

## Quarterly Update & Appendix 4C

Impression Healthcare Ltd ('IHL', 'Impression' or 'the Company') is delighted to announce its appendix 4C and quarterly activities report representing a busy and transitional quarter. IHL had pleasing cash sales from customers of \$340k and made a final debt repayment of \$191k, carried since the IPO in November 2016, such that the Company is now debt free as at today's date.

### ***Accelerated Medicinal Cannabis Activities and International Expansion Activities***

Subsequent to the end of the quarter, Impression successfully raised \$1.70M in an oversubscribed placement at 3.8c per share with a 1:2 attaching option exercisable at 8.0c on or before 30th September 2021.

The Placement was led by Alignment Capital and supported by a range of existing sophisticated investors in Impression, including major shareholders and management. Funding will help to facilitate:

- the advancement of the four medicinal cannabis clinical trials into Concussion, Sleep Apnoea, Gum Disease and TMJ Disorder
- the purchase of medicinal cannabis oil and Dronabinol (capsule 'THC') for sale in the Australian market
- the eventual manufacture of medicinal cannabis products
- one-off transitional costs related to shifting the bulk of oral devices manufacturing from Melbourne to Shenzhen, China
- other offshore initiatives; and,
- working capital.

As manufacturing of oral devices progressively shift to Shenzhen, IHL expects to realise cost savings of approximately \$800,000 per annum, whilst simultaneously expanding profitability margins, overall production capability and broadening reach into key international markets. IHL has recently established distribution channels of its entire range of oral device products into all 50 States of the USA, with other sales arrangements being considered for Asia and Europe.

### ***Appointment of Chief Medical Officer – Dr Sud Agarwal***

Subsequent to the end of the quarter, Impression welcomed medicinal cannabis expert Dr Sud Agarwal to the Board of Directors on the 25<sup>th</sup> of July. He is also Impression's Chief Medical Officer and brings a dearth of highly relevant experience to our team. Dr Agarwal is already proving to be hands on in the progression of Impression's medicinal cannabis activities and is in the process of creating a larger medical advisory board of doctors/scientists with expertise relevant to each of IHL's four cannabinoid clinical trials.

Sud is also the CEO and Chairman of Cannvalate Pty Ltd, the largest distributor of medicinal cannabis products in Australia covering approximately 40% of the market. IHL intends to sell all of its products through the Cannvalate network of over 1000 doctors and 600 dispensing pharmacies.

As a part of Sud's appointment, IHL has trademarked a new name and created a wholly owned subsidiary for all Impression's medicinal cannabis activities, which is *Incanex Pty Ltd* ("Incanex"). *Incanex* will be presented moving forward as *Incanex by Impression*.

At the same time as Dr Agarwal's appointment, Mr Alistair Blake stepped off the Board and Mr Joel Latham became Managing Director, as well as CEO.

#### ***Commencement of Phase 2A Periodontitis Clinical Trial***

In June, Impression successfully registered its first clinical trial to investigate the effects of its formulations of toothpaste and mouthwash containing Cannabidiol ('CBD') on Gingivitis and Periodontitis, otherwise known as Gum Disease or Periodontal Disease.

The completed trial protocol has been registered on the Australian and New Zealand Clinical Trials Registry ('ANZCTR') and IHL now awaits approval for the trial from the Human Research Ethics Committee ('HREC') prior to patient recruitment and dosing. Recruitment of 40 patients is expected to commence in August and IHL will make updates to the ASX at key junctures; as it will with the other three clinical trials.

The cannabinoid formulation for the clinical trial is being manufactured to GMP standards by AXIM Biotechnologies Inc, pursuant to the supply agreement announced on 3rd of June 2019.

#### ***Dronabinol Supply Agreement to Facilitate Sleep Apnoea Trial***

Also, in June, Impression entered a supply agreement for Dronabinol to use in the clinical trial for Sleep Apnoea. The Dronabinol will be used in conjunction with other pharmaceutical ingredients and excipients to create Impression's own proprietary Dronabinol-based formulation designed to assess its use in the treatment of Sleep Apnoea.

4% of men and women in Australia (approximately 1M people) have symptomatic Obstructive Sleep Apnoea; potentially increasing due to an ageing population and rising obesity. The global Sleep Apnoea devices market was valued at US\$5.5B in 2017. The CPAP medical device is considered the first line of defence against Sleep Apnoea; however, patient adherence is a limiting factor to the efficacy of CPAP treatment due to severe patient discomfort and lack of convenience.

