

## Quarterly Update & Appendix 4C

### Highlights:

- Cash sales receipts of \$173k for the quarter, representing a 15% increase in cash sales over the previous corresponding period
- Record monthly sales for the Knight Guard and the Sleep Guardian products
- Lowering net operating cash outflows realised as the Board continually improves corporate and operational efficiencies
- Numerous new sales initiatives versus the previous corresponding period as IHL enters the peak sales season for its product mix; including exclusive B2B supply relationship with 1300SMILES and AFL branded mouthguards offered in all AFL Stores throughout Australia
- Received medicinal cannabis licenses to import/export and distribute cannabinoid medicines throughout Australia
- Opened international markets by executing an exclusive license agreement to support the production, registration and commercialisation of generic Dronabinol cannabis medicine in the USA, Canada, Australia and New Zealand
- Entered an MOU with a reputable Canadian manufacturer of cannabis oils for the distribution of cannabis oils
- Continues to work with leading US-based cannabinoid biotechnology and pharmaceutical company, AXIM Biotechnologies Incorporated, on an exclusive basis
- Entered a HoA with Pace Sports Limited to distribute all oral devices into Greater China, South East Asia and Northern Asia
- Executed MOU with Force Impact Technologies Inc. for the development of an exclusive marketing and distribution agreement for its head injury awareness mouthguard covering Australia, New Zealand and Hong Kong
- Completion of \$2.2m capital raising initiative with final \$735K tranche received in January 2019 and R&D rebate also due.

Impression Healthcare Ltd ('IHL', 'Impression' or 'the Company') is pleased to announce its appendix 4C and quarterly activities report for the period ended 31 December 2018. Cash receipts from customers demonstrated growth versus the previous corresponding period and further continuing operating efficiencies were realised such that the Company recorded a net cash operating outflow of \$609K; inclusive of expenditures pertaining to medicinal cannabis activities.

### ***Receipt of Medicinal Cannabis Licenses***

Subsequent to the end of the quarter, IHL received the relevant licenses from the Department of Health, Victoria to sell or supply, by wholesale, scheduled cannabinoid substances. Specifically, the licenses cover Cannabis, Cannabidiol (CBD), Tetrahydrocannabinols (THC) and Dronabinol. IHL has made arrangements with 3rd party suppliers where necessary to facilitate secure product handling and distribution of cannabis medicines throughout Australia, as per the necessary processes for patient distribution of scheduled medicines.

Having the licenses in place facilitates all desired aspects of Impression's medicinal cannabis activities and works to unlock the value in the relationships already formed with proposed suppliers, including AXIM Biotechnologies and suppliers of cannabis oils. It also enables the Company to pursue a broader range of opportunities in the emergent cannabis field.

#### ***Exclusive Agreement for the Commercialisation of Dronabinol Cannabis Medicine***

During the quarter, IHL executed an exclusive license agreement with Resolution Chemicals Limited ('ResoChem') to support the production, registration and commercialisation of generic Dronabinol (pure delta-9 Tetrahydrocannabinol ('THC')) capsules in the USA, Canada, Australia and New Zealand.

The intention of the licensing arrangement is to leverage the existing work completed by ResoChem so to expedite the achievement of marketing authorisations of 2.5mg; 5.0mg and 10.0mg generic Dronabinol capsules for each of the countries.

As a part of the licensing agreement, cannabis consulting company, Pharmout, is advising Impression on use of the materials and any amendments required to determine the best route to market in each of the exclusive-use countries for the treatment of long-established indications that represent significant markets. Those indications include:

- Loss of appetite in people with HIV/AIDS (acquired immune deficiency syndrome) who have lost weight
- Nausea and vomiting caused by anti-cancer medicine (chemotherapy) in people whose nausea and vomiting have not improved with usual anti-nausea medicines.

IHL will provide an update on activities pertaining to Dronabinol within the current quarter.

