



4 September 2023

ASX ANNOUNCEMENT

Shareholder Update on Section 249D Notice and Company Position

ImpediMed Limited (**ImpediMed** or the **Company**) (ASX: IPD) is today sharing feedback from meetings held with shareholders in Australia last week, and further developments since its formal response to the notice received under section 249D of the *Corporations Act 2001* (Cth) (**Corporations Act**).

ImpediMed's Managing Director and Chief Executive Officer Rick Valencia and Board Chair Don Williams met with ~30 institutional and sophisticated shareholders in person and were joined at several meetings by Non Executive Directors Daniel Sharp CFA and Jan West AM. This is in addition to ongoing virtual, formal, and informal meetings conducted over the last month.

During these meetings the Company received strong and unequivocal support for the existing Board with nearly all shareholders expressing their frustration and concern with the action of the Requisitioning Parties and the negative impact on the stability of the business in circumstances where the Company has been performing well for considerable time and with increasing momentum.

As part of the Board's commitment to open and transparent communication, the Board shares the following areas queried in some of our conversations:

- **Upscaling the quantum raised under the Share Purchase Plan (SPP):** At least one of the Requisitioning Parties and one of their large institutional supporters have expressed a view that the upscaling of the SPP demonstrated that the Company is not listening to shareholders. To the contrary, the intent of the Company's decision to increase the amount of the SPP was to ensure that **all** retail investors (not just the institutions and sophisticated investors) had fair, reasonable and equitable access to participation in the overall capital raise.

To do otherwise, would have been to benefit and prioritise the institutional and sophisticated investors over other shareholders. This would have been inappropriate, unfair to most shareholders and not in the interests of shareholders overall.

- **Capital raising timing and price:** Shareholders discussed the capital raising timing and price. It was discussed and agreed that the most important consideration was to ensure the Company was appropriately capitalised to rapidly advance a plan to execute on the enhanced opportunities presented by the NCCN Guidelines®.

In relation to pricing, it was noted that shortly prior to the capital raising, the CEO and CFO had conducted a roadshow where they discussed the expected private payor announcements likely to follow ImpediMed's inclusion in the NCCN Guidelines®. During this roadshow, the share price increased substantially and quickly as the market understood the significance of the guidelines. This expected future news flow was considered built into the price which was evident by no analyst upgrading their price target (all being around \$0.20) and one analyst issuing a temporary sell recommendation at \$0.18 having considered future news flow already priced in.

- **Maintaining a hold on renal and cardiovascular indications:** Given the exponential opportunity for cancer-related lymphoedema, the ImpediMed executive leadership team reinforced the highly focused strategy of maximising the execution of this unique and large opportunity as the absolute priority in the near term. Nearly all shareholders were completely supportive of this approach. Renal and cardio indications remain an option for the Company, and

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we will continue to progress these programs, which is evident in the recent appointment of a Chief Strategy Officer who is tasked to evaluate the suite of indications and opportunities for ImpediMed.

The primary focus, however, will remain on oncology as shareholders understood the higher level of risk, and capital and resource investment needed, for these other programs. This approach also aligns with the Board's clear emphasis on utilising its capital to reach profitability quickly, without risk of creating a need for raising further capital due to unfocussed expenditure in other areas.

- **Prior capital management:** Several shareholders raised the Company's previous history of capital management and suggested that the Requisitioning Parties and their supporters appeared to be more focussed on issues dating back several years, rather than on the tangible successes of the past 2 years.

Shareholders were reminded that these events of the past were under a different Chair, different CEO and CFO, and substantially different Board. Changes to Board composition and the CEO during the past two years have resulted in much needed changes in both the size and remuneration levels of the broader leadership team.

The ImpediMed Board has undergone significant change with 4 of 7 of the current Board members having been appointed within the last 12 months. The current Chair assumed his position in FY2022, and with the support of the new Board and management team, ImpediMed has made significant commercial progress which has been reflected in improved valuation.

- **NCCN Guidelines® described as a "Slam Dunk":** We were advised that ImpediMed's inclusion in the NCCN Guidelines® and the opportunities that will flow from it has been described by the Requisitioning Parties as a given. Inclusion in the NCCN Guidelines® was facilitated through a highly measured plan and engagement process. This creates an enormous opportunity for the Company but there is much work to be done to cultivate the success the Guidelines should bring.

