31 August 2023

ASX ANNOUNCEMENT

2023 Annual Report

ImpediMed Limited (ASX: IPD) is pleased to release its Annual Report for the financial year ended 30 June 2023.

Authorised for release by the Board of ImpediMed Limited.

Contact Details

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About ImpediMed

Founded and headquartered in Brisbane, Australia with US and European operations, ImpediMed is a medical technology company that uses bioimpedance spectroscopy (BIS) technology to generate powerful data to maximise patient health. ImpediMed produces the SOZO® Digital Health Platform, which is FDA-cleared, CE-marked, and ARTG-listed for multiple indications, including lymphoedema, heart failure, and protein calorie malnutrition and sold in select markets globally.

In March 2023, the NCCN Clinical Practice Guidelines In Oncology (NCCN Guidelines®) for Survivorship were updated and reference bioimpedance spectroscopy as the recommended objective tool to screen at-risk cancer patients for early signs of lymphoedema. With the SOZO Digital Health Platform and L-Dex®, ImpediMed is the only company to offer FDA-cleared technology that uses bioimpedance spectroscopy for the clinical assessment of lymphoedema. The connected digital health platform and large, attractive cancer-related lymphoedema market present an opportunity for continued strong growth through ImpediMed's SaaS subscription-based business.

For more information, visit www.impedimed.com.

Annual Report

ABN: 65 089 705 144

For the Year Ended 30 June 2023

Platform Technology.
Transforming Care.

impedimed®

impedimed.com

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Transforming Care.

Corporate Information

CHAPTER 1

Platform Technology.
Transforming Care.

Corporate Information

This financial report covers the consolidated entity comprising ImpediMed Limited (the "Parent") with its wholly owned subsidiaries (the "Group" or the "Company"). The Parent's functional and presentation currency and the Group's presentation currency is the Australian dollar (AUD or $). Certain prior year amounts have been reclassified for consistency with the current year's presentation.

A description of the Group's operations and of its principal activities is included in the operating and financial review in the Directors' Report. The Directors' Report is not part of the financial report.

Directors

Non-Executive Directors (NED)

D Williams, Chairman

D Anderson

A Patel

M Seiden (appointed July 2023)

D Sharp (appointed July 2023)

J West. AM (appointed Aug 2022)

Executive Director

R Valencia, Managing Director and CEO
(Appointed Managing Director and CEO 1 December 2022)

Company Secretary

L Ralph

Company Offices

Registered Office

Unit 1, 50 Parker Court
Pinkenba QLD 4008

Principal Places of Business

US Headquarters
5900 Pasteur Court, Suite 125
Carlsbad CA 92008 US
Phone: +1 760 585 2100

AU Headquarters
Unit 1, 50 Parker Court
Pinkenba QLD 4008
Phone: +61 7 3860 3700

Additional Company Details

Websites

www.impedimed.com
www.preventlymphedema.com

Share Register

Link Market Services
Level 21
10 Eagle Street
Brisbane QLD 4000
Phone: +61 7 3320 2200

ImpediMed Limited shares are listed on the Australian Securities Exchange (ASX): ASX code "IPD".

Solicitors

Johnson Winter & Slattery
Level 25, 20 Bond Street
Sydney NSW 2000

Sheppard Mullin Richter & Hampton LLP 12275
El Camino Real Suite 200
San Diego CA 92130 US

Bankers

Commonwealth Bank of Australia
240 Queen Street
Brisbane QLD 4000

Bank of America
701 B Street Suite 2300
San Diego CA 92101 US

Auditors

Ernst & Young
Level 51, 111 Eagle Street
Brisbane QLD 4000

Remuneration Advisors to the Board of Directors

Aon – Rewards Solution
425 Market Street, Suite 2800
San Francisco CA 92105 US

Chairman's Report

Donald Williams,
Chairman of the Board

On behalf of ImpediMed's Board of Directors and Management, I am pleased to present the Annual Report for ImpediMed Limited (ImpediMed or the Company) for the 2023 financial year. Having been the Board Chair for less than two years, I was anticipating a message focusing solely on the Company's success during the past year and the positive forward-looking opportunity before us. Unfortunately, I must also address the current action by a small number of shareholders creating distraction for both the Board and management.

Given the significant milestones achieved during the year, it is appropriate for me to start with the progress we have made.

Most significantly, following a successful Interim CEO stint by Board member David Anderson, ImpediMed secured a dynamic and highly experienced leader when Rick Valencia joined the Company in December 2022 as Managing Director and Chief Executive Officer. In a short period of time, Rick has visited in-person with our workforce in Brisbane, Thessaloniki, and Carlsbad, stabilised and raised the morale of the global team, and created an open line of communication with all executives and the leadership team. The future success of the Company is now in the hands of a well-organised and highly motivated team, with a strategy and operational plan that is focused, and has the full support of the board.

The long-awaited publication of the NCCN Guidelines® occurred in March 2023. Based on data from the PREVENT Trial, the submission to the NCCN Survivorship Committee related to breast cancer related lymphoedema. In the updated guidelines, the use of BIS technology was expanded to include ALL cancer related lymphoedema. The broader inclusion significantly increased the total addressable market for SOZO and is where we are rapidly positioning ImpediMed to capitalise.

As anticipated, insurance payers in the US began to review their policy for reimbursement of SOZO testing services provided to patients. With the preparedness of the management team, 12 of the top 62 payers in the US have already changed their reimbursement policy and we expect more to follow rapidly. The policy changes to date not only identify BIS as medically necessary, but many specifically name ImpediMed, SOZO and L-Dex. This success comes with no small measure of effort by the ImpediMed team to educate payers on how the SOZO platform improves patients' lives, the best testing protocol, and guiding appropriate policy wording.

The Company successfully completed a capital raise which de-risks the Company's opportunity for future growth and strengthens the balance sheet to allow us to attract highly qualified talent to fill the Chief Commercial Officer and Chief Medical Officer roles, as well as other positions vital to future success. The capital raise enables ImpediMed to operationally move from a strategy of moderate growth and the achievement of breakeven at a low growth rate and revenue target, to a strategy of exponential growth and a much higher revenue target. The revenue uptake is already being seen in the size of new SOZO contracts; however, it will be mid 2024 financial year before steady, predictable impact occurs. These improved growth metrics will modestly move the breakeven by approximately two quarters.

While successfully completing the raise, some shareholders provided their feedback on the timing and structure of the raise. Whilst this feedback was balanced with significant support for the capital raise, we do acknowledge the need to provide a greater level of detail in our communication to ensure all shareholders are informed and understand our plans.

After becoming board chair within the last 2 years, we have initiated a board succession program to refresh our board and ensure the skills and experience is aligned with our current and future needs – particularly to leverage our first to market opportunity in the oncology related lymphoedema sector. Four of our seven board members are new in the past 12 months. Both Jan West and Danny Sharp are Australian residents. Jan brings over 20 years as a Deloitte Partner and 10 years as a Non-Executive Director. Danny brings over 25 years of investment banking and investor relationships as well as Non-Executive Director experience.

Michael Seiden is a US resident and is a Board-Certified Oncologist and former President of US Oncology Network. The fourth is Rick Valencia, our new MD/CEO.

The refreshed Board continues to be primarily remunerated with equity to minimise the use of cash resources and to better align investment interests with shareholders. Shares held by Non-Executive Directors have increased over 140% to over 26 million shares in the past year. The majority of the shares held by NEDs have been purchased on the open market. NEDs have committed to additional share purchases during open periods which allow such acquisitions.

We believe that a continuous review of board composition is necessary. We heard from many shareholders that greater Australian representation and gender diversity was desired. We are committed to continuing to review our board composition and skills matrix with a focus on both Australian representation and gender diversity.

The 2023 financial year was one of slower growth with a significant focus on cash management. Despite the focus on cash and not receiving NCCN inclusion until March 2023, the team was able to grow Core Business SaaS Revenue 33% year over year with a gross margin of 95%. Customer contract retention was 97%, reflecting satisfaction with both the SOZO Digital Health Platform as well as customer support following the sale.

ImpediMed is in its strongest position in history, with total contracted revenue greater than A$20 million, monthly SaaS revenue per SOZO system approaching $2,500, 12 payer policy changes to date, a robust balance sheet and a strong executional leadership team.

However, this progress is clouded by the actions of a small, yet important, group of shareholders who have taken steps to effectively take control of ImpediMed by replacing four of seven board members. The four director candidates are handpicked by this small group of shareholders, without a proper nominating and governance process, without a stated strategy or plan and without the input from all shareholders. Certain concerns raised by the Requisitioning Parties focused on our recent financing, board composition and ASX listing which we believe have been addressed.

We are proudly an ASX listed company and intend to remain such. Additionally, 70% of the Company's cash is maintained in Australia. While the commercial business opportunity is in the US and best addressed by management and board members in the US, the financial support of the company is over 94% Australian.

Going forward our shareholders should expect increased communications and in-person visits to provide more regular updates and for the board and management to hear feedback directly from shareholders.

In closing, let me affirm that the success of ImpediMed is our primary focus which will lead to greater shareholder value. We must preserve the opportunity before us to build a successful health business to scale. Governance, diligence, and improved communication will be among the pedestals required to achieve the value creation expected of us by shareholders.

Yours sincerely

Don Williams

Don Williams
Chairperson

Chief Executive Officer's Letter

Rick Valencia,
Managing Director and CEO

"We have a disruptive technology that works exceptionally well, a customer-base that loves us, and inclusion in the NCCN Guidelines that is rapidly leading to private payor reimbursement. The opportunity we now have in front of us is one most Companies could only dream of, and we have a board and team capable of achieving our goals."

It is a privilege to be the MD & CEO for a business with such a compelling purpose and exciting future. When the Board appointed me to the CEO role in December 2022, I was given a very clear mandate to execute a commercial strategy that could capitalise on the growing opportunities and build shareholder value.

With the Board's support and a strong leadership team we've made considerable progress executing our strategy in just the nine months since my appointment to the role. This progress has been evidenced in our recent share price momentum. Since the 8th of March this year, we have seen our share price appreciate over 250% and trading at or near a 2-year high.

Building a Highly Functioning Team
I take pride in my history of developing exceptional talent and building a strong, mission-driven corporate culture. In addition to the tremendous commercialisation progress during the year, we took a positive step forward with the newly formed Leadership Team. The Leadership Team is composed of the strongest cross-functional leaders within the organisation, with nearly 50% female representation.

We are pleased to include, for the first time, the current progress on our ESG journey as part of our Annual Report this year. Our ESG report is included within our Directors' Report and details our current pillars of ESG and some of the areas where we are making progress. We are early in our ESG journey, but we hope the report provides valuable insights to our stakeholders into our commitment to a sustainable future.

One of the highlights of the ESG report for me is our Net Promoter Score (NPS) of 83. NPS is one single indicator of how customers are feeling about your products and services. The scores range from -100 to 100, so as you can see 83 is an incredibly high score that we at ImpediMed are very proud of.

"We have a disruptive technology that works exceptionally well, a customer-base that loves us, and inclusion in the NCCN Guidelines that is rapidly leading to private payor reimbursement. The opportunity we now have in front of us is one most Companies could only dream of, and we have a board and team capable of achieving our goals."

