensive Loss for the Period		-	-	(1,175)	(1,175)	(10,438)	(11,613)
Equity Transactions:							
Share-based Payments	12	-	1,590	-	1,590	-	1,590
Allotment of Ordinary Shares	11	7,916	-	-	-	-	7,916
Costs of Capital Raising	11	(94)	-	-	-	-	(94)
At 31 December 2020		**258,385**	**22,707**	**4,567**	**27,274**	**(260,499)**	**25,160**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONTENTS

1. Basis of Preparation

Corporate Information

The consolidated financial statements of ImpediMed Limited for the six-months ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 20 February 2021.

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.

Basis of Preparation

The interim consolidated financial statements ("financial report") for the half-year ended 31 December 2020 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by the Group during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

Reclassification

Certain prior period amounts have been reclassified for financial statement presentation purposes. These reclassifications have no impact to previously reported net loss and other comprehensive income.

Going Concern

These financial statements have been prepared on the 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 of $19.0 million at 31 December 2020 (30 June 2020: $19.7 million) and no borrowing from banks or other financial institutions at that date. The Group incurred a net loss of $11.6 million for the half-year ended 31 December 2020 (31 December 2019: $12.9 million), which included various non-cash items. The Group had $6.6 million (31 December 2019: $9.8 million) of net 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 on (i) cash inflows from growth in future sales, (ii) capital raises, or (iii) other funding arrangements.

The Directors believe that the Group has been successful in building a long-term business founded on strong technology. The Group is operating within large, growing markets and has seen positive traction in its initial revenue growth.

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. 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 that basis, the going concern basis of accounting has been used. No adjustment has been made to the amounts and classification of recorded assets and liabilities that might be necessary should the Group not 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:

	31 Dec 2020 $000	31 Dec 2019 $000
Net Loss Used in Calculating Basic and Diluted Earnings		
Continuing Operations	(10,438)	(12,941)
Net Loss Attributable to Ordinary Equity Holders of the Parent for Basic and Diluted Earnings per Share	**(10,438)**	(12,941)
	No.	No.
Weighted Average Number of Ordinary Shares Used in Calculating Basic and Diluted Earnings per Share	**1,053,046,050**	491,683,783
	$	$
Basic and Diluted Loss per Share	**(0.01)**	(0.03)
Basic and Diluted Loss per Share from Continuing Operations	**(0.01)**	(0.03)

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 half-year ended 31 December 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 the current period, there were 61,583,501 (31 December 2019: 36,541,054) options and 25,980,345 (31 December 2019: 8,987,175) performance rights on issue.

As of the end of the current period, there were also 242,193,540 (31 December 2019: nil) options outstanding related to the to the 2 April 2020 Entitlement Offer.

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 period.

4. Segment Reporting

Operating Segments

Identification of Reportable Segments

The Group has identified its operating segments 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 half-year, the Chief Executive Officer reviewed the business revenue information categorised by the Group's SOZO and Legacy product lines which make up the Medical segment, consistent with the previous annual report.

Inter-Company Transactions

Inter-company transactions are eliminated for the purposes of segment reporting.

Medical Segment

The Medical segment is a supplier of non-invasive medical equipment of software employing bioimpedance spectroscopy (BIS) technologies for use in the non-invasive clinical assessment and monitoring of tissue composition and fluid status. The Medical cash generating unit is the core business of the Group and is the main strategic operating segment. On a monthly basis, the Chief Executive Officer assesses the performance of the Medical segment by analysing the segment's revenue based on the SOZO product line and legacy product lines. The primary focus during the current period for the Medical segment was continuing the commercialisation of SOZO, which is focused on building a high margin contracted revenue pipeline for strong recurring revenue growth. Refer to the 2020 Annual Report for additional information on the Group's segment reporting.

The following table presents revenue and profit information for reportable segments for the six-months ended 31 December 2020 and 2019:

Half-year Ended 31 December 2020	**Medical**		
Segment Revenue $000	SOZO®	Legacy	Total
Revenue from Subscriptions and Consumables	2,348	191	2,539
Revenue from Devices	919	89	1,008
Total Revenue by Segment	**3,267**	**280**	**3,547**
Other Revenue			32
Total Revenue			**3,579**

Half-year Ended 31 December 2020	**Medical**		
Gross Margins on Software as a Service (SaaS) $000	SOZO®	Legacy	Total
Revenue from Subscriptions and Consumables	2,348	191	2,539
Cost of Revenue from Subscriptions and Consumables	(143)	(16)	(159)
Gross Margin	**2,205**	**175**	**2,380**
Gross Margin (%)	94%	92%	94%