There now remains an important priority of ensuring payors revise their reimbursement codes and healthcare providers implement the SOZO® platform into their patient care and workflows.

Contrary to some beliefs, this requires a significant effort by an appropriately experienced and resourced team in the areas of testing protocols, guiding policy terminology, patient flow criteria, customer engagement and service, and ongoing education outreach on both the payor and provider sides.

- **Executive changes:** As raised above, ImpediMed's new Board has moved swiftly over the last 12-18 months to vastly improve the leadership team, through the restructure of the management team, the appointment of interim CEO David Anderson, and then a thorough and effective executive search program to appoint the current CEO, Rick Valencia. Since restructuring the senior executive team, the Company has achieved multiple, major milestones resulting in outstanding value accretion for all shareholders.
- **Role of former Chief Commercial Officer:** One of the executive changes referred to above in the restructure was to the role of Chief Commercial Officer & Head of Renal. This person unsuccessfully applied for the CEO role. Several shareholders noted the current activities of this former employee in assisting the Requisitioning Parties named in the current Section 249D Notice, including widely lobbying other shareholders to support their push for Board control.

It is acknowledged by the ImpediMed Board that the Requisitioning Parties appear to have the support of two larger institutional shareholders, who we believe were approached and lobbied well in advance of the



requisition notice being delivered to the Company. These shareholders have declined the invitations extended to them by the CEO and CFO to discuss their issues and concerns in person.

Conversely, nearly all other institutional and major shareholders have been pleased with the Company's progress and understand the cohesive and constructive culture that presently exists at ImpediMed to help drive the Company to ongoing success.

Regrettably, this action has divided the ownership of the Company and accordingly, should it go to a vote, either outcome represents a significant risk to the stability and progress of the business in the short and medium-term. Most shareholders, irrespective of their position, have strongly advocated for ImpediMed and the Requisitioning Parties to work together to find a solution that preserves the register, maintains the support of ImpediMed's workforce, and protects the execution of the Company's commercial strategy.

As previously announced, the Company invited the four Nominated Directors to meet with Jan West, a Member of the Nomination Committee, and a director unaffected by this action. That offer has been formally declined, which is a concern. The nominated Directors wish to have Board control yet have made no contact or met with the CEO, the CFO, or the rest of the senior management team. They have also declined to meet with the unaffected Board members who would be their fellow Board members should they succeed in being elected.

This provides no further understanding of their skills and experience, their plans should they be successful, or their consideration of an appropriate Chair.

The Board recognised the damage being caused to operations by this action and the desire of most shareholders for the Company to advance the company positively forward. A divided shareholder base is damaging for all shareholders, and we will accordingly endeavour to find an amicable solution if one is obtainable. We have initiated further contact with representatives of the Requisitioning Parties to determine the most appropriate next steps.

The company is committed to continue to keep shareholders fully informed. We will be hosting a second investor conference call on Wednesday 13th September at 9.30am AEST to provide a further update.

Approved for release by the Managing Director & CEO, Richard Valencia.

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About ImpediMed

Founded and headquartered in Brisbane, Australia with US and European operations, ImpediMed is a medical technology company that uses bioimpedance spectroscopy (BIS) technology to generate powerful data to maximise patient health. ImpediMed produces the SOZO[®] Digital Health Platform, which is FDA-cleared, CE-marked, and ARTG-listed for multiple indications, including lymphoedema, heart failure, and protein calorie malnutrition and sold in select markets globally.

In March 2023, the NCCN Clinical Practice Guidelines In Oncology (NCCN Guidelines[®]) for Survivorship were updated and reference bioimpedance spectroscopy as the recommended objective tool to screen at-risk cancer patients for early signs of lymphoedema. With the SOZO Digital Health Platform and L-Dex[®], ImpediMed is the only company to offer FDA-cleared technology that uses bioimpedance spectroscopy for the clinical assessment of lymphoedema. The connected digital health platform and large, attractive cancer-related lymphoedema market present an opportunity for continued strong growth through ImpediMed's SaaS subscription-based business.

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.