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 31st March 2020.

Progress on IHL-42X Clinical Program for Obstructive Sleep Apnoea

During the quarter, IHL received the active pharmaceutical ingredients and formulated IHL-42X in preparation for the commencement of the Phase 2b clinical trial for its assessment in the treatment of Obstructive Sleep Apnoea ('OSA'). The Company also sourced its first patients for the clinical trial under the guidance of world-renowned sleep specialist and IHL medical advisory board member, Dr David Cunnington.

COVID-19 Governmental restrictions are not expected to delay the commencement of the trial in the current quarter. A baseline sleep study for each trial participant will be undertaken and, under the guidance of a qualified sleep clinician, the devices are fitted with the data being automatically collected and stored in a central hub. This data is monitored and assessed by clinicians at a major sleep clinic in Melbourne, Australia.

Key endpoints being observed include the following:

- Severity of OSA measured by the Apnoea-Hypopnea Index, which is the globally recognised score of OSA severity
- Number of Oxygen desaturation episodes that occur during patient nocturnal sleep
- Daytime somnolence.

Also, during the quarter, IHL received its commissioned strategic assessment report from Camargo Pharmaceutical Services ('Camargo'), in which it confirmed that IHL is a potential candidate for the 505(b)(2) New Drug Approval Pathway, subject to successful clinical assessment.

OSA is a lethal disease that increases the risk of numerous health complications, affecting approximately 40M adults in the USA alone. The main current treatment option is the mechanical CPAP device. Patient compliance to CPAP devices is low due to discomfort and claustrophobia. IHL anticipates greatly improved patient treatment compliance from a once-nightly oral pharmaceutical product, such as IHL-42X, should it prove successful under clinical assessment.

Progress on IHL-216A for Concussion/Traumatic Brain Injury ('TBI') and CTE

IHL-216A is a combination cannabinoid drug, theorised to be administered in the immediate period after primary blunt head injury to prevent development of brain injuries. IHL is assessing its ability to protect the brain against secondary injury mechanisms that cause neuronal cell death and raised intracranial pressure in the days and weeks following head trauma in sports, and all other applicable scenarios resulting in head trauma (falls, vehicle collisions, violence, combat etc.). Ablating secondary brain injury may improve positive outcomes for long term neurological sequelae including chronic traumatic encephalopathy ('CTE'), a major health risk associated with contact sports e.g. MMA, NFL, AFL and NRL.

On the 23rd of April 2020, IHL announced a short presentation on the IHL-216A program. In that document, the Company revealed that Camargo Pharmaceutical Services ('Camargo') in conjunction with CMO Dr Sud Agarwal advised that IHL-216A is also a potential candidate for FDA 505 (b)(2) accelerated drug approval, with the submission to be made subject to a successful pre-clinical animal study which is currently under deployment. This strategy could reduce the development timeframe of this novel cannabinoid significantly.

The presentation also outlined that IHL will undertake a 4-arm animal study in rodents following induced head trauma using IHL-216A, commencing in the current quarter. In-human trials are anticipated to commence in Q3, subject to COVID-19 restrictions being lifted, and will investigate the ability of IHL-216A to reduce the secondary brain injury incurred after blunt head injury and receive IHL-216A versus those that receive a placebo. Clinical

trial participants are Australian MMA fighters who receive blunt head trauma with loss of consciousness and have been recruited as a subject for the clinical trial.

Trauma intensity will be graded with the aid of the FitGuard impact monitoring smart mouthguard and post-traumatic neurological damage will be assessed with FDA-recognised neurocognitive and neuroradiological investigations. Neurocognitive tests measure the severity of cognitive damage including attention, memory, language, reaction time and perception deficits. Each fighter will complete a battery of baseline neurocognitive tests that will be repeated at various junctures post-trauma to compare the IHL-216A versus placebo. Along with measuring duration to recovery ("return to play"), endpoints will include an array of brain-injury related blood biomarkers and neuroimaging. Critically, the IHL-216A product is designed to meet World Antidoping Authority ('WADA') and Australian Anti-Doping Authority's ('ASADA') specifications for use by elite athletes at risk of TBI and CTE.

Impression investigating IHL-675A for potential treatment of sepsis associated ARDS, leading cause of mortality from COVID-19 and other infections

Subsequent to the end of the quarter, IHL announced that it is developing a novel small molecule therapeutic IHL-675A comprising hydroxychloroquine and cannabidiol ('CBD') for the potential treatment of sepsis-associated Adult Respiratory Distress Syndrome ('ARDS'), a major unmet clinical need and a leading cause of mortality associated with COVID-19 and other infections.

Impression has lodged a provisional patent application over IHL-675A for ARDS with the Australian Patent Office and has engaged a specialist pharmaceutical research organisation Pharmacology Discovery Services, a Eurofins Discovery Partner Lab, ('Eurofins') to conduct animal pre-clinical testing.