Half-year Ended 31 December 2019	**Medical**		
Segment Revenue $000	SOZO®	Legacy	Total
Revenue from Subscriptions and Consumables	1,582	503	2,085
Revenue from Devices	544	184	728
Total Revenue by Segment	**2,126**	**687**	**2,813**
Other Revenue			24
Total Revenue			**2,837**

Half-year Ended 31 December 2019	**Medical**		
Gross Margins on Software as a Service (SaaS) $000	SOZO®	Legacy	Total
Revenue from Subscriptions and Consumables	1,582	503	2,085
Cost of Revenue from Subscriptions and Consumables	(236)	(28)	(264)
Gross Margin	**1,346**	**475**	**1,821**
Gross Margin (%)	85%	94%	87%

Segment Revenue

SOZO revenue increased to $3.3 million for the six-months ended 31 December 2020, an increase of 54% over the prior period.

SOZO Software as a Service (SaaS) Gross Margins have steadily increased to 94% thus far through the six-months ending 31 December 2020 (31 December 2019: 85%). The Group anticipates this figure will consistently remain above 90% for the remainder of the financial year.

Geographical Segments

The following tables present SOZO revenue based on geographical segments for the six-months ended 31 December 2020 and 2019. Revenue data is based on the location of the customer for geographical reporting purposes.

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.

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, contract manufacturing of devices 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.

Clinical Business

The Clinical Business refers to revenue generating contracts related to clinical trials. These contracts are often finite in nature, as they relate to clinical trials with specific end dates. The Group does not manage the Clinical Business based on geographical locations.

Geographical Segment Revenue

Half-year Ended 31 December 2020 $000	**North America**	**Australia/ROW**	**Clinical Business**	**Total**
Revenue from Subscriptions	1,809	173	366	2,348
Revenue from Devices	544	375	-	919
Total SOZO Revenue	**2,353**	**548**	**366**	**3,267**

Half-year Ended 31 December 2019 $000	**North America**	**Australia/ROW**	**Clinical Business**	**Total**
Revenue from Subscriptions	1,487	95	-	1,582
Revenue from Devices	413	131	-	544
Total SOZO Revenue	**1,900**	**226**	**-**	**2,126**

Sales of Goods – Device and Consumable Revenue

All segment assets relating to the Group's operating segments as at 31 December 2020 are Medical.

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.

During the period, the Group executed various contracts within the Clinical Business. The devices under these agreements are typically leased, therefore the Group considered the appropriateness of applying AASB15 *Revenue from Contracts with Customers* or AASB16 *Leases*. AASB15 and AASB16 do not have a hierarchy and both refer to each other in the 'scope', as such it is a judgment call for which standard this transaction falls under.

Based on the structure of these agreements, the lease of devices is accounted for in accordance with AASB 16 as an operating lease and the license to software is accounted for in accordance with AASB15.

Refer to Note 4 for a breakdown of revenue by operating and geographical segments.

6. Finance and Other Income

Other Income	31 Dec 2020 $000	31 Dec 2019 $000
R&D Tax Incentive (i)	**949**	1,493
Proceeds from Tax Refunds, Grants, and Other (ii)	**591**	-
Total Other Income	**1,540**	1,493

(i) The Group receives payments for research & development (R&D) tax credits under the AusIndustry R&D Tax Incentive program. 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 has a history of successful lodgings and receipts with the Australian Tax Office.
(ii) The Group received various government grants, which were primarily related to economic stimulus programs.

Finance Income	31 Dec 2020 $000	31 Dec 2019 $000
Interest Income – term deposits	**15**	76
Interest Expense – lease liability	**(31)**	(37)
Total Finance Income	**(16)**	39

7. Expenses

Salaries and Benefits	31 Dec 2020 $000	31 Dec 2019 $000
Wages and Salaries (i)	**5,420**	5,682
Short-term Incentives and Sales Commissions (ii)	**2,714**	1,908
Employee Benefits and other costs (iii)	**1,061**	790
Superannuation	**232**	219
Capitalised Employee Costs (ii)	**(899)**	(884)
Total Salaries and Benefits	**8,528**	7,715

(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 prior corresponding periods.
(ii) Increase in short-term incentives and sales commissions are primarily related to the achievement of corporate objectives in the period.
(iii) The increase in employee benefits and other costs is primarily related to costs associated with the Equity Compensation Plan, where shares are issued to executives in lieu of cash.