IHL has received an import permit from the Office of Drug control ('ODC') for its first batch of Dronabinol product. The clinical trial protocol is expected to be completed very soon so that IHL can register the trial and move towards applying for ethics approval and subsequent patient recruitment. Advanced discussions are currently being undertaken with aggregated sleep centres for both the sale of sleep apnoea devices and cannabinoid research collaborations.

#### ***Exclusive supply agreement with Force Impact Technologies over FitGuard Head Impact Monitoring Platform for Concussion Monitoring***

Impression entered a binding and exclusive license and supply agreement with Force Impact Technologies over the FitGuard "Smart" mouthguard system for monitoring concussion in sports. The agreement follows an extensive trial period undertaken by IHL and covers a multitude of jurisdictions (Australia, New Zealand, Hong Kong, China, India etc) that encompasses approximately 50% of the World's population.

The technology suite includes FitGuard that measures cranial acceleration and reports that movement to the FitApp and FitCloud for monitoring by the athlete, coaches, parents and/or medical staff. The system facilitates

rapid decision-making in any sporting code where head impact, concussion and second-impact syndrome is a continual risk

The agreement with Force furthers Impression's commitment to addressing concussion and the potential for long term brain injury following on from the announcement of Impression's upcoming clinical trial involving CBD oil to reduce brain injury following concussion, which is due to commence in Q3 2019

***Boxing Australia Traumatic Brain Injury Research Partner and Supplier***

Impression and Gameday Mouthguards has become an official partner of Boxing Australia; the national federation for boxing in Australia that administers Australia's Olympic representatives.

IHL will supply Boxing Australia with the FitGuard head impact monitoring mouthguard and platform to key elite Australian boxing athletes in return for a range of promotional and brand-building activities. The first delivery of FitGuard units will be supplied to the team of Olympic qualifiers for the 2020 Olympic Games. The exclusive partnership extends until June 2023 to also include the Commonwealth Games in 2022.

The research partnership is a natural extension to Impression's upcoming clinical trial for the use of pure CBD oil to remediate concussion and traumatic brain injury in sportspeople; scheduled to commence in the current quarter. Impression is also pursuing similar arrangements with other international sporting bodies.

CBD is already known to be a neuroprotective agent and prevents secondary neurological damage through a variety of anti-inflammatory mechanisms. The World Anti-Doping Authority (WADA) removed CBD from the Prohibited List in 2018; a move also followed by the Australian Anti-Doping Authority (ASADA).

***Appendix 4C Estimated Cash Outflows for the September Quarter***

Operational business cash costs prior to cash receipts from customers are forecast to be \$492k, however, IHL expects to spend approximately \$300k on R&D associated with commencement of three clinical trials in the current quarter. These trials follow the commencement of the periodontitis trial, paid for in the June quarter.

IHL is conducting these trials in association with the Medical Cannabis Research Collaboration between Cannvalate and Swinburne University. The expenditure commitment per trial is limited to \$80k plus GST per trial, totalling \$264k, with another \$36k budgeted for any incidental expenditures associated with the arrangement of the trials. This is a low cash cost as a result of remunerating Cannvalate with options in Impression with exercise prices up to \$0.14.

**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 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	340	1,179
1.2 Payments for		
(a) research and development	(110)	(187)
(b) product manufacturing and operating costs	(201)	(808)
(c) advertising and marketing	(161)	(740)
(d) leased assets	-	-
(e) staff costs	(226)	(1,070)
(f) administration and corporate costs	(101)	(567)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	151
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(459)</b>	<b>(2,038)</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	-	(47)
	(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>(47)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	2,251
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)
3.5	Proceeds from borrowings	65	591
3.6	Repayment of borrowings	(191)	(817)
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 (12 months) \$A'000
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(126)</b>	<b>1,950</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	678	228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(459)	(2,038)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(47)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(126)	1,950
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>93</b>	<b>93</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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	84	22
5.2	Call deposits	9	656
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>93</b>	<b>678</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	
	58
	-

Item 6.1 – Amounts paid to directors' and their associates

- Remuneration for on-going directors - \$57,803

**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. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1      Loan facilities	65	65
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, repaid upon receipt of capital raising proceeds during July 2019.

New capital of \$1.215m was received on 9 July 2019 as part of the capital raising announced to market on 3 July 2019, and loans were immediately repaid.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1      Research and development	(300)
9.2      Product manufacturing and operating costs	(136)
9.3      Advertising and marketing	(161)
9.4      Leased assets	-
9.5      Staff costs	(101)
9.6      Administration and corporate costs	(94)
9.7      Other (provide details if material)	-
<b>9.8      Total estimated cash outflows</b>	<b>(792)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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 July 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.