

## Appendix 4C & Quarterly Review

### Highlights:

- 13,259 custom-made dental devices and whitening pens sold during the 2018 Financial Year
- Cash sales receipts of \$391k for the quarter, representing a 108% increase in sales over the previous corresponding period
- Impressive growth in the B2B Preferred Practitioner Network, which now boasts 74 dental clinics throughout Australia
- More channels to market are currently being considered and discussed with potential collaborators and retail partners
- Digital media and advertising statistics continued to grow during this quarter and last, with a total social media reach of 4.275m across all brands for the 2018 financial year
- Business cost-cutting, and optimisation plan effectuated resulting in a net cost saving of approximately \$700k per annum to be progressively realised
- Subsequent to the end of the quarter, Impression released the Sleep Guardian Dorsal to be sold on a B2B basis with mass marketing to the Clinicians to occur very soon.
- Certain legacy issues pertaining to former Board and staff members resolved but resulted in various one-off payments that negatively influenced overall expenditure

Australia's largest home dental impression company, Impression Healthcare Ltd ('Impression' or 'the Company') is pleased to announce its appendix 4C and quarterly activities report for the period ended 30 June 2018. Impression continues to disrupt the dental devices market by providing consumers access to high-quality, laboratory-grade dental products.

These products are both provided direct to the consumer using the home impression kit and via Impression's growing B2B Preferred Practitioner Network ('PPN'), which now boasts 74 dental clinics throughout Australia. The growing PPN reflects the quality of the laboratory, the experienced team of dental technicians and the desire for Australian-made dental devices. More channels to market are currently being considered and discussed with potential collaborators and retail partners as the Company broadens its market strategy for its wholly-owned brands.

Digital media and advertising statistics continued to grow during this quarter and last, with a total social media reach of 4.275m across all brands for the 2018 financial year. Digital advertising appears to provide the greatest return on advertising spend and has helped to propel the Company's internal contact list to over 20,000 former and potential customers. Certain other advertising expenditures incurred during the quarter, such as a radio campaign, were considered sub-optimal and there will be a renewed focus on digital channels as well as opening new market audiences through further sales collaborations.

Impression reported quarterly cash sales revenue of \$391k for the June quarter, which is 108% greater than sales achieved in the previous corresponding period. The sales increase represents the growing economic influence of the Knight Guard and the Sleep Guardian products, as the peak season for Gameday products passed during the quarter. Impression will focus marketing efforts on the Sleep Guardian and the Knight Guard products in the short term. And, after the end of the quarter, Impression released the Sleep Guardian Dorsal, which is designed to be sold exclusively on a B2B basis. First sales of the Dorsal device have already occurred

and following a soft launch – as announced 19<sup>th</sup> of July 2018. Broad-scale e-promotion to dental clinics and sleep clinics will commence very soon with approximately 4000 clinics being marketed to initially.

The Sleep Guardian Dorsal incorporates an adjustable, lateral fin design used in the treatment of mild to moderate sleep apnea and snoring and is validated by numerous scientific studies. Impression will leverage its existing network by offering the Sleep Guardian Dorsal to the 74 dental clinics in the Gameday preferred practitioner network and will launch a preferred practitioner network for the Sleep Guardian Dorsal as the B2B network grows.

Lastly, Impression announced in the March Quarterly Report that it had commenced a review of all operating expenditures to maximise its scalable growth profile. The result of this review, and throughout the quarter, the Company has instituted numerous changes to the business to result in net ongoing cost savings of approximately \$700k per annum. These cost savings pertain to:

- the rationalisation of the Adelaide office as Impression shifted the head office to the Melbourne laboratory and offices and modified the call centre marketing strategy
- changeover of the CEO and resignation of a non-executive director
- optimisation of the internal staffing to reflect the Company's improved strategy
- Revised brand ambassador agreements to reflect success-based payments only.
- Other efficiency measures

As a result of these changes to reduce total long-term expenditure, certain one-off charges have been incurred that negatively influenced costs in the June quarter. The more significant items included negotiated separation payments incurred following the aforementioned Board and staff changes as well as legal expenses associated with exiting these arrangements.

**New CEO, Mr Joel Latham, said:** *"The IHL Board and management team are pleased to roll out the newly evolved IHL strategy. We have placed a large emphasis on reducing costs, whilst continuously optimising overall business performance. The leadership team has been working on various product development opportunities, identifying new market segments and, importantly, channels to market with our unique range of products. We are on an exciting journey and look forward to driving scalability of the IHL brands by working enthusiastically with our key partners, our practitioners, and ambassadors to provide premium, laboratory-grade dental healthcare products at significantly lower prices".*

**ENDS**

**For more information please contact:**

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

#### Name of entity

Impression Healthcare Limited

#### ABN

93 096 635 246

#### Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	391	1,121
1.2 Payments for		
(a) research and development	(-)	(7)
(b) product manufacturing and operating costs	(287)	(828)
(c) advertising and marketing	(396)	(1,206)
(d) leased assets	-	-
(e) staff costs	(395)	(1,242)
(f) administration and corporate costs	(258)	(930)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	263
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(945)</b>	<b>(2,826)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(29)	(51)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(29)</b>	<b>(51)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	3,004
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(202)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(200)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>2,602</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,202	503
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(945)	(2,826)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(51)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,602
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>228</b>	<b>228</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	70	88
5.2	Call deposits	158	1,114
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>228</b>	<b>1,202</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	168
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Item 6.1 – Amounts paid to directors' and their associates

- Remuneration for on-going directors - \$31,292
- Separation payments made to out-going directors under contract - \$137,191

**7. Payments to related entities of the entity and their associates****Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**8. Financing facilities available***Add notes as necessary for an understanding of the position***Total facility amount  
at quarter end  
\$A'000****Amount drawn at  
quarter end  
\$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**9. Estimated cash outflows for next quarter****\$A'000**

9.1 Research and development

(30)

9.2 Product manufacturing and operating costs

(200)

9.3 Advertising and marketing

(200)

9.4 Leased assets

-

9.5 Staff costs

(300)

9.6 Administration and corporate costs

(150)

9.7 Other (provide details if material)

-

**9.8 Total estimated cash outflows****(880)**

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

### 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.



Sign here: .....

Date: 27 July 2018

Company Secretary

Print name: Glenn Fowles

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.