

31 January 2024

Companies Announcements Office
Australian Securities Exchange

Quarterly Activity Statement and Cash Flow Report

Key Highlights from the Second Quarter

- Unaudited revenue of A\$2.3 million for the quarter (vs A\$2.5 million in Q1 FY24)
- UnitedHealthcare, the largest Private Payor in the United States, updated coverage policy to allow reimbursement claims for relevant CPT code without clinical review
- 13 states in the US reach critical mass (80% population covered for reimbursement from Private Payors or Medicare) – up from 2 states at Q1 FY24
- Leadership and Board changes with Dr Parmjot Bains appointed as Managing Director and Interim CEO, and McGregor Grant appointed as Executive Chair and Interim CFO
- Cash balance at 31 December 2023 of A\$36.9 million

ImpediMed Limited (ASX: IPD) (**ImpediMed** or the **Company**), is pleased to release its Quarterly Activities Statement and its Appendix 4C Cash Flow Report for the second quarter of the fiscal year FY24 ending 31 December 2023.

Operations Update

ImpediMed recorded unaudited total revenue of A\$2.3 million for the quarter ending 31 December 2023 compared with A\$2.5 million for the preceding quarter ending 30 September 2023. During the quarter the Company sold a total of 37 SOZO units of which 13 units were sold in the US. This compares with a total 20 units sold in the previous quarter, of which 19 units were sold in the US. As foreshadowed, there was no revenue in the quarter from the clinical trial program conducted by AstraZeneca, compared with A\$0.1 million in Q1 FY24.

In previous periods, ImpediMed separately reported revenue associated with the initial sale of SOZO Systems as Device Revenue and the remaining revenue associated with each contract was reported as Recurring Subscription Revenue. Furthermore, the amount of Recurring Subscription Revenue reported in each period reflected the increased pricing built into each contract.

As the device is an integral part of the ongoing service provided, and based on high contract renewal rates and a continued low churn rate, for this period and going forward, the Company will report all revenue associated with each contract as Revenue from Contracts with Customers, recognised in equal monthly amounts over the term of each contract. This change had no material impact on the current period results. Management considers this approach reflects the the contracts being established with customers following the inclusion of bioimpedance spectroscopy in the National Comprehensive Cancer Network Guidelines (NCCN Guidelines®), and the expansion of reimbursement coverage by Private Payors.

The Core Business Total Contracted Value¹ (TCV) signed during the quarter was A\$1.6 million compared with TCV of A\$2.4 million signed during Q1 FY24.

The existing contracts in place at the end of Q2 FY24 are expected to generate Core Business Annual Recurring Revenue² (ARR) of A\$10.9 million for the 12 months to 31 December 2024. This compares with ARR as at the end of Q1 FY24 of A\$9.6 million. As the Company is now recognising revenue in equal monthly amounts across the term of each contract, rather than adjusting for any increased pricing during the contract, it will no longer separately provide an ARR number for the subsequent year (i.e. from months 13-24) as it is expected this will be similar, with the only change arising from contracts that expire and are not renewed during the subsequent year

Reimbursement Update

As announced in November 2023, UnitedHealthcare, the largest Private Payor in the US, updated its *Commercial and Individual Exchange Medical Policy Omnibus Codes* policy to state that Bioimpedance Spectroscopy (BIS) for Lymphedema Assessment (CPT Code 93702) no longer requires clinical review. The removal of the requirement for clinical review is referred to as “silent coverage”, and this policy came into effect in January 2024. Medicare in the US, along with 38 other Private Payors, currently provide silent coverage for CPT Code 93702. In addition, there are 13 Private Payors that have published positive medical policies. This compares with the end of Q1 FY24 when 27 Private Payors were providing silent coverage and 12 Private Payors had published positive medical policies.

Following changes to the way policy decisions are implemented for members of the Blue Cross Blue Shield Association (which were described in ImpediMed’s Q1 FY24 Activities Report), the Company estimates approximately 85% of Private Payors will be providing coverage of CPT Code 93702 by the end of FY24.

With the updated policy from UnitedHealthcare, along with other Private Payor policy changes that have come into effect since inclusion of BIS for Lymphedema Assessment in the NCCN

¹ Total Contracted Value (TCV) includes any consideration for the sale of SOZO Systems as well as the total Software-as-a Service (SaaS) fees for the duration of the signed contracts. Typically, these contracts are for a period of three years with the monthly SaaS fees increasing each year as the contract progresses.