After the initial announcement on the project on the 15th of April, IHL is pleased to report that all permits and products have now been sourced within Taiwan. The Company expects to provide further details surrounding the commencement of the animal studies shortly and commends the Taiwanese authorities on their efficient assistance with the establishment of this trial.

The clinical objective of ARDS treatment is the reduction of the acute systemic inflammatory response ('Cytokine Storm'), and thereby prevent this progressing to acute pulmonary oedema and lung parenchymal damage.

Impression Healthcare's Chief Scientific Officer, Dr Mark Bleackley said; "The pathophysiology of ARDS is thought to be secondary to an uncontrolled inflammatory burst (cytokine storm) that eventually leads to lung tissue damage. We think that by attenuating the magnitude of the inflammatory response, we can prevent the development of ARDS."

We propose using a lower concentration of Hydroxychloroquine than has been associated with toxicity while also preventing the release of pro-inflammatory cytokines through inhibition, or interference with, multiple signalling pathways".

If a successful proof of concept of IHL-675A in animal studies can be established, FDA consultant Camargo Pharmaceutical Services have advised the Company that IHL-675A will be a good candidate for the FDA Emergency Use Authorisation (EUA) approval channel resulting from the COVID-19 Pandemic. Thereafter, the Company intends to conduct in-human testing concurrent with active patient prescription under EUA and Special Access Schemes globally.

Impression Acquires CBD Inhalers as a Method of Delivery Relevant to Lung Inflammation

During the quarter, Impression acquired CBD pressurised metered dose inhalers for distribution under the SAS. There is preliminary evidence to support the use of CBD inhalers for those with lung inflammation and acute lung injury resulting from Asthma and COPD. Pressurised metered dose inhalers are a safe and effective delivery system for CBD whilst avoiding the dangers of smoking or vaping. The Medical Advisory team will also research CBD inhalers relevant to symptoms associated with COVID-19.

IHL considers the purchase significant to the medicinal cannabis industry because there are currently no other suppliers in Australia. CBD inhalers are a preferable delivery application for patients with certain conditions currently being treated with CBD oils, potentially facilitating a significant competitive advantage to IHL. Those advantages include:

- Inhaled CBD is delivered to the blood almost immediately. Maximum blood concentrations are achieved in around 10 minutes versus 1-4hrs for oral CBD
- Bioavailability of inhaled CBD (<45%) is higher than oral CBD (<15%), meaning that lower dosages are required and more doses per unit volume are available to the patient
- Side effects of inhaled CBD are minimised versus high-dosage oral CBD administration.

Appendix 4C Cash Inflows and Outflows

The Company received $229k from customer sales through the quarter with a further $109k from medicinal cannabis sales receivable at quarter end. Overall sales for the quarter totalled $338k. Impression continues to see increasing sales from medicinal cannabis oils on a m/m basis, which is pleasing as the Company is still using locally manufactured products as it awaits fulfilment of its long-term, more cost-effective supply chain that will also see the acceleration of patient acquisition. IHL has multiple offshore wholesale suppliers and is expecting its 5,500 tinctures of medicinal cannabis oils and first order of 500 CBD inhalers to arrive in the current quarter.

The deployment and growth of the Incannex business is fortuitous and well timed given the current COVID-19 situation, which has had a materially negative impact on the dental device (mouthguard) business attributable to the cessation of all team and contact sport across Australia.

Contact details

The release of this announcement has been approved for issue by IHL's Board of Directors. For further details on the announcement, interested parties should contact:

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END

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity	
Impression Healthcare Limited	
ABN	**Quarter ended ("current quarter")**
93 096 635 246	31 March 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	229	719
1.2	Payments for		
	(a) research and development	(540)	(878)
	(b) product manufacturing and operating costs	(106)	(539)
	(c) advertising and marketing	(164)	(534)
	(d) leased assets	-	-
	(e) staff costs	(288)	(748)
	(f) administration and corporate costs	(186)	(539)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	6
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**	**(1,053)**	**(2,513)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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	-	6,673
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	300	534
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(347)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(65)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**300**	**6,795**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
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	5,128	93
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,053)	(2,513)
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)	300	6,795
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**4,375**	**4,375**

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	23	25
5.2	Call deposits	4,352	5,103
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)**	**4,375**	**5,128**

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	73
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 - $72,500

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 – Not Applicable

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.

- Not Applicable

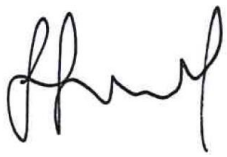
9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Research and development	(660)
9.2	Product manufacturing and operating costs	(100)
9.3	Advertising and marketing	(80)
9.4	Leased assets	-
9.5	Staff costs	(150)
9.6	Administration and corporate costs	(120)
9.7	Other (capital raising costs)	-
9.8	**Total estimated cash outflows**	**(1,100)**

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 April 2020

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.