

Quarterly Update & Appendix 4C

Impression Healthcare Ltd ('IHL', 'Impression' or the 'Company') is pleased to provide its quarterly activities report and Appendix 4C for the period ended 30th September 2019. During the quarter, IHL rapidly developed its pharmaceutical cannabinoid drug development company, called INCANNEX™ Pharmaceuticals.

Impression appointed an internationally recognised key opinion leader in the clinical use of cannabinoid medicines, Dr Sud Agarwal, to the position of non-executive director and Chief Medical Officer for the group. A full medical advisory board with experience highly relevant to Impression's projects has also been employed and their advice has been invaluable to the expansion of the clinical program.

IHL has now set itself on a pathway to create globally registerable products for which registration could be sought from the TGA, FDA, EME and other registration bodies.

IHL has already commenced the drug discovery process (pre-clinical, P1, P2, P3) for cannabinoid products for Sleep Apnoea, TBI and TMD. The expanded clinical program will create 3 IP defensible products for which patents have been or are in the process of being filed. The total addressable market of each therapeutic area > \$1Billion and no existing pharmacotherapy options currently available, increasing the chance of eligibility for public subsidies (e.g. PBS in Australia).

The medicinal cannabinoid business model now encompasses three distinct pathways for value creation:

- Development of targeted and scientifically validated products to market (long term value creation)
- Early out-licensing of specialist products for indications (revenue and lump sum milestone payments within medium term)
- Commercial commencement of cannabinoid therapies under Special Access Scheme ('SAS') prescriptions (near term revenue to occur post product formulation that will occur prior to in-vivo and in-vitro pre-clinical studies).

Placements Completed to Support Clinical Expansion

The Company has accessed significant capital to commence its research and development activities. Subsequent to the end of the quarter in October, Impression finalised a \$5.0M placement at \$0.078 per share to institutional and high net worth clients of Peloton Capital Pty Ltd. During the quarter, IHL also successfully raised \$1.70M in August in a placement arranged by Alignment Capital Pty Ltd.

Among other activities, the funding allows Impression to fulfil its near-term objectives outlined in the Company presentation announced on the ASX and delivered by Chief Medical Officer Dr Sud Agarwal at the Company's AGM on the 04th of October 2019.

The new funding, in conjunction with existing cash, projected sales, expected R&D rebates, funding grants and Impression's 262M (30-Sep-2020 expiry, \$0.04 strike "IHLOB") in-the-money call options, which upon exercise would represent a further cash injection of \$10.48M, provides the Company ample financial comfort for the rapid development of all aspects of business development over the next two years.

Long Term Medicinal Cannabis Oil Supply Agreement with LinneaSA

Impression engaged Linnea SA ('Linnea'), an EU-based, global leader in custom cannabinoid drug design and formulation to be its supply partner for base cannabinoid materials.

In parallel with IHL's clinical activities to develop IP-defensible products, IHL under the INCANNEX™ brand, has also launched a line of EU GMP-approved pharmaceutical grade CBD oil products to treat conditions previously approved for treatment with cannabinoids under Special Access Scheme ('INCANNEX™ Oils'). These INCANNEX™ Oils can be sold under Australia's largest distribution network – Cannvalate - on a non-exclusive basis.

IHL received the import permit for a formulation of CBD INCANNEX™ Oils that have been designed to match the formulations most in demand on the Cannvalate network, which receives 100+ new patient enquiries per day. IHL is pleased to report that the first batch of CBD INCANNEX™ Oil has been ordered from Linnea SA.

Impression has also received a batch of 200 GMP approved CBD oils from another wholesaler and these have recently become available for sale.

Supply Agreement with Myoderm North America

During the quarter, Impression announced that it had entered an agreement with Myoderm North America for the supply of Dronabinol in Australia. Part of the Dronabinol shipments will be used in conjunction with other pharmaceutical ingredients to create a uniquely formulated product for the treatment of Sleep Apnoea called IHL-42X.

A portion of the Dronabinol will remain unaltered and retained for sale under the SAS for Dronabinol's traditional indications, being loss of appetite in people with HIV/AIDS and nausea and vomiting caused by chemotherapy. Patents for the IHL-42X formulation for the treatment of Sleep Apnoea will be lodged imminently; thereafter SAS sales may commence in conjunction with in-human observations.

Oral Devices Division

During the quarter, IHL worked towards shifting the manufacture of oral devices to Shenzhen, China. Offshore manufacturing will achieve cost savings of approximately \$800,000, whilst simultaneously expanding profitability margins, overall production capability and broadening reach into key international markets. Some of those initial cost savings are being realised but will increase in coming months. Impression will distribute its entire range of oral device products, manufactured in Shenzhen, into all 50 States of the USA, with other sales arrangements being considered for Asia and Europe.

Impression to Supply Mandibular Advancement Devices for Sleep Apnoea to all 180 Sleep Clinics of Air Liquide Healthcare Australia ('ALH')

In August, Impression executed an agreement with ALH to supply the Sleep Guardian 'Silensor' and 'Dorsal' mandibular advancement devices to its network of patients from 180 sleep clinics Australia-wide. Historically, ALH performs over 12,000 sleep assessments per annum with about 50% of all sleep assessments resulting in recommendation for a mandibular advancement device. IHL has exclusivity of supply over all devices for which impressions are taken within the ALH sleep clinics. The two parties will also conduct joint marketing and promotional campaigns, which will include the use of ALH's extensive existing client database.

'FitGuard' Smart Mouthguard – Force Impact Technologies Licensing Agreement

During the quarter, IHL and Force Impact Technologies resolved to expand the exclusive licensing agreement between the parties to incorporate more countries so that FiTGuard by Gameday will encompass countries representing approximately 50% of the World's population.

The new countries in the expanded agreement include China, India, Indonesia, the Philippines, Thailand, Malaysia, Singapore and South Korea, among others. These new territories are in addition to the existing licensed territories of Australia, New Zealand and Hong Kong.

The expansion of territories is consistent with Impression's strategy to expand globally to both monitor player safety and to treat players with synthetic cannabidiol formulation IHL-216A post indication of concussion.

END

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 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	208	208
1.2 Payments for		
(a) research and development	(18)	(18)
(b) product manufacturing and operating costs	(226)	(226)
(c) advertising and marketing	(235)	(235)
(d) leased assets	-	-
(e) staff costs	(203)	(203)
(f) administration and corporate costs	(188)	(188)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
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)	-	-
1.9 Net cash from / (used in) operating activities	(661)	(661)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,707	1,707
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	(89)	(89)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(65)	(65)
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 (3 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,553	1,553

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	93	93
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(661)	(661)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,553	1,553
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	985	985

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	95	84
5.2	Call deposits	890	9
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)	985	93

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	107
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 out-going director (Alistair Blake) ceased on 23 July 2019 - \$43,483
- Remuneration for on-going directors - \$63,173

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 <i>Add notes as necessary for an understanding of the position</i>	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.		

Short-term loans from Alignment Capital Pty (\$50,000) and management (\$15,000) at zero interest rate shown as borrowings at 30 June 2019 were repaid upon receipt of capital raising proceeds received on 3rd July 2019.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(530)
9.2 Product manufacturing and operating costs	(120)
9.3 Advertising and marketing	(130)
9.4 Leased assets	-
9.5 Staff costs	(190)
9.6 Administration and corporate costs	(200)
9.7 Other (capital raising costs)	(350)
9.8 Total estimated cash outflows	(1,520)

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: 31 October 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.