² Annual Recurring Revenue (ARR) represents the amount of revenue reasonably expected to be recognized for the next 12-month period based on existing contracts, assuming installation upon sale and no churn.

Guidelines, there are now 13 states (vs 2 states at the end of Q1 FY24) in the US that have achieved “critical mass”. The Company defines critical mass as having greater than 80% of the population covered for reimbursement by either Medicare or Private Payors.

The Company has identified 11 states as being high priority from a commercialisation perspective – based on potential patient population, medical leadership in lymphodema prevention and payor coverage – and of these, 7 states have achieved critical mass. The Company believes all 11 high priority states are likely to achieve critical mass by April 2024 and are the focus of the Company’s sales and marketing efforts, noting the historical 6 month sales lead time.

Corporate Activities

Following a vote of shareholders at a General Meeting that was held on 28 September 2023, Directors Donald Williams, Amit Patel, David Anderson and Daniel Sharp were replaced with incoming Directors McGregor Grant, Christine Emmanuel-Donnelly, Andrew Grant and Janelle Delaney. McGregor Grant was appointed as Chair of the Board of Directors. Subsequently, on 2 October 2023, Janet West resigned as a Non-Executive Director and, on 20 November 2023, Dr Michael Seiden also resigned as Non-Executive Director.

On 20 November 2023, ImpediMed announced that Rick Valencia had stepped down from his role as Managing Director and CEO, and Tim Cruickshank had stepped down as CFO for the Company. In light of these changes, Chair McGregor Grant was appointed CFO, effective immediately and initially on an interim basis, and became Executive Chair. Dr Parmjot Bains was appointed as CEO and Managing Director, also initially on an interim basis, and commenced in that role on 8 January 2024.

Summary of Cash Receipts and Outflows

During Q2 FY24 the Company had net cash outflows from operations of A\$4.1 million. This included cash receipts from customers of A\$2.9 million and net proceeds from a one-off government assistance grant of A\$1.3 million. The majority of cash outflows related to Staff Costs (A\$5.5 million) and Administration and Corporate Costs (A\$2.5 million). At 31 December 2023, ImpediMed had total cash balance of A\$36.9 million comprising A\$19.9 million cash in the bank and \$17.0 million in term deposits. Payments to related parties and their associates during the quarter are disclosed in Section 6 of the Appendix 4C that accompanies this Quarterly Activity Statement and totalled A\$156,000.

Approved for release by the Board of ImpediMed Limited

Investor conference call

Investors are invited to join a conference call hosted by Interim CEO and Managing Director Dr Parmjot Bains and Executive Chair and Interim CFO McGregor Grant at 10:00 am AEST (Brisbane) / 11:00am AEDT (Sydney/Melbourne) on Thursday 1 February 2024.

To pre-register, please follow this link: <https://s1.c-conf.com/diamondpass/10036454-h38dbg.html>.

For more information, contact Dr Parmjot Bains MD/Interim CEO or McGregor Grant Interim CFO on +61 7 3860 3700

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.

Appendix 4C

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

Name of entity
ImpediMed Limited
ABN

65 089 705 144

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,887	5,949
1.2 Payments for		
(a) research and development	(144)	(250)
(b) product manufacturing and operating costs	(209)	(469)
(c) advertising and marketing	(289)	(442)
(d) leased assets	-	-
(e) staff costs	(5,500)	(11,376)
(f) administration and corporate costs	(2,522)	(4,863)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	463	870
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,257	3,386
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,057)	(7,195)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(0)	(81)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(417)	(1,170)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(417)	(1,251)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	60	58
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6)	(62)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(119)	(237)
3.10	Net cash from / (used in) financing activities	(65)	(241)

Item 3.9: Cash inflows during the period relate to a temporary timing difference in relation to GST on capital raising costs, offset slightly by the recognition of costs under AASB 16 Leases for the Group's premises leases.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	42,398	45,710
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,057)	(7,195)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(417)	(1,251)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(65)	(241)
4.5	Effect of movement in exchange rates on cash held	(954)	(118)
4.6	Cash and cash equivalents at end of period	36,905	36,905

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	19,915	25,155
5.2	Call deposits	16,990	17,243
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	36,905	42,398

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	156
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

Item 6.1: Payments to Directors consist of the portion Non-Executive Directors' fees paid as cash and superannuation. At 31 December 2023, there were nil Directors' fees accrued and unpaid related to cash-based remuneration, equity-based remuneration and superannuation.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,057)
8.2 Cash and cash equivalents at quarter end (item 4.6)	36,905
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	36,905
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.