Our Mission, our Vision, and our Values
As part of building a highly functional team, it was imperative to me to revisit the Company's mission, vision and values. Between our two Leadership Team planning sessions, the team was able to efficiently draft these guiding principles. Please refer to our Corporate Governance Statement for our Vision and our Values and to our ESG report for our Mission.

But I want to focus on our values for a moment. We have an established set of values which define what type of organisation we aspire to be and what it expects from its directors, executives and employees to achieve that aspiration. We are an organisation that cares.

C.A.R.E.

- We **C**hallenge each other be great.
  We support and respect one another, challenge ideas, and embrace feedback. We push ourselves to be leaders in our industry and teamwork is our biggest competitive advantage.
- We hold ourselves **A**ccountable.
  We are humble yet explicit in our intentions. We speak openly when we have questions or concerns. We take personal responsibility for our actions and outcomes, and we reliably deliver on our commitments.
- We do the **R**ight thing.
  We always act in accordance with our Company's high ethical standards and quality policy. We are honest and trustworthy. We serve patients, our customers, and shareholders, and guide them to a shared purpose.
- We are focused on **E**xecution.
  We deliver on our operating objectives, but we remain curious and never stop learning. We relentlessly improve our products, services, and internal processes, to continuously drive the transformation of our company and of healthcare.

I would like to thank our shareholders for their support. In under nine months since being appointed to this role, I've proven what a highly functioning team is capable of. I'm looking forward to keeping you updated on our success throughout the coming year.

Yours sincerely,

Rick Valencia
Managing Director and CEO

Directors' Report

CHAPTER 2

Platform Technology.
Transforming Care.

Directors

Non-executive Directors

Listed company directorships held since 1 July 2020:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	March-17	-
Akari Therapeutics (i)	June-16	-
Alphatec Holdings Inc (i)	May-15	August-21
Forte Biosciences (i)	Jun-20	-
Palisade Bio, Inc (i)	Apr-21	-

(i) US-based publicly traded company.

Donald Williams

BAcy, CPA
Non-Executive Director

Donald Williams was appointed to the Board in March 2017 and appointed to Chair of the Board in fiscal year 2022. Mr. Williams currently chairs the Nomination Committee.

Don has more than 40 years in leadership roles as a Certified Public Accountant (CPA) and an accredited public company director, serving the life science, biotech, and medical device industries. Don has significant experience assisting companies and management teams with initial public offerings, complex business challenges and analysis of financial reporting matters. His breadth of experience includes a diverse set of growing domestic and international companies including venture financings, public equity offerings, public debt offerings, mergers and acquisitions, and interaction with the US Securities and Exchange Commission and Public Company Accounting Oversight Board.

While at both Ernst & Young and Grant Thornton, Don was focused on the Life Sciences Industry. For over 15 years, he directed Ernst & Young's Venture Capital and Emerging Growth Markets in the Southeast Market and in the Pacific Southwest Market. During his seven years at Grant Thornton, he was the National Leader of the United States Life Sciences Industry. His oversight of the National Life Sciences Industry included setting strategy, establishing the sales and marketing plan and oversight of industry operations.

Don completed his Board of Director Certification at UCLA Anderson School of Business.

Listed company directorships held since 1 July 2020:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	May-20	-

David Anderson

BSc
Non-Executive Director

David Anderson was appointed to the Board in May 2020 as a Non-executive Director, and currently serves on the Remuneration and Nomination Committees. From July 2022 – November 2022, Dave also served as Interim CEO for the Company. Prior to being appointed to the Board, David served as President and CEO of HealthNow Systems Inc, operating as Blue Cross Blue Shield (BCBS) health plans in New York State.

HealthNow operates as a licensee of the Blue Cross Blue Shield Association, which in total, provides health care services to 1 in every 3 Americans across all 50 states and US territories and is accepted at over 90% of US doctors, hospitals and other health care providers.

David is a US health care industry executive who serves on the board of the National Institute of Healthcare Management, Blue Cross Blue Shield Association board of Directors, the board of the New York State Business Council and the New York State Insurance Advisory Committee as appointed by the Commissioner of the Department of Financial Services.

Additionally, David serves as an advisor and speaker for Modern Healthcare's CEO Power Panel and the Aspen Institute. Prior to his role at BCBS, Mr. Anderson was CEO of United Healthcare's Southern California Health Plan. Mr. Anderson is a native of Fort Wayne, Indiana, and a graduate of Indiana University's Kelly School of Business, with a B.S. in Finance.

Listed company directorships held since 1 July 2020:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	March-17	-

Amit Patel

MBA, BME
Non-Executive Director

Amit Patel was appointed to the Board in March 2017 and serves as the Chair of the Remuneration Committee and as a member of the Nomination Committee.

Amit is a Co-Founder and CEO of Murata Vios (formerly Vios Medical), which has created an FDA-cleared patient management platform that integrates IoT-based monitoring, remote care services, and big data analytics to alleviate gaps in patient vigilance across in-hospital and home environments. Vios is currently commercialising its monitoring and services solution across major hospital systems in the US and India. Vios Medical was acquired by Murata Manufacturing in October of 2017.

Prior to founding Vios, Amit was with HeartFlow where he created a joint go-to-market strategy with GE Healthcare's imaging division, managed the DeFACTO clinical study across multiple UK sites, and developed a health economic story for the NHS. Prior to HeartFlow, Amit was with Medtronic's Corporate Development group and was responsible for acquisitions, minority investments, and joint ventures spanning existing businesses and strategic whitespace areas. Amit has an MBA from Stanford University and a Bachelors of Biomedical Engineering from the University of Minnesota.

Listed company directorships held since 1 July 2020:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	Jul-23	-

Michael V. Seiden

MD, PhD
Non-Executive Director

Michael V. Seiden, MD, PhD was appointed to the Board in July 2023 and serves as a member of the Audit and Risk Management, Remuneration, and Nomination Committees. Dr. Seiden is a Board Certified Medical Oncologist with a broad collection of leadership positions across the cancer care and business ecosystem, ranging from the science that underpins oncology drug development through the economics of cancer care delivery.

Currently, he serves as the CEO and Board Director of Gladius Therapeutics a clinical stage oncology drug development company. Previous roles included serving as the president of The US Oncology Network, a McKesson owned company that includes the largest collection of community based oncology care practices in the US. Prior to his role as President of US Oncology, Dr. Seiden served as the senior vice president and Chief Medical Officer of The US Oncology Network. Before joining The Network, he served as CEO and President of Fox Chase Cancer Center, a National Cancer Institute-designated Comprehensive Cancer Center research facility and hospital in Philadelphia as well as a founding member of the NCCN. Prior to Fox Chase, Dr. Seiden spent many years practicing oncology and conducting research at Massachusetts General Hospital and Harvard Medical School, where he served as Chief of the Clinical Research Unit and Associate Professor in Medicine at Harvard University.

Dr. Seiden received his undergraduate degree in Chemistry from Oberlin College and a master, medical and Ph.D. degrees from Washington University. He completed his residency at Massachusetts General Hospital, fellowships in medical oncology and bone marrow transplant at Dana Farber Cancer Institute, with post-doctoral fellowship training at Brigham and Women's Hospital in the department of pathology.

Listed company directorships held since 1 July 2020:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	Jul-23	-
Alcidion Limited	Sep-21	-
Botanix Pharma Limited	Mar-22	-
Race Oncology	Dec-22	Jun-23

Daniel Sharp, CFA

BEc, LLB
Non-Executive Director

Daniel Sharp, CFA was appointed to the Board in July 2023 and serves as a member of the Audit and Risk Management and Nomination Committees. Originally commencing his career as a lawyer, Daniel has over 25 years senior executive experience in investment banking and corporate finance.

From 2012-2020, Daniel was an Executive Director of Corporate Finance at Canaccord Genuity where he led dozens of equity capital market transactions and corporate finance advisory projects across the healthcare, life sciences, technologies, financial services, and general industrials sectors. Prior to his executive role at Canaccord, Daniel headed the corporate finance division at two of Australia's leading independent Investment Banking/Stockbroking firms.

Daniel has managed the IPOs, capital raising and corporate advisory activities for many successful ASX listed companies in the healthcare, technologies, and general industrials sectors. He is closely connected to strong networks of institutional, family office and high net worth investors both in Australia and overseas.

Daniel has bachelor's Economics and Law (Monash University) and is a CFA Charter Holder.

Listed company directorships held since 1 July 2020:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	Aug-22	-

Jan West

AM, BCom, FCA, FAICD
Non-Executive Director

Jan West AM was appointed to the Board in August 2022 and serves as the Chair of the Audit and Risk Management Committee and as a member of the Nomination Committee.

Jan brings in excess of 30 years' experience as a Non-Executive Director across a range of industries, combined with 23 years' experience as a Deloitte partner, which included leadership positions within the firm and the Chartered Accounting profession. Her experience covers public sector, community and private organisations. She is currently a member of the International Federation of Red Cross Red Crescent Societies Audit and Risk Commission, and has recently been a Director of Australia Post, Australian Red Cross Society, Neurosciences Victoria and Dairy Australia. Additionally, Jan has been Chairman and President of The Institute of Chartered Accountants in Australia, a member of the Financial Reporting Council and an Independent Member, Audit and Risk Management Committee of the Department of Health and Human Services, Victoria.

Executive Director

Listed company directorships held since 1 July 2020:

Company Name	Appointed	Retired / Resigned
ImpediMed Limited	Dec-22	-

Rick Valencia

Executive Director

Richard "Rick" Valencia was appointed Managing Director and Chief Executive Officer in December 2022. Rick has over 30 years of leadership in the healthcare and technology industry sectors with a background rooted in corporate strategy execution, market disruption, M&A, organizational development, deal structuring, value creation, growth and transformation, and strategic partnerships. He is renowned for building exceptional management teams to implement change in the delivery of services to a broad customer base in the areas of connectivity of medical monitoring devices and solutions to improve electronic health record applications via digital health and cloud-based SaaS platforms.

Prior to his current role, Rick was Chairman & CEO of WaveForm Diabetes, and a Board member at Tandem Diabetes Care. He also was Senior Vice President at Qualcomm Incorporated and the founder and President of Qualcomm's healthcare business, Qualcomm Life. There he led a team focused on client relationships at over 2,500 hospitals globally and numerous top pharmaceutical, medical device and health insurance companies. He also founded and provided oversight to Qualcomm's digital health venture fund and the Rx Capital, a digital therapeutics venture fund in partnership with Novartis. Rick has also played an active role in founding, financing and growing numerous other businesses.

Interest in the Shares and Options of the Group and Related Body Corporate

As at the date of this report, the interests of the current Directors in ImpediMed Limited were:

Director	Title	Ordinary Shares
D Williams	Non-Executive Director	**8,047,990**
D Anderson	Non-Executive Director	**5,510,382**
A Patel	Non-Executive Director	**3,197,406**
M Seiden (i)	Non-Executive Director	**-**
D Sharp (i)	Non-Executive Director	**8,234,192**
J West	Non-Executive Director	**1,309,237**
R Valencia	Managing Director and CEO	**1,810,000**

(i) M Seiden and D Sharp were appointed to Board in July 2023

Company Secretary

Leanne Ralph

Company Secretary

Leanne Ralph was appointed to the position of Company Secretary in January 2015. Leanne has over 15 years of experience in company secretarial roles and holds this position for a number of ASX-listed entities. Leanne is a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors.