Research and Clinical Trials	31 Dec 2020 $000	31 Dec 2019 $000
Oncology Clinical Trials (i)	**705**	1,056
Cardiology and Other Clinical Trials (i)	**107**	833
Product Engineering and other Research and Development	**7**	85
Total Research and Clinical Trials	**819**	1,974

(i) The decrease in oncology clinical trials related to PREVENT sites closing as all patients have completed their follow-up visits. The principal investigators have commenced work on a manuscript ahead of its planned submission by the end of February 2021. The decrease in cardiology trial expense occurred as a result of completing the current phase of trials.

Administrative and Governance Fees	31 Dec 2020 $000	31 Dec 2019 $000
Insurance	**506**	480
Governance and Regulatory Fees	**286**	506
Administrative Expenses	**173**	176
Directors' Fees	**29**	30
Foreign Currency Loss on Transactions	**25**	191
Total Administrative and Governance Fees	**1,019**	1,383

Consulting and Professional Fees	31 Dec 2020 $000	31 Dec 2019 $000
Consulting Fees (i)	**982**	485
Patent and Trademark Fees	**326**	232
Professional Fees (ii)	**79**	607
Total Consulting and Professional Fees	**1,387**	1,324

(i) The increase in Consulting fees in the current period were a result of increased activity on reimbursement initiatives.
(ii) The decrease in Professional fees in the current period were a result of reduced legal and employee recruiting fees.

Other Expenses	31 Dec 2020 $000	31 Dec 2019 $000
Depreciation and Amortisation (i)	**842**	646
IT, Property and Other Expenses	**339**	447
Travel Expenses (ii)	**67**	548
Advertising and Promotion (ii)	**160**	530
Total Other Expenses	**1,408**	2,171

(i) The increase in Depreciation and Amortisation expense in the current period was primarily attributable to software development and other enhancements.
(ii) Travel and Advertising and promotion expenses decreased compared to the prior period due to COVID-19 and the restrictions on travel and tradeshows. The Group continues to successfully transition the business to a remote sales approach, focusing on digital marketing, educational webinars, and the Lymphoedema Prevention Program.

8. Cash and Cash Equivalents

	As at 31 Dec 2020 $000	As at 30 Jun 2020 $000
Cash at Bank and in Hand	**12,974**	10,886
Short-term Deposits	**6,047**	8,777
Cash and Cash Equivalents	**19,021**	19,663

9. Trade and Other Receivables

	As at 31 Dec 2020 $000	As at 30 Jun 2020 $000
Trade Receivables	**1,547**	917
Allowance for Expected Credit losses	**(114)**	(46)
Tax, Interest, and Other Receivables	**1,007**	2,859
Total Trade and Other Receivables	**2,440**	3,730

Allowance for Expected Credit losses	2020 $000	2019 $000
At 1 July	**(46)**	(52)
Charge for the Year	**(70)**	(22)
Amounts Reversed	**-**	28
Amounts Written Off (i)	**-**	1
Foreign Exchange Translation	**2**	(1)
At 31 December	**(114)**	(46)

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. Non-Current Assets – Intangible Assets and Goodwill

Intangible Assets

Intangible assets, including goodwill, totaled $6.5 million at 31 December 2020 (30 June 2020: $6.5 million).

During the six months ended 31 December 2020, the Group generated intangible assets with a cost of $0.9 million (31 December 2019: $1.0 million) related to the development of SOZO software. In accordance with AASB 138 *Intangible Assets*, the Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and expected period of benefits.

Other intangible assets decreased in the current period due to the amortisation of SOZO software, computer software and licenses. This decrease was partially offset by foreign currency exchange movements.

Goodwill

Goodwill totaled approximately $2.4 and 2.6 million at 31 December 2020 and 30 June 2020, respectively.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

At 31 December 2020, the Group found no evidence of impairment of goodwill or other assets, and as a result, no impairment loss has been recognised at the reporting date.

11. Issued Capital

Ordinary Shares

	Number of Shares	$000
At 31 December 2019	**509,708,587**	**232,746**
Issued During the Period as a Result of:		
Issue of Ordinary Shares from Capital Raisings	486,114,474	19,323
Issue of Non-Executive Director and Employee Share Plans	5,874,200	-
Transaction Costs	-	(1,506)
At 30 June 2020	**1,001,697,261**	**250,563**
Issued During the Period as a Result of:		
Issue of Ordinary Shares from Capital Raisings (i)	66,826,384	7,916
Issue of Non-Executive Director and Employee Share Plans (ii)	6,669,675	-
Issue of Employee Share Based Payments	1,402,750	-
Transaction Costs	-	(94)
At 31 December 2020	**1,076,596,070**	**258,385**

(i) The Group has received $9.1 million of a potential $18.2 million in option exercises related to the 2 April 2020 Entitlement Offer. There is an additional $9.1 million of outstanding in-the-money options due to be exercised 31 March 2021.

12. Share-Based Payments

	31 Dec 2020 $000	31 Dec 2019 $000
Share-Based Payments to Employees	**1,363**	1,689
Share-Based Payments to Non-Executive Directors	**227**	310
Total Share-Based Payments	**1,590**	1,999

Executive and Non-Executive Share Plans

During the prior 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 2020 AGM Notice for full details of the plans.

During the period, share-based payments issued under the Executive Share Plan to Executives were approximately $341,000 (31 December 2019: 168,000).

Share Options

Share options are issued to eligible participants under the EIP. Share options issued during the period vest on the one-year anniversary of the date of grant in an amount equal to the product of one-fourth multiplied by the number of total options granted. The remaining options vest evenly on an annual basis over the next three years if the participant is still employed on such dates. 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.

The fair value of the options granted is estimated at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

The weighted average fair value of options granted during the six-month period was $0.05 (31 December 2019: $0.09).

During the current period, 29,228,000 share options (31 December 2019: 8,684,808) and 20,011,000 performance rights (31 December 2019: 5,185,175) were granted under the EIP. The awards granted included 15,677,000 share options (31 December 2019: 4,764,623) and 15,980,000 performance rights (31 December 2019: 4,010,561) granted to key management personnel ("KMP") during the period. The exercise price of the options was valued at the share price on the date of issue using the five-day weighted average share price.

The fair value of awards granted during the current period were estimated on the date of grant using the following assumptions:

Assumptions	Options	Performance Rights
Expected Volatility (%)	99.00	N/A
Risk-Free Rate of Return (%)	0.20	N/A
Dividend Yield (%)	-	-
Average Expected Life (years)	4.49	3.00
Strike Price ($)	0.084 – 0.125	-

Performance Rights

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.

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 period 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.

13. 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	
		31 Dec 2020	31 Dec 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 parent entity.

Details relating to Directors are included in the Directors' Report.

For the half-year ended 31 December 2020, and for the prior half-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.

14. Commitments and Contingencies

Expenditure Commitments

At 31 December 2020, the Group has commitments of $1.3 million (30 June 2020: $1.1 million) relating to the funding of future product builds, clinical trials, advertising and promotional activities, and other activities. The majority of the expenditure commitments relate to SOZO product builds to meet increasing demands for SOZO devices.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2020.

15. Events After the Balance Sheet Date

Issuance of Ordinary Shares – Equity Share Plans

On 4 January 2021, the Group issued 1,554,280 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's base salaries.

American College of Cardiology Accepts SOZO HF Abstract

On 12 February 2021, the Group announced that an abstract evaluating the use of ImpediMed's SOZO BIS technology in identifying heart failure (HF) patients at risk of hospital readmission at the time of discharge has been accepted for poster presentation at the American College of Cardiology (ACC) 70th Annual Scientific Session on 15-17 May 2021 in Atlanta, Georgia, USA. The ACC Conference is "focusing on the latest science, innovation and practice-changing updates in care." To be awarded a poster presentation at this prestigious conference, focusing on innovation in cardiac care, is a tremendous opportunity for the company and is the perfect forum to introduce SOZO to Cardiologists from the US and around the world.

The abstract, titled "Bioimpedance Spectroscopy Measurement of Ongoing Fluid Overload Post-Discharge from Hospitalization for Decompensated Heart Failure," analyses data collected during ImpediMed's Heart Failure Home Study using the SOZO Digital Health Platform.

Directors' Declaration

For the half-year ended 31 December 2020

In accordance with a resolution of the Directors of ImpediMed Limited, we state that:

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity for the half-year ended 31 December 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 31 December 2020 and of its performance of the half-year ended on that date; and
  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Scott Ward
Chairman

Judith Downes
Director

20 February 2021

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Building a better working world

Independent Auditor's Review Report to the Members of ImpediMed Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of ImpediMed Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - 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 $10.4 million during the period ended 31 December 2020 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Jennifer Barker
Partner
Brisbane
20 February 2021

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Financial Report

For the Half-Year Ended
31 December 2020

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