#### ***Record monthly Sales for the Sleep Guardian and the Knight Guard***

Both the Knight Guard for the treatment of bruxism and the Sleep Guardian products for the treatment of mild-to-moderate sleep apnoea experienced record sales months during the quarter as brand recognition continues to grow.

Impression introduced the Sleep Guardian Dorsal ('Dorsal') during the September quarter. This new product is scientifically validated and incorporates an adjustable, lateral fin design used in the treatment of mild to moderate sleep apnoea and snoring. The Dorsal is a less costly competitor product to Somnomed's SomnoDent appliance. The Dorsal is sold on a B2B basis and are most suitable for sale by dentists and sleep specialists and are manufactured at Impression's dental laboratory in Melbourne.

#### ***Gameday Mouthguards Initiatives Entering Peak Season***

The peak sales season for IHL coincides with the commencement of the AFL and NRL seasons in Australia from February until May. This will be the first season in which Gameday Mouthguards is able to offer custom-fitted or non-customised mouthguards with the official team logos of all AFL or NRL teams, pursuant to licensing agreements with both the AFL and NRL.

In 2018, IHL recorded receipts from customers of \$438K and \$391K in the March and June quarters respectively. IHL expects some organic growth and has secured certain other new initiatives to increase sales, which include:

- Exclusive supply agreement with thirty (30) 1300SMILES dental practices to manufacture and supply all custom-fitted mouthguards
- A new “boil and bite” range of products with AFL and NRL logos to be sold in physical AFL store locations, independent retailers and both the AFL and NRL online shopfronts
- A HoA with Pace Sports Limited for the distribution of all oral devices, including mouthguards, into Greater China, South East Asia and Northern Asia.

***Expansion of Oral Devices into China and Asia with Pace Sports Limited***

IHL executed a Heads of Agreement (‘HoA’) with Pace Sports Limited (‘Pace’), a Hong Kong based marketing and distribution company. The HoA outlines the development of an exclusive sales and distribution agreement for all its oral devices into Greater China, South East Asia and Northern Asia.

Pace has significant existing on-the-ground operations spanning the countries and is aligned with various sporting organisations and teams, and also has a significant footprint in the pharmacy retail sector. Pace CEO, Gavin Parry, originally from Australia but residing in Hong Kong since 2000, has diverse business experience and is also an advisor to the AFL Asia League Board.

The arrangement represents a major international expansion opportunity for IHL. The markets covered by the HoA have a population of over 1.7 billion, more than 300 million of which are considered middle class and in IHL’s target market.

**ENDS**

## 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")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	173	404
1.2 Payments for		
(a) research and development	(41)	(48)
(b) product manufacturing and operating costs	(163)	(369)
(c) advertising and marketing	(119)	(305)
(d) leased assets	-	-
(e) staff costs	(292)	(560)
(f) administration and corporate costs	(169)	(356)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(609)</b>	<b>(1,231)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(17)
	(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>(17)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,516	1,516
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	(75)	(75)
3.5	Proceeds from borrowings	-	526
3.6	Repayment of borrowings	(626)	(626)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>815</b>	<b>1,341</b>

<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	115	228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(609)	(1,231)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	815	1,341
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>321</b>	<b>321</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	43	70
5.2	Call deposits	278	158
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>321</b>	<b>228</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
54
-

Item 6.1 – Amounts paid to directors' and their associates

- Remuneration for on-going directors - \$54,359

**7. Payments to related entities of the entity and their associates**

- 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

Current quarter \$A'000
-
-

**8. Financing facilities available**  
*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 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	(45)
9.2	Product manufacturing and operating costs	(256)
9.3	Advertising and marketing	(133)
9.4	Leased assets	-
9.5	Staff costs	(239)
9.6	Administration and corporate costs	(114)
9.7	Other (provide details if material)	-
9.8	<b>Total estimated cash outflows</b>	<b>(787)</b>

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: 30 January 2019

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.