Executives

Timothy Cruickshank
Chief Financial Officer

Shashi Tripathi
Chief Operating Officer

Joann Yao
Chief Strategy Officer (i) (ii)

Dennis Schlaht
Senior Vice President
R&D and Technology (i)

Lisa Prom
Vice President, Sales (i)

(i) *Certain Executives are not considered Key Management Personnel for purposes of the Remuneration Report.*
(ii) *Joann Yao was named Chief Strategy Officer in August 2023.*

Principal Activities

Founded and headquartered in Brisbane, Australia with US and European operations, ImpediMed is a medical technology company that uses bioimpedance spectroscopy (BIS) technology to generate powerful data to maximise patient health. ImpediMed produces the SOZO Digital Health Platform, which is FDA-cleared, CE-marked, and ARTG-listed for multiple indications, including lymphoedema, heart failure, and protein calorie malnutrition and sold in select markets globally.

The Principal activities of the Group during the year were the development, manufacture, and sale of BIS devices and software services with a focus on the early detection of lymphoedema.

More About ImpediMed

ImpediMed and our subsidiaries pioneered the use of BIS technology, producing the first commercially available BIS devices in 1990. Our L-Dex® technology was the first FDA-cleared medical technology to use BIS for the assessment of lymphoedema. Use of L-Dex is now recommended in clinical practice guidelines of research centers and professional organizations across the United States.

In March 2023, the NCCN (National Comprehensive Cancer Network®) Clinical Practice Guidelines In Oncology (NCCN Guidelines®) for Survivorship were updated and reference BIS as the recommended objective tool to screen at-risk cancer patients for early signs of lymphoedema. With the SOZO Digital Health Platform and L-Dex®, ImpediMed is the only company to offer FDA-cleared technology that uses bioimpedance spectroscopy for the clinical assessment of lymphoedema. The connected digital health platform and large, cancer-related lymphoedema market present an opportunity for continued strong growth through ImpediMed's SaaS subscription-based business.

Whilst currently focused on commercialising the lymphoedema opportunity within the oncology space, ImpediMed continues to explore the use of their bioimpedance technology for a wide range of commercial applications, including:

- Heart Failure
- Renal Failure
- General health and weight management
- Bone content
- Protein-calorie malnutrition

For more information, visit www.impedimed.com.

Dividends

No dividends were paid or proposed to be paid to shareholders for the year ended 30 June 2023.

Group Overview

ImpediMed Limited was founded in Brisbane, Australia in September 1999, and was listed on the ASX on 24 October 2007. The Group consists of four entities:

ImpediMed Limited, the Parent company operating in medical markets in regions outside North America; incorporated in 1999 and listed on the ASX on 24 October 2007.

ImpediMed Incorporated, a Delaware corporation in medical markets in North America.

ImpediMed Hellas, a Kalamaria, Greece corporation in a research & development and marketing capacity in Europe.

ImpediMed TM Incorporated (formerly XiTRON Technologies, Incorporated), a California corporation formerly operating in power test and measurement markets globally. ImpediMed TM Incorporated discontinued operations during the year ended 30 June 2019.

Key Corporate Data

Share price^	$0.20
Shares on issue^	2,019 million
Market Capitalisation^	$404 million
Cash (30 June 2023)	$45.7 million
Share Register Breakdown (30 June 2023)	Institutional 48% Private 49% Board/Employee 3%

^Data as of 18 August 2023

For more information, visit: https://www.impedimed.com/.

Connected Digital Health Platform

SOZO, the world's most advanced, noninvasive bioimpedance spectroscopy (BIS) device, delivers a precise snapshot of fluid status and tissue composition in less than 30 seconds. Results are available immediately online for easy data access and sharing across an entire healthcare system. The FDA-cleared, CE-marked and ARTG-listed[i] digital health platform aids in the early detection of secondary lymphoedema, provides fluid status for patients living with heart failure, and can be used to monitor and maintain overall health – all on a single device.

(i) Australian Register of Therapeutic Goods

Access	Test patients at any location and immediately review results online.
Trends	Track trends in patient data for actionable results.
Scalable	Add and move test locations without any additional software setup.
Secure	Control who accesses the HITRUST certified SOZO network and establish unique security settings.

Strong Adoption, Validated Technology

Dynamics of the Business

The Parent and its wholly owned subsidiary, ImpediMed, Inc., are a global provider of medical technology to measure, monitor and manage tissue composition and fluid status using bioimpedance spectroscopy (BIS). These entities generate the BIS revenue for the Group through the sale of medical devices (such as SOZO), subscription services associated with the license fees on SOZO devices, and consumables.

Using BIS, ImpediMed's proprietary technology sends 256 unique frequencies through the body to assess both intra and extracellular fluid. By detecting small amounts of fluid changes, it can help healthcare providers better detect and manage chronic disease in patients and give individuals medically meaningful information to better manage their health. BIS is able to provide highly accurate and informative metrics to routinely monitor and manage the health of patients.

In the U.S. market, the Group has an employed, direct sales force that focuses on the sale of SOZO contracts, which primarily includes SOZO devices, license fees related to its cleared indications (such as the unilateral and bilateral lymphoedema indications) and other subscription services. Outside of the U.S. market, the Group primarily utilises independent distributors for the sale of its technology.

1,000+ SOZO SYSTEMS PLACED GLOBALLY

MAYO CLINIC Cancer Center
THE UNIVERSITY OF TEXAS MD Anderson ~~Cancer~~ Center
City of Hope
UPMC University of Pittsburgh Medical Center
Cleveland Clinic
KU MEDICAL CENTER The University of Kansas
Memorial Sloan Kettering Cancer Center
ICON GROUP
VANDERBILT UNIVERSITY MEDICAL CENTER
SHARP San Diego's Health Care Leader
NSW GOVERNMENT Health
MACQUARIE University
KAISER PERMANENTE
AdvocateAuroraHealth
Sutter Health
Dignity Health
BON SECOURS MERCY HEALTH
Ascension

Key Updates

Highly Transformative Moment for the Company

The National Comprehensive Cancer Network® (NCCN®) released a new version of the NCCN Clinical Practice Guidelines in Oncology (NCCN Guidelines®) for Survivorship on 24 March 2023, which now, for the first time, include bioimpedance spectroscopy (BIS). The NCCN Guidelines specifically name bioimpedance spectroscopy as an objective measurement tool to identify early signs of lymphoedema. NCCN Guidelines now recommend regular screening for all cancer survivors at risk of lymphoedema. The inclusion of BIS in NCCN Guidelines establish BIS as standard of care and accelerate adoption by Private Payors and Providers.

Achieving Significant Momentum with Private Payors

To date, 12 positive medical policy changes have occurred in under five months since the updates to the NCCN Guidelines. This includes the first medical policy from a top five national payor covering bioimpedance spectroscopy (BIS) testing. The publication of this national payor medical policy occurred less than four months from the update to the NCCN® Guidelines. The omnibus policy, published by Cigna Healthcare (Cigna), covers testing using ImpediMed's SOZO® Digital Health Platform (SOZO) for individuals at risk for limb lymphoedema.

The first national payor is a major milestone in gaining broad national coverage and continues the domino effect expected in the coming weeks and months. The Group projects nearly 50% of Private Payors to publish coverage by the end of the calendar year 2023.

Expanded Total Addressable Market (TAM)

Prior to NCCN Guidelines, the Company estimated its TAM to be approximately $600 million in lymphoedema within the available serviceable market. Now that NCCN Guidelines recommend BIS for all cancers where patients are at risk for limb lymphoedema, patients with other cancers such as colorectal, genital, skin, and urinary can utilise SOZO. When including all the cancers (in addition to breast cancer related lymphoedema) in which SOZO can be utilised, the addressable market has over 24,000 sites of service, representing a TAM of $2 billion across these relevant cancer types.

The Group already has a strong footprint within NCCN institutions and Integrated Delivery Networks (IDN). Currently, SOZO is in 22 of 33 NCCN institutions and 17 of 25 IDNs. Within these contracts are previously executed master service agreements that will allow the Company to expand more efficiently as additional private payors update their medical policies.

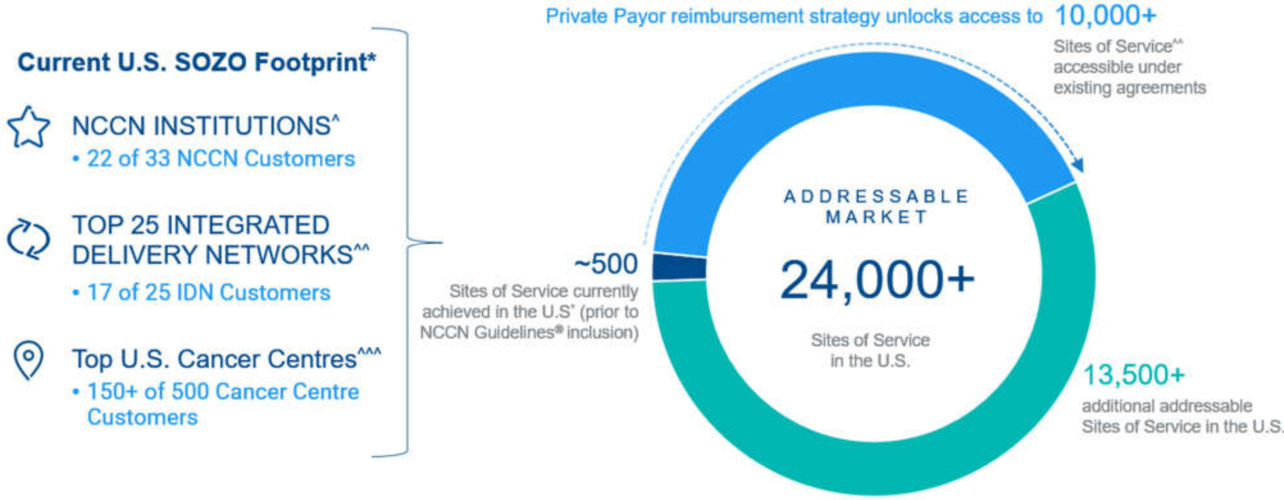
Clinical Practice Guidelines

In March 2023, the NCCN Clinical Practice Guidelines In Oncology (NCCN Guidelines®) for Survivorship were updated and reference BIS as the recommended objective tool to screen at-risk cancer patients for early signs of lymphoedema. With the SOZO® Digital Health Platform and L-Dex®, ImpediMed is the only company to offer FDA-cleared technology that uses bioimpedance spectroscopy for the clinical assessment of lymphoedema. The connected digital health platform and large, cancer-related lymphoedema market present an opportunity for continued strong growth through ImpediMed's SaaS subscription-based business.

Additional guidelines support early detection and intervention:

APTA American Physical Therapy Association | ONS Where Oncology Nurses Connect | eviCore healthcare | nln National Lymphedema Network | The American Society of Breast Surgeons

Substantial Growth Opportunity with Reimbursement



Significant Market Opportunity Unlocked

The Group's addressable market for breast cancer related lymphoedema consists of over 24,000 sites of service in the U.S. alone, equating to over a $1 billion. To date, approximately 500 of the 1,000+ SOZO systems sold to date are in the U.S. These SOZO systems are largely deployed in top tier customers, such as 22 of 33 NCCN Institutions, 17 of the top 25 Integrated Delivery Networks, and over 150 of the top 500 U.S. Cancer Centres.

This strong customer base is utilising SOZO and L-Dex to improve patient outcomes. But, to date, a large percentage of customers have just 1 to 2 SOZO systems, which shows the criticality of broad private payor reimbursement in order to unlock the broader market opportunity.

In preparation for reimbursement under CPT Code 93702, the Group has been completing the administrative and background IT processes with this customer base. In working with large U.S. hospital systems, IT clearance and legal review of Master Service Agreements can take 1 to 2 years to complete. For over 10,000 of the 24,000 sites of service for SOZO, or approximately 40% of the addressable market, the Group has already completed these IT and administrative processes. It is anticipated that success in achieving broad commercial insurance coverage in FY2024 would position Impedimed to materially accelerate SOZO sales starting in late FY2024

* Achieved prior to NCCN Guidelines inclusion or Private Payors coming on board.

^ Based on data from the NCCN website: https://www.nccn.org/home/member-institutions.

^^ Based on data compiled from IQVIA Market Insights Reports and Definitive Healthcare.

Accessible Sites of Service indicate a signed Master Agreement, Business Associate Agreement,

Legal clearance and/or IT clearance at a Corporate level.

^^^ Based on data from Definitive Healthcare.

SOZO Digital Health Platform

SOZO, the world's most advanced, noninvasive bioimpedance spectroscopy (BIS) device, incorporates L-Dex® technology to aid in the assessment of secondary lymphoedema and to deliver a precise snapshot of fluid status and tissue composition in less than 30 seconds.

A single, powerful SOZO reading allows clinicians across multiple specialties to provide individualised, proactive care that can help improve patient outcomes.

Platform Technology.
Transforming Care.

Technology Adoption

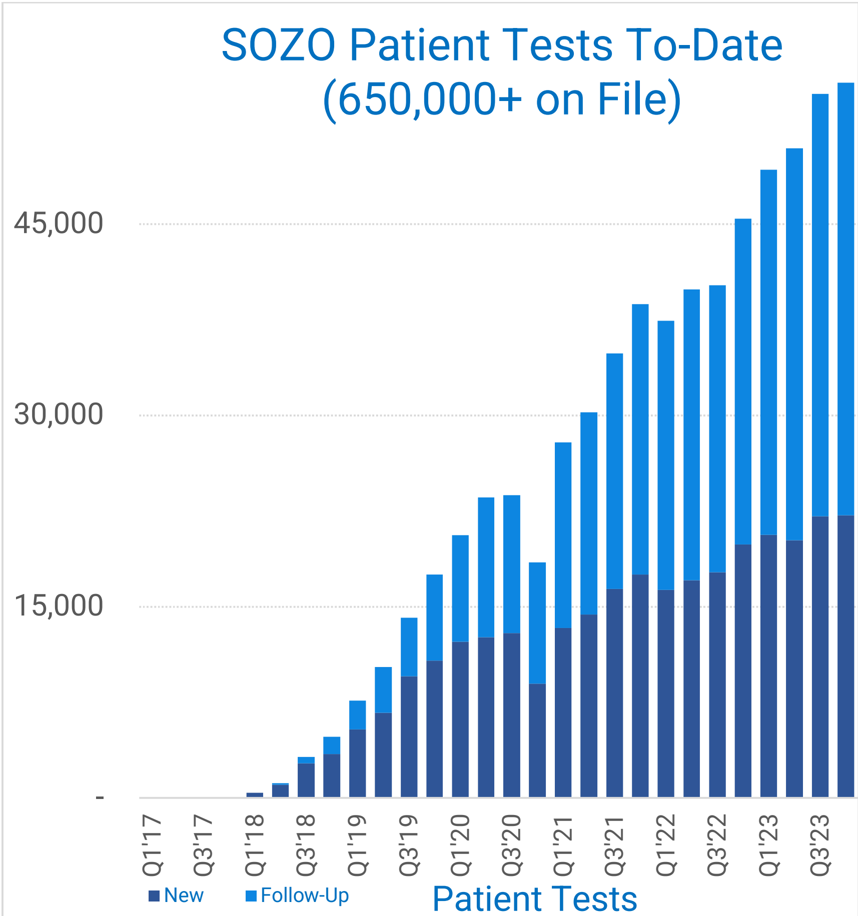
SOZO Patient Tests

To date, the Group has conducted more than 650,000 patient tests since the launch of SOZO, including over 210,000 patient tests conducted in FY23 alone, a 29% increase year over year.

The Group recorded a record result in Q4 FY23 for patient testing, with over 56,000 tests conducted, a 23% increase when compared to the same quarter prior year.

To date, our growing patient database now has more than 2.0 billion individual data points that have allowed us to:

- Increase the accuracy of SOZO
- Automate key protocols
- Improve our current algorithms
- Create new algorithms
- Provide real-world data to the FDA for regulatory clearances



+30%

Core Business
SOZO Revenue
Year-over-Year

Operating and Financial Review

Operating Results for the Year

Revenue

Total Revenue for the current period was $11.3 million, an increase of 7% from the previous corresponding period (30 June 2022: $10.6 million). The increase in revenue was attributable to continued growth of the SOZO platform.

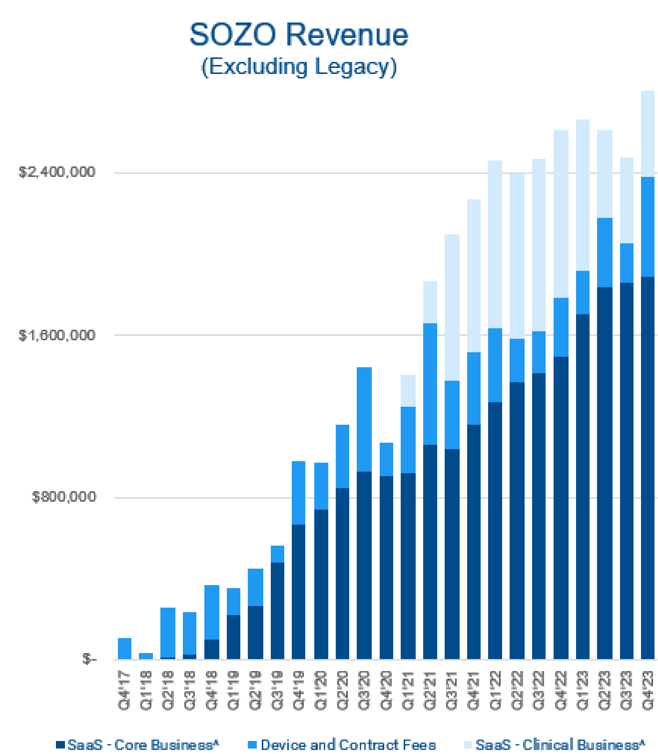
SOZO Revenue for the current period was $10.6 million, an increase of 7% over the previous corresponding period (30 June 2022: $9.9 million). This increase in revenue was attributable to SOZO commercialisation efforts in landing accounts through the sale of new SOZO devices and the expansion of existing SOZO customers.

CORE BUSINESS (Device and Contract Fees): As of 30 June 2023, there were more than 1,000 units in the market (30 June 2022: 880 SOZO units). To date, the majority of these units are in the Oncology/Lymphoedema market.

As part of the Group's Land and Expand Strategy for commercialising SOZO, the Group has targeted Integrated Delivery Networks (IDNs) and key medical oncology groups. The Group is now in 17 of the top 25 IDNs. In total, approximately a quarter of US SOZO devices are already with IDNs or other key corporate accounts. The agreements in place with these top centres are expected to allow for rapid acceleration as broad reimbursement is achieved in FY24 and into FY25.

CORE BUSINESS [Software-as-a-Service (SaaS)]: Core Business SOZO revenue totaled $8.5 million (30 June 2022: $6.6 million), a 30% total increase over the previous corresponding period. Of the $8.5 million, SaaS and recurring revenue totaled $7.3 million (30 June 2022: $5.5 million), an increase of 33%.

CLINICAL BUSINESS: During the period, the Group continued to wind down its contracts with AstraZeneca, as expected. Clinical Business Revenue for the current period was $2.0 million (30 June 2022: $3.3 million), a decrease of 39%. The AstraZeneca trials are expected to be completed in the first half of FY24.



^The values shown are for SaaS Revenue across all lines of business, including the Core Business and Clinical Business. Refer to Note 4 *Segment Reporting* of the financial statements for a detailed breakdown of revenue between these lines business within the Medical Segment.

SaaS Financial Metrics – Leveraging the Power of our Business Model

In addition to revenue recognised during the current period, the Annual Recurring Revenue (ARR) on SOZO contracts signed at 30 June 2023 totaled $9.4 million (30 June 2022: $7.8 million). ARR from the Core Business totaled $9.3 million (30 June 2022: $7.3 million), an increase of 21% over the previous corresponding period.

Under the Group's pricing model, monthly license fees often increase on an annual basis. As contracts move into years 2 and 3 of billing, these monthly license fee increases result in growing ARR. To put this into perspective, the $9.3 million in ARR at 30 June 2023 from contracts signed to date in the Core Business have a projected value of approximately $11.0 million in ARR at 30 June 2024, an increase of 18% prior to placing any additional SOZO systems.

Additional Key SaaS Metrics:

- Contracted Revenue Pipeline (CRP) at 30 June 2023 was $20.9 million (30 June 2022: $16.5 million), an increase of 27% over the previous corresponding period.
- Gross Margins exceeded 90% on SaaS revenue for the period and the Group expects to maintain these margins on the entire CRP of $20.9 million.
- The Churn Rate remained negligible at 3% globally.

The final quarter of FY23 resulted in strong growth for the business, putting the Group in a very solid position heading into the 2024 financial year.

- Record result for Total Revenue at $3.0 million.
- Record result for Core Business Revenue at $2.4 million.
- Record result for Total Contract Value (TCV) signed related to the Core Business of $3.8 million.
- 54 Systems sold globally, a 200% increase compared to the prior quarter.

Operating Results – Investing in Large, Growing Markets

Net loss from continuing operations for the period was $20.5 million (2022: $19.9 million). The increased loss from continuing operations, when compared with the prior year, was primarily attributed to an increase to salaries and benefits as a result of a company reorganisation during the year and from increased travel related costs as the commercial team was able to increase their onsite presence with customers in FY23. These costs were partially offset by a decrease to share-based payments, an increase to gross margins, and increased interest income.

Cost of goods sold for the current period were $1.5 million (30 June 2022: $1.7 million). Gross margins on recurring subscription revenue for the current period were above 95%, which resulted from increased pricing for subscription revenue as the Group steadily worked to align customer pricing with return on investment opportunities for customers through improved reimbursement. In addition, the Group was able to reduce costs of goods sold by utilising the SOZO systems leased under the AstraZeneca trials, as those systems are brought back in and refurbished at a lower cost than manufacturing a new SOZO system.

Salaries and benefits for the period ended 30 June 2023 totaled $20.2 million (30 June 2022 $16.4 million), an increase of 23%. Of the $3.8 million increase in salaries and benefits, approximately $2.8 million related to employee termination payments from the re-organisation ("re-org") of the Group. Share-based totaled $0.8 million (30 June 2022: $3.0 million), a decrease of 73% as a result of the re-org.

Refer to the Remuneration Report for additional information on non-executive directors and Executive remuneration.

Refer to Note 7 of the Financial Statements for additional information on all other significant movements in operating expenses and how they relate to key initiatives.

Glossary of Terms used by ImpediMed	
Annual Recurring Revenue (ARR) (i)	The amount of revenue reasonably expected to be booked for the next 12-month period based on existing contracts, and assuming installation upon sale.
Contracted Revenue Pipeline (CRP) (i)	The future period revenue amounts related to TCV that are yet to be reported as recognised revenue. Certain customer contracts that make up the Group's CRP contain cancelation clauses related to services yet to be performed. The Contracted Revenue Pipeline assumes minimal to no churn, highlighting the importance of customer experience and satisfaction.
Total Contract Value (TCV) (i)	The total value of customer contacts including one-time and recurring revenue.
Churn (i)	The total devices placed with end-user customer(s) who either (i) canceled while under their contracted period or (ii) elected not to renew their contract at the end of the contracted period.
Churn Rate (i)	[Churn] / [(Total device placements at beginning of period + Total device placements at end of period) / 2]
Renewal Rate (i)	[Total number of end-user customer contracts with expiration dates during the period that were retained] / [Total number of customer contracts with expiration dates during the period]
Core Business	The Core Business refers to the commercialisation efforts from the Company's core strategic focus areas. To date, this primarily includes revenue from SOZO contracts in the Oncology/Lymphoedema market.
Clinical Business	The Clinical Business refers to revenue generating contracts related to clinical trials. These contracts are often finite in nature, as they relate to clinical trials with specific end dates.

(i) Certain terms used by ImpediMed are unaudited, non-AASB financial metrics that do not represent revenue in accordance with Australian Accounting Standards. The values shown for total ARR and CRP are across all lines of business, including the Core Business and Clinical Business.

Significant Changes in the State of Affairs

Review of Financial Condition – Liquidity and Capital Resources

Cash and cash equivalents were $45.7 million at 30 June 2023 (30 June 2022: $40.7 million). Net cash used in operating activities for the year ended 30 June 2023 was $18.0 million (30 June 2022: $15.7 million). Of the $2.3 million increase in net operating cash outflows, $3.3 million related to the re-org, which was offset by increased receipts from customers and interest income on cash deposits.

Cash receipts for the period were $11.5 million (2022: $10.4 million), an increase of 11% over the previous corresponding period.

Cash outflow from investing activities was $6.0 million during the period (2022: $5.2 million). The increase in cash flows used in investing activities is primarily related to development costs (which are capitalised) associated with SOZO II hardware, in addition to continued software development costs. With SOZO II development largely completed in FY23, investing activities are expected to decrease in FY24.

Cash inflow from financing activities was $27.9 million during the period (2022: $40 million). During the period, the Group received $20.0 million before costs from a Placement, through an issuance of shares to new and existing investors. A further $10.0 million before costs was also raised from the issuance of shares to new and existing investors through a Share Purchase Plan (SPP). At the time of launch in May 2023, the Group's Placement plus SPP was able to achieve a pro-rata or better allocation for approximately 98% of existing shareholders (compared to an equivalent entitlement offer).

Foreign Currency – Effects on Operating Results

The Group maintains a significant portion of available funds in U.S. dollars to match U.S. dollar expenditure needs. The loss from continuing operations for the period before income tax includes a realised foreign exchange loss arising from operating expenses in the U.S and Europe.

The spot exchange rate for the beginning and end of the current reporting period was AUD $1.00 to USD $0.69 and USD $0.66, respectively. The spot exchange rate for the beginning and end of the prior reporting period was AUD $1.00 to USD $0.75 and USD $0.69, respectively. This fluctuation of the exchange rate led to an unfavourable outcome in reporting operating expenditure but led to a favorable outcome in reporting cash and cash equivalents when compared to the prior period.

The average exchange rate for the reporting period was $0.67 (Australian dollar (AUD) to US dollar (USD)) (2022: $0.73). During FY23, the Group incurred unrealised mark-to-market foreign currency translation gain of nil (2022: nil).

Significant Events after the Balance Sheet Date

Issuance of Ordinary Shares – Equity Share Plans

On 6 July 2023, the Group issued 813,382 shares to Non-Executive Directors and Executives as part of the Equity Share Plans, related to the Q4 FY'23 performance period covering 1 April 2023 – 30 June 2023. These shares were issued in lieu of cash remuneration, which comprised 60% of Directors' fees and up to 20% of Executive's base salaries.

First Top 5 National Payor for Covering SOZO Testing

The first medical policy from a top five national payor covering bioimpedance spectroscopy (BIS) testing. The publication of this national payor medical policy occurred less than four months from the update to the NCCN® Guidelines. The omnibus policy, published by Cigna healthcare (Cigna), covers testing using ImpediMed's SOZO® Digital Health Platform (SOZO) for individuals at risk for limb lymphoedema.

Five Additional Positive Medical Policies Achieved

Subsequent to the Group's Quarterly Appendix 4C conference call on Monday 24 July 2023, an additional five (5) policy revisions occurred, bringing the total achieved to 12, including three (3) additional Blue Cross Blue Shield policies.

Notice Received Under Sections 203D and 249D of the Corporations Act

The Group advises that the board of directors of the Company has received a notice which purports to be issued pursuant to Section 203D of the *Corporations Act 2001* on behalf of Acadia Park Pty Ltd (AP), regarding the intention of AP, with the support of a small handful of private investors, to move resolutions for the removal of four directors of the Company, In addition, the Group advises that in accordance with ASX Listing Rule 3.17A it has received a notice under section 249D of the *Corporations Act 2001* from the shareholders listed in the Schedule (Requisitioning Parties) holding at least 5% of the votes that may be cast at a general meeting of the Company.

The Requisitioning Parties have requested that the directors of the Company call and arrange to hold a general meeting of the Company for the purposes of considering eight proposed resolutions, of which:

- Four resolutions are proposed for the removal of each of Mr. Donald Williams, Mr. Amit Patel, Mr. David Anderson and Mr. Daniel Sharp
- Four resolutions are proposed for the appointment of each of McGregor Grant, Christine Emmanuel-Donnelly, Andrew Grant and Janelle Delaney as directors of the Company.

The Company has also received a members' statement under section 249D of the Corporations Act which will be circulated to shareholders in accordance with the Company's requirements under the Corporations Act. The members' statement outlines the rationale of the requisition, being a perceived disconnect between Australian shareholders and the present board relating to the Company's recent capital raising and perceived risks to shareholder wealth. The general meeting will be held no later than 2 October 2023, two months after the section 249D request was given to the Company.

Response To Notice received under 249D of the Corporations Act & Notice of General Meeting

To comply with the notice received, the Company has called a meeting of the Shareholders on 28 September 2023. The Notice of meeting has been lodged simultaneously with a response to vote against the eight proposed resolutions. **The Board is unanimously recommending shareholders vote against all eight proposed resolutions (noted above).**

Likely Developments & Expected Results

The following are areas of focus for the Group, as well as likely developments expected to impact the Group's financial results in the near-term:

Reimbursement

The Company is in a highly transformative period and is expected to make significant progress on private payor reimbursement in FY24. In FY23, the Group achieved all reimbursement goals set for the year. Between June and July 2023, the Group achieved critical mass in two states (>80% covered lives) the first top five payor was achieved ahead of internal expectations.

By December 2023, the Group anticipates that 50% of private payors will publish coverage. There will be a focus on key regional payors, creating a domino effect with the other payors. Additional top 5 national payors are likely to accelerate with continued regional payor momentum, driven by the continued efforts of the Group's Market Access, Reimbursement, and leadership teams.

- Approximately 50% of Private Payors are projected to publish coverage by 31 December 2023.
- Nearly all Private Payors (~95%) are projected to publish coverage by the end of the fiscal year 2024 (30 June 2024).

Preparing for Scale

In Q4 FY23, the Company completed a capital raise of $30 million, which provided the resources to fund ImpediMed's initial accelerated oncology growth plan. The Group is building out the Market Access team, which engages private payors to update their medical policies. Management is also investing in Sales, Customer Success, Medical Affairs, and Manufacturing to support the rapid growth in new sales. In Q4 FY23, the impact of NCCN Guidelines positively impacted the sales team with a strong pipeline, increased interest in SOZO from new and existing customers, which led to a record quarter of units sold and revenue recognised.

Significant Risks to the Business

Section 3 of the Audit and Risk management Committee charter details the responsibility of the Committee related to risk management, which includes updating the risk profile and the material risks of the business. This Charter is published on ImpediMed's website.

Framework

The identification and proper management of risk within the Group is an important priority for the Board and Management. The Board monitors risk within the Group to ensure high standards of operational quality and compliance with the Group's approved strategies, policies and procedures. It ensures the Board is aware of any material risk issues and assesses the viability of the Group's operations.

The Group continues a proactive approach to risk management. Management, together with the Board and the Audit & Risk Management Committee, continually assess the key risks and their potential effect on the business. The Group undergoes, at minimum, an annual review of the risk management framework to determine whether there have been any changes in material business risks faced by the entity.

Significant Risks

During the financial year, the Group identified the following risks as major risks to the business in the foreseeable future:

- The Retention of Current Board Members
- The retention and hiring of key personnel
- The strength of the Group's intellectual property (IP) portfolio
- The adoption of the Group's technology
- The risk of not meeting continuous disclosure obligations
- The progress of new product and software development
- The risk related to product liability, privacy laws and cyber-security breaches
- The effective management of the Group's supply chain
- The effect of changes in laws, healthcare policy and other regulatory issues
- Brand and reputation risks
- Global economic risks
- Management of Capital Resources

Assessment

These risks are not ranked in any order of importance or timeframe. The intention of the Group's risk management framework is to identify risks to allow the Group to plan, assess and execute its risk management strategies. Risk monitoring and assessment activities are designed to reduce, or otherwise manage, risk to levels that are acceptable to the Board and Management. The Board and Management must be kept fully informed in relation to all risk to ensure that the correct decisions in the best interests of the Group are made and that its strategic plans are realised.

The Retention of Current Board Members

In light of recent notices under Sections 203D and 249D of the Corporations Act, there is a risk that a change in board control could have negative impacts to the Groups future success. The actions of the Requisitioning Parties, representing a minority group of shareholders, is a significant distraction to management and employees that risks the Groups ability to deliver on commitments and generate value at a critical juncture for the Group. In addition, the Requisitioning Parties have not presented a strategy nor a Chairperson should they gain control, which should be a concern to all shareholders. The Group must maintain momentum which includes the strategic prioritization of certain US Payors to achieve critical mass coverage.

The Retention and Hiring of Key Personnel

In assessing the retention and hiring of key personnel, the Group is continuing to consult with remuneration consultants to review the competitiveness of remuneration packages for current and future key management personnel. The Group may or may not be able to retain or hire key personnel based upon its remuneration structure. Details of retention and hiring policies of the Group are set out in the Remuneration Report.

The Strength of the Group's Intellectual Property (IP) Portfolio

In assessing the strength of the Group's Intellectual Property, the Group continues to consult with IP attorneys on the landscape of the Group's portfolio. The Group uses patents or trademarks to protect its technology and applications from unauthorised use by third parties. The term of patents may expire or may be challenged, invalidated or circumvented. The Group is relying on its patents for commercial protection for its devices.

The Progress and/or Outcome of Clinical Trials

In assessing the progress and/or outcomes of clinical trials, the Group continuously monitors key clinical trials which have been published and evaluates potential areas of further research. The outcomes of clinical trials may or may not be favourable.

The Adoption of the Group's Technology

The Group is focused on developing a model for practice integration of L-Dex® and other applications, for existing and new accounts. This, together with acceptance of a Software as a Service (SaaS) subscription business model, evaluating the cost of the technology, the fit of the technology, the inclusion in guidelines, and reimbursement/payment levels for the technology, will all play a part in determining the future growth of the business.

ImpediMed is at an early stage in the commercialisation of SOZO® and its various software applications, including L-Dex. ImpediMed's ability to generate sufficient revenue in the future depends on a number of factors, including the acceptance and rate of adoption by hospitals and clinicians, acceptance by U.S. healthcare payors, and progress in completing clinical trials.

In addition to risks identified above, macroeconomic conditions that negatively impact the finances of healthcare institutions in the US might slow the investment in BIS technology in this key market.

The Risk of Not Meeting Continuous Disclosure Obligations

In assessing continuous disclosure obligation risks, failure to disclose material information or to disclose incorrect information or correct information in an incorrect manner is a potential risk. The Group continuously monitors the business for material information required to be disclosed and conducts regular Management and Board meetings to discuss business progress and activities.

The Progress of New Product and Software Development

In assessing the progress of new product and software development, the Group must assess the impact that investing in product and software development has on the business.

Developing software and technology, particularly in the medical sector, is expensive and often involves an extended period of time to achieve a return on investment. An important aspect of ImpediMed's business is to continue to invest in innovation and related product development opportunities. ImpediMed believes that it must continue to dedicate resources to ImpediMed's innovation efforts to develop ImpediMed's product offering and to maintain ImpediMed's competitive position. ImpediMed may not however, receive benefits from these investments for several years or may not receive benefits from these investments at all.

The Group also runs the risk of not meeting timelines or not making the right product that addresses customer and market needs. The Group follows a defined design control process and monitors projects to ensure that they are staffed correctly, while also conducting usability studies to determine customer and patient needs.

The Group must also assess the risk related to failing to achieve and maintain software products, which could result in recalls or withdrawals, product shortages, delays or failures in software delivery or other problems that could seriously harm ImpediMed's business.

The Risk Related to Product Liability, Privacy Laws and Cyber-security Breaches

In assessing the risk related to product liability and cyber security, the Group conducts extensive safety and penetration testing of new and current technology and regularly reviews customer complaints through its quality procedures and system. The risk is present that ImpediMed's products could:

1) Cause harm or injury to users,
2) Be used off label,
3) Require a recall, or
4) Result in a breach to digital assets such as cyber security data.

ImpediMed relies on third party cloud computing and other information technology systems, especially for SOZO. Interruption, compromise to or failure of these systems may affect ImpediMed's ability to service its customers effectively. ImpediMed is vulnerable to data breaches by employees and others with both permitted and unauthorised access which poses a risk that sensitive data may be exposed to the public or be permanently lost. A breach in security of, or a significant disruption in, ImpediMed's information technology systems could adversely affect ImpediMed's operating results, financial condition, reputation and brand.

Privacy laws around the world continue to develop and impose greater burdens on businesses when dealing with personally identifiable information. The laws are designed to give greater protections to data owners, improve transparency and require businesses to develop better privacy practices and security processes. Failure to do so can result in pecuniary penalties, negative publicity, damage to brand and a requirement to improve processes and controls, each of which, if they were to happen, could adversely affect ImpediMed's operating results, financial condition, reputation and brand.

The Effective Management of the Group's Supply Chain

In assessing the effective management of the Group's supply chain, the Group must assess the risk of not having enough product to meet demand due to product shortages or supply chain issues.

The Group manages the supply chain through sales and operation planning and sustaining engineering, as well as through long-term strategic product pipeline planning.

The Effect of Changes in Laws, Healthcare Policy and Other Regulatory Issues

In assessing the effect of changes in laws, healthcare policy and other regulatory issues, the Group must assess the effect that unforeseen changes in laws and government policy could have in relation to material and unforeseen changes to:

1) Licensing and clearance requirements;
2) Regulations relating to clinical trials;
3) Manufacturing;
4) Product clearance; or
5) Pricing, including any tariffs and/or taxes.

Changes in laws healthcare policy and other regulatory issues could materially impact ImpediMed's operations, assets, contracts and profitability.

Brand and Reputation Risks

In assessing brand and reputation risks, the Group must assess the adverse effect that reputation damage or negative publicity could have on ImpediMed or its products as it relates to the Group's customer relationships, general business and ultimately its financial performance.

As part of reviewing the brand and reputation risks for ImpediMed, the Group also considers the responsibility it has to ensure a work environment that has considered the impacts of environmental and social sustainability risks on the Group.

Strategic Management of Capital Resources

In assessing the management of capital resources, the Group is continuing to manage its cash position carefully under its operating plan and longer-term strategic plan. If ImpediMed is unable to obtain and / or manage additional funds when required, the Group may be forced to delay, reduce the scope of, or eliminate one or more clinical trials, product and software development or commercialisation efforts.

General Economic Risks

Material adverse changes in the general domestic and international economic climate may have an adverse effect on ImpediMed's performance. These factors may include fluctuations in inflation, interest rates, rate of economic growth, taxation laws (and the application of existing laws by the courts or taxation authorities), consumer spending, unemployment rates, government fiscal, monetary and regulatory policies and consumer and business sentiment.

Other factors include acts of terrorism, cyber hostilities, pandemics (including COVID-19), outbreaks of international hostilities, fire, floods, earthquakes, labour strikes, natural disasters, outbreaks of disease or other natural or manmade events or occurrences that may have an adverse demand for ImpediMed's products or ImpediMed's ability to conduct business. Any of these factors have the potential to cause costs to increase or revenues to decline.

Risk Management

The Board, in conjunction with Management, has established and implemented a system for identifying, assessing, monitoring and managing material risk throughout the organisation. The Board has identified what are believed to be the highest perceived risks to the business and will continue to monitor these risks to make decisions in the best interest of the Group.

Please refer to the Capital Raise Presentation posted to the ASX on 18 May 2023 for further disclosures on the key risks to the business.

Indemnification and Insurance of Directors and Officers

The Group insured its Directors, Secretary and Executive Officers for the financial year ended 30 June 2023. Under the Group's Directors' and Officers' Liability Insurance Policy, the Group cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium.

To the extent permitted by law and subject to the restrictions in section 199A and 199B of the Corporations Act 2001, the Group indemnifies every person who is or has been an officer of the Group against any liability (other than for legal costs) incurred by that person as an officer of the Group where the Group requested the officer to accept appointment as Director or Executive.

To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the Corporations Act 2001, the Group indemnifies every person who is or has been an officer of the Group against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Group.

Indemnification of Auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Share Options and Performance Rights

Details of movements during the year related to options and performance rights for key management personnel are set out in the Remuneration Report.

Unissued Shares

As at the date of this report and the reporting date, there were unissued ordinary shares under options and performance rights as outlined below:

Unissued Ordinary Shares	30 Aug 2023	30 Jun 2023
EIP (Employee Incentive Plan) Options	66,507,722	66,865,222
EIP Performance Rights	42,678,395	42,778,395
Total Unissued Ordinary Shares	**109,186,117**	**109,643,617**

Refer to Note 18 of the financial statements for further details of options and performance rights outstanding and the value of the share-based payments.

Option holders and performance right holders do not have the right, by virtue of the option or performance right, to participate in any share issue of the Group or any related body corporate or in the interest issue of any other registered scheme.

During the financial year, nil ESOP options (2022: nil) and 277,500 EIP options (2022: 22,500) were exercised. In addition, 100,000 performance rights (2022: 342,500) vested and were exercised under the EIP plan. Refer to Note 18 of the financial statements for further details of options exercised during the year.

During the financial year, nil ESOP options (2022: nil) and 44,724,390 EIP options (2022: 5,294,250) were forfeited; 7,252,561 ESOP options (2022: 100,000) and 1,609,500 EIP options (2022: 4,234,000) expired. In addition, 31,628,605 performance rights (2022: 6,186,345) under the EIP plan were forfeited during the period. Refer to Note 18 of the financial statements for further details of options forfeited or expired during the year.

Shares Issued to KMP as a Result of the Exercise of LTI Awards

During the financial year, KMP exercised nil options (2022: nil) and were issued nil (2022: 155,000) fully paid ordinary shares in ImpediMed Limited at a weighted average exercise price of nil per share (2022: nil), in relation to Performance Rights that vested during the period. In addition, the MD / CEO and various non-executive directors purchase shares on the open market, outside of any LTI awards or Equity Compensation Plan.

Environmental, Social and Governance (ESG) **Statement**

impedimed®

CEO STATEMENT

"We are early in our ESG journey...but we hope this report provides valuable insights into our commitment to a sustainable future."

– Rick Valencia,
Managing Director and CEO

Dear ImpediMed shareholders and stakeholders,

We are pleased to include, for the first time, the current progress on our ESG journey as part of our Annual Report this year. In FY23, our Board identified an opportunity to gain a better understanding of our company performance as it relates to Environmental, Social and Governance (ESG) principles. ImpediMed is committed to a sustainable future and to identifying risks and opportunities associated with ESG standards and principles as we strive for positive patient outcomes and innovative technology solutions; all while creating value for shareholders.

We are looking forward to progressing with our mission of 'We improve patient lives by preventing cancer-related lymphedema using unique insights generated by our fast, non-invasive, and easy-to-use bioimpedance spectroscopy-based SOZO technology.'

As we continue to develop our strategic goals, we are ensuring we align them with ESG principles, while staying true to our commitment to creating long-term value for our stakeholders, including our employees, our patients and our shareholders.

Our Mission

We improve patient lives by preventing cancer-related lymphedema using unique insights generated by our fast, non-invasive, and easy-to-use bioimpedance spectroscopy-based SOZO technology.

impedimed®

We look at (i) our guiding principles, which are contained in our Corporate Governance Statement, (ii) our focus on gender diversity of the leadership team, and (iii) our customer Net Promoter Score as some of our key strengths. We work closely with our teams to ensure a safe work environment for all our employees globally. We have a diversity policy which we use as a guide at the Board, Executive and Manager levels in our decision-making. Refer below for statistics on female representation across the Company.

Our current Net Promoter Score (NPS) is 83. NPS is one single indicator of how customers are feeling about your products and services. Its ranges from -100 to 100. The higher the NPS score is, the happier customers are with a company's products and services. Some of the industry benchmarks for NPS score are: Medtronic: 27, Abbott Health: 39 and Apple: 68.

Our NPS score says a lot about who we are as a company. The reliability of our products, the value-add of our services and our customer-first culture are all reflected in our NPS score. Our products and services provide clinical insights to our customers in a simple and easy way to understand. We deeply care about our customers, with a focus on improving patient care.

Our customers are frontline healthcare workers who are improving patients' lives day in and day out. This commitment to patients and our customers is also reflected in our low churn, increasing usage rates for patient testing and an increasing net retention rate.

We also are focused on the health and well-being of patients, with our vision to transform medicine by providing clinically relevant insights that improve lives. Our technology provides clinically relevant insights that hospitals and providers around the world are using to gain a deep understanding of the human body. As our technology becomes the standard of care in oncology care, we believe the positive impact it will have on in healthcare and on patients' lives will be transformational. We are working with our supply chain in support of Australia's Modern Slavery Act (Cth) 2018 to identify modern slavery risk. To start this process, we are having our largest suppliers complete questionnaires to assess their policies and practices on modern slavery. Our goal is to facilitate a collaborative two-way dialogue between our Company and our suppliers as we develop a policy over time.

Our commitment in the Environmental space begins with working with our contract manufacturers and largest suppliers to ensure these partners have robust policies in place, as well as our focus on end-of-life recycling on equipment and parts. All of our end-of-life parts and scrap are disposed of through certified methods. We continue to review our processes and our manufacturing and supply chains to identify risks and opportunities for our business to have a positive impact in the space through energy and waste reduction.

Our Governance includes remuneration disclosures on incentives, both Long Term and Short Term, as well as a whistleblower policy and additional systems to foster ethical conduct, transparency and honesty. We continue to monitor for additional policies which can be implemented as we progress our ESG journey. Board Composition, Diversity, Business Ethics, Supply Chain Management, Environmental Impacts, and Innovation are core areas where we have firmly established our ESG policies and principles and we continue to grow awareness and efforts in this space.

***Please visit ImpediMed's website for our full governance policies:* https://www.impedimed.com/about/investors/corporate-governance/**

We are early in our ESG journey and as a small company have limited staffing resources at present to develop robust metrics; but we hope this report provides valuable insights into our commitment to a sustainable future as we start to identify and report key areas of focus to our stakeholders. We welcome your feedback.

Sincerely,
Rick

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING

ImpediMed's initiatives to incorporate environmental, social, and governance criteria into our operating framework reflect our commitment to our customers, patients, partners, shareholders, and employees and the communities in which we operate. At ImpediMed, we believe that a focus on ESG is a continuous process of aligning our operations and controls with our company values.

At the core of this top-level operating framework is strong governance and a robust risk and compliance framework. This core framework is supported by procedures and systems to ensure that we apply, at all times, high levels of personal and professional integrity.

As we transition to identifying relevant metrics and reporting more thoroughly as our ESG approach progresses, we will work to report and align with appropriate frameworks and guidelines. We have just begun our measurement and reporting journey, and we look forward to keeping our shareholders and stakeholders updated in the future on our ESG strategy, policies and metrics.

OUR CURRENT PILLARS OF ESG

Good Health and Wellbeing of Patients

- Generating powerful data to maximise patient health
- Patient advocacy
- Access to medical care
- Innovative technology to transform medicine by providing clinically relevant insights that improve lives

Diversity and Inclusion

- Diversity policy for hiring at all levels of company
- Employee Health & Safety Initiatives

Transparency and Business Ethics in Corporate Governance

- Remuneration disclosures
- Whistleblower policy

Energy & Waste Reduction

- Focus on circular economy in manufacturing and end-of-life of parts
- Work with state of the art manufacturing facilities

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group's activities are subject to licenses and regulations under environmental laws that apply in the jurisdictions of its operations. These licenses specify limits for and regulate the management of moving to components free of hazardous substances.

The Group is supporting the global move towards components free of hazardous substances in its device electronics and is working with its contract manufacturers to identify replacement parts, where necessary, to substitute into its device designs.

There have been no significant known breaches of the license conditions or other environmental regulations. ImpediMed has an environmental health and safety management system, which includes regular monitoring, periodic auditing and reporting within the Group.

DIVERSITY AND INCLUSION

The Group has a formal written Diversity Policy that is published on ImpediMed's website. The Board has the role of reviewing and updating this policy, overseeing its implementation, and assessing progress in achieving its objectives.

Diversity refers to characteristics that make individuals different from each other. Diversity encompasses differences in backgrounds and experiences, and differences in approach and viewpoints. It includes factors such as gender, age, ethnicity, cultural background, language, disability and other areas of potential difference.

The diversity policy defines the initiatives that assist the Group in maintaining and improving the diversity of its workforce. To the extent practicable, the Group will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).
At ImpediMed, we have created an inclusive workplace that promotes and values diversity in age, gender identity, race, sexual orientation, physical or mental ability, ethnicity, and perspective. ImpediMed strives for excellence and our team can do its best work when our environment is inclusive, diverse and values all regardless of who they are and where they've been.

At ImpediMed, our policies are in place to prevent discrimination against our people regardless of gender identity or expression, sexual orientation, religion, ethnicity, age, race, disability status, citizenship, or any other aspect which makes them unique. ImpediMed wants all employees to feel valued, appreciated, and free to be who they are at work.

IMPEDIMED'S COMMITMENT TO WORKPLACE DIVERSITY

The Group is committed to creating and ensuring a diverse work environment in which everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of ImpediMed. The Board and Management of ImpediMed believe that ImpediMed's commitment to this policy contributes to achieving corporate objectives and embeds the importance and value of diversity within the culture of the Group.

EMPLOYEES

As at 30 June 2023, ImpediMed and its subsidiaries had a total of 76 full and part-time employees (30 June 2022: 73 employees). The Group acknowledges that the Board and Executive composition is heavily weighted to Male and will continue to look for appropriate opportunities to change this in the future.

During the 2023 financial year, the Group took a positive step forward with the newly formed Leadership Team. The Leadership Team is composed of the strongest cross-functional leaders within the organisation. Roughly half of this critical team is represented by females, as well as roughly half of the total organisation.

Details of the number of females in the Group as of:

LEVEL	30 JUNE 23		30 JUNE 22	
	FEMALE	TOTAL	FEMALE	TOTAL
Board of Directors	1	6	1	6
Executives	2	6	2	9
Leadership	6	13	N/A	N/A

For the Group, at 30 June 2023 there were 37 females of 76 total employees (2022: 39 females of 73 total employees).

CORPORATE

ImpediMed's Corporate Governance Statement (Statement) was approved by the Board on 31 August 2023 and can be found at https://investors.impedimed.com/about/corporate-governance/.

Our governance policies and practices have been largely consistent with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations throughout the year, with exceptions outlined in our Statement. Our governance policies and practices are reflected in this Statement as well as our Appendix 4G.

Remuneration Report

CHAPTER 3

June 13, 2023 at 13:56

Today's measurement provided a detailed breakdown of this patient's fluid levels and body composition. This information is being used to proactively manage her care. Remeasure this patient at her next visit to track her progress.

MD Michael Doe

Aug 3, 2023 at 10:59

MEDICATION CHANGE

Patient's medication changed today.

JD Jane Doe

L-Dex History Right Arm

Platform Technology.
Transforming Care.

Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements for the Key Management Personnel (KMP) of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its Regulations.
The report is structured into the following sections:

CONTENTS

Definitions	
Key Management Personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group. KMP of the Group consists of **Non-Executive Directors** (**NEDs**), **Executive Directors** (**EDs**), and certain **Executives**.
Non-Executive Directors (NED)	Directors of the Group that are not acting in an executive capacity.
Executive Director	A Director of the Group that is also acting in an executive capacity. The **Managing Director and CEO** (**MD/CEO**) of the Group is considered an Officer of the Group and an Executive Director. The **Interim CEO** was also considered an Executive Director for a portion of the year.
Executive KMP or Executives	Individuals, often defined as KMP, that are Officers of the Group and not Non-Executive Directors of the Group.

Key Management Personnel (KMP)

For the purposes of this report, the KMP of the Group are those persons defined as having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group. This information has been audited as required by section 308(3C) of the Act.

Directors	
Donald Williams	Chairman and Non-executive Director
David Anderson	Non-executive Director (transitioned from non-executive Director to Interim CEO in July 2022, executive director as of December 2022, then returned back to a non-executive director in March 2023)
Amit Patel	Non-executive Director
Michael Seiden	Non-executive Director (appointed July 2023)
Daniel Sharp	Non-executive Director (appointed July 2023)
Jan West	Non-executive Director (appointed August 2022)
Rick Valencia	Managing Director and Chief Executive Officer (appointed December 2022)
Prior Directors	
Judith Downes	Non-executive Director (resigned October 2022)
Robert Graham	Non-executive Director (resigned June 2023)
Richard Carreon	Managing Director and Chief Executive Officer (stepped down July 2022)
Executive KMP (i)	
Timothy Cruickshank	Chief Financial Officer
Shashi Tripathi	Chief Operating Officer

(i) As noted in the prior Annual Report, certain named Executives are not considered KMP for the purposes of the Remuneration Report.

SECTION 1

Introduction and Background

The Board, supported by the Remuneration Committee, is committed to good governance in remuneration and to ensuring that the Group's policies and practices are fair, competitive and responsible. The Committee continuously works to balance Australian corporate governance and remuneration best practices with the business's need to provide remuneration that will attract, retain and motivate key executive talent in a highly competitive market.

The Board is committed to open dialogue with shareholders and ensuring transparent communication of remuneration arrangements.

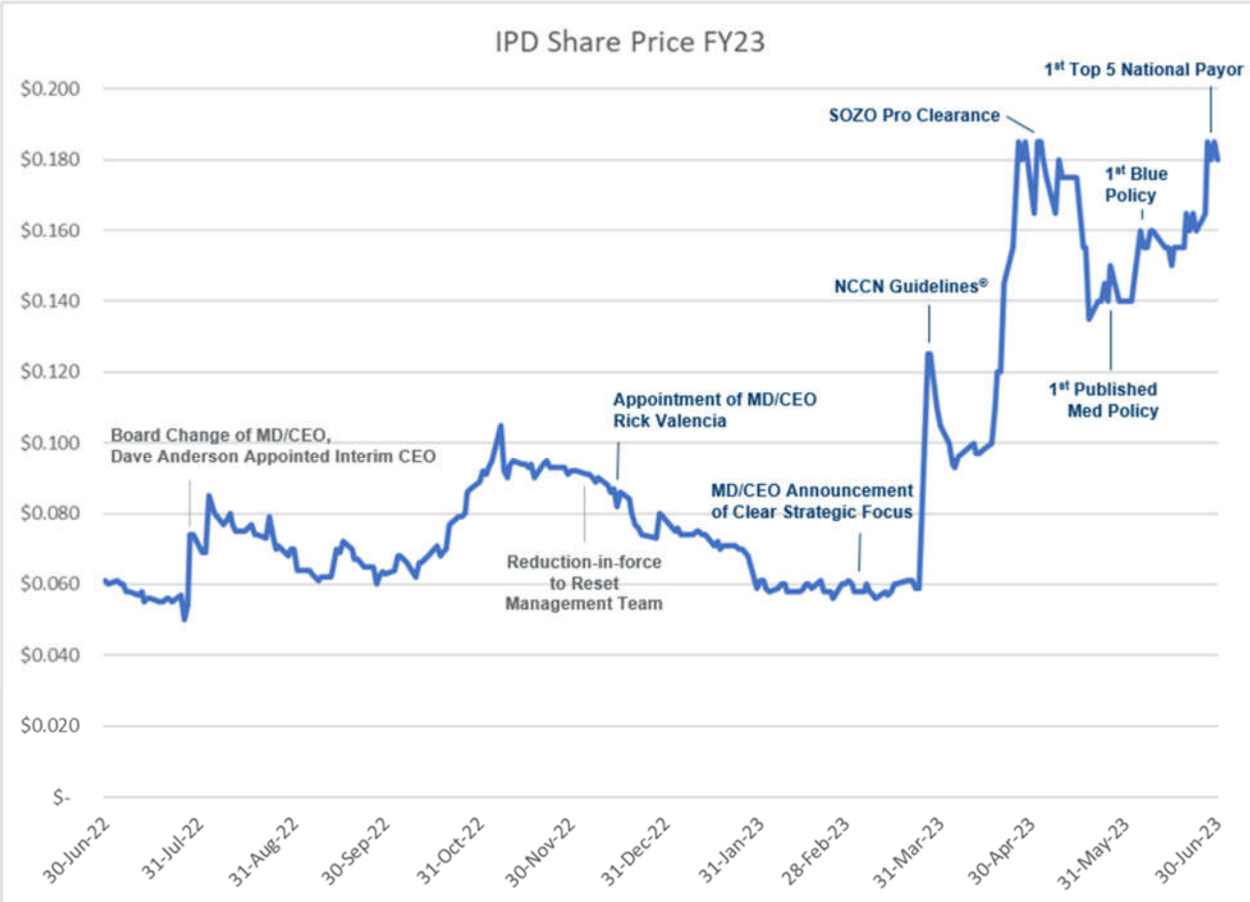
This report will lay out the Company's Remuneration Philosophy and Strategy, the Framework for how decision-making fits into that strategy, the Company Outcomes for the year, and ultimately the Remuneration Outcomes stemming from the decision-making and outcomes.

Decisive Action By Board Leading to Sustainable Growth

The 2023 financial year was a transformative year for the Company, with a number of key decisions made and a number of critical milestones achieved that will propel the organisation forward for years to come.

1. Reset of the Management team, led by the appointment of Managing Director and CEO, Rick Valencia in December 2022.
2. Continued evolvement of the Board of Directors, including the appointments of Jan West AM, Dr Michael Seiden, and Daniel Sharp.
3. Achievement of critical milestones, led by the inclusion of the Company's BIS technology in the NCCN Guidelines® and 1st Private Payor published policies immediately following the NCCN Guidelines® inclusion.

With the Board's support and a strong Executive team in place, the Company made considerable progress executing its strategy, particularly in the second half of the financial year after the appointment of Rick Valencia as Managing Director and CEO. Since 8 March 2023, the Company's share price has appreciated by over 250%, when Rick updated shareholders on the focused direction of the Company:



Reset of the Management Team

From the onset of the 2023 financial year, the Board underwent a thorough process to review the Management team and made the difficult decision to conduct a significant reset of the team.

This included a change in Chief Executive Officer between July 2022 – December 2022. In July 2022, previous Managing Director and CEO, Richard Carreon, stepped down from his role. Dave Anderson, a Board member, immediately stepped in as Interim CEO. At the request of the Board, Dave conducted a thorough company review in order to make recommendations for organisational change to enhance management effectiveness. The changes enacted by Dave and the Board gave the Company a more aligned, effective and accountable structure, crucial to long-term success.

In total, **six of the nine Executives in place at the beginning of the financial year are no longer with the Company**. In addition to improving effectiveness, the streamlining of reporting allowed for a significant reduction in the cost structure of the business. In total, the reset of the Management team combined with the overall cost realignment at that time, resulted in a reduction of costs of over $5 million.

> "Although changes that affect lives are never easy, these changes were necessary for the long-term viability and success of the business," commented Mr David Anderson. "These changes make the team more aligned, effective and accountable. We now have a better structure in place for unlocking the potential of the business," he added.

In December 2022, the Board announced the appointment of Rick Valencia as Managing Director and CEO. Rick's diverse background with growing organisations, building teams and executing on innovative strategies in the digital health space brings a range of skills necessary to enable ImpediMed in its next stages of development and commercialisation.

Rick brings 30 years of leadership in the healthcare and technology industry sectors. His experience includes time at Tandem Diabetes Care (Nasdaq:TNDM), which experienced an increase in market capitalisation from US$250 million to US$5 billion during Mr Valencia's tenure.

Between March – April 2023, Rick updated shareholders on the focused direction of the Company in cancer-related lymphoedema. When the NCCN Guidelines® were updated in March this year, the total addressable market in the United States more than doubled to over AUD $2 billion. This market provides the Company first mover advantage, strong market acceptance even before NCCN Guidelines® inclusion or reimbursement, and the only FDA cleared BIS solution for lymphoedema. Focusing the energy of the team and the Company's resources in this market will allow the Company to gain a strong commercial footing for the first time in its long history and will allow the Company the opportunity to further develop its commercial plans into additional, attractive markets.

Continued evolvement of the Board of Directors

Over the last 12 months, the Board and Nomination Committee undertook a strategic process to align Board skills and experience with the Company's development and growth. This process identified a few opportunities for the Board to expand its relevant skills, including the need for stronger commercial expertise in oncology and Australian capital markets experience to maintain a closer link to our majority Australian shareholder base.

In July 2023, the Board appointed **Michael Seiden, MD, PhD**. Dr Seiden is a Board-Certified Medical Oncologist who brings a broad background of leadership positions across the cancer care and business ecosystems. His previous experience includes serving as president of US Oncology Network, a McKesson owned company that includes the largest collection of community-based oncology care practices in the United States and CEO and President of Fox Chase Cancer Center, a founding member of the NCCN®.

In July 2023, the Board also appointed **Daniel Sharp, CFA**. Mr Sharp brings a wealth of capital markets expertise to the board. Mr Sharp currently serves as a Non-executive Director at Alcidion Group (ASX:ALC) and Botanix Pharmaceuticals (ASX:BOT) and is a member of the Investment Committee for the Baker Heart and Diabetes Institute Foundation.

Additionally, in August 2022, the Board appointed **Jan West AM FCA FAICD**. Mrs West is an accomplished Non-executive Director with over 20 years as a partner at Deloitte. She has recently been a Director of Australia Post, Australian Red Cross Society, Neurosciences Victoria and Dairy Australia.

The Company's independent Board is broad, capable, and contains a highly relevant skill set. Refer to the accompanying Corporate Governance Statement and Appendix 4G for additional information on the Board, including the board skills matrix.

Company Performance and achievement of critical milestones

The Company has entered a period of growth for the first time in its history where key outside milestones, such as clinical data and incorporation into industry guidelines, are behind us. Because of this, the Company has begun delivering consistent results and can now truly become an operating entity, capable of gaining a strong commercial footing and capturing significant market share in cancer-related lymphoedema.

ImpediMed's remuneration framework is aimed at rewarding Executives and employees for the achievement of growth in the business, the achievement of corporate milestones, and the creation of shareholder value in the short, medium and long-term.

The table below provides quantitative performance indicators and non-quantitative milestones of the Company between 2022 and 2023, with comparative short-term and long-term incentive outcomes.

Performance History	2023	2022	$ Increase / (Decrease)	% Increase / (Decrease)	
Operational Metrics					
Total Revenue ($000)	11,344	10,566	778	7%	↑
Gross Margin ($000)	9,798	8,857	941	11%	↑
SaaS Metrics					
Core Business SaaS and Recurring Revenue ($millions)	7.3	5.5	1.8	33%	↑
Annual Recurring Revenue (i) – Core Business ($millions)	9.3	7.3	2.0	27%	↑
Returns					
Share price as at 30 August 2023 ($) (ii)	0.175	0.061	0.114	187%	↑
Share price as at 30 June ($)	0.18	0.061	0.119	195%	↑
Market Capitalisation at 30 June ($millions)	363	109	255	235%	↑

Corporate Milestones

☑ **NCCN Guidelines® updated to recommend BIS for all cancer patients at risk of limb lymphoedema**

- The National Comprehensive Cancer Network® (NCCN®) released a new version of the NCCN Clinical Practice Guideline on Oncology (NCCN Guidelines®) for Survivorship, which now, for the first time, include bioimpedance spectroscopy (BIS), inclusion for all cancer survivors at risk of lymphoedema.
- The inclusion of BIS in the NCCN Guidelines® will help establish BIS as standard of care and accelerate adoption by Private Payors and Providers.
- In addition, these updates led to a more than doubling of the Group's Total Addressable Market (TAM) in Oncology related to all U.S. cancer patients at risk of limb lymphoedema.

☑ **Significant momentum with Private Payor reimbursement achieved**

- All stated goals for the 2023 financial year were achieved.
- 12 positive medical policies published in under five (5) months since inclusion of SOZO and BIS in the NCCN Guidelines®.
- Positive medical policies led by Top 5 National Payor, Cigna Healthcare, and four (4) Blue Cross Blue Shield policies.
- 23 Payors providing silent coverage for CPT code 93702.
- Critical mass (>80% covered lives) achieved in Michigan and Alabama.

☑ **Record results for Patient Tests**

- 56,000+ Patient Tests conducted in Q4 FY23 alone.
- 650,000+ Patient Tests since launch of SOZO, equating to over 2 billion data points on the human body accumulated to date.
- Increased follow-up Patient Tests are a strong initial indicator of increased protocol adoption and testing beyond only high-risk patients.

☑ **SOZO® Pro received clearance by the U.S. Food & Drug Administration (FDA)**

- SOZO Pro is ImpediMed's newest BIS system that provides personalised health metrics to quickly and reliably inform clinical decisions at the point of care.
- The updated technology will improve clinical workflow and minimise data entry errors by making it even faster to take a BIS measurement.
- The higher weight capacity and pending removal of the contraindication for pacemakers and ICDs will make SOZO testing available to more patients.

(i) Annual Recurring Revenue (ARR) is an unaudited, non-AASB financial metric that does not represent revenue in accordance with Australian Accounting Standards.
(ii) Comparative period relates to 30 June 2022.

SECTION 2
Aligning Remuneration with Company Performance

Cash-based Considerations and Equity Share Plans

During the 2023 financial year, the Group maintained standard remuneration practices with the main objective noted below:

Remuneration considerations in FY23		
Objective	**Measure Enacted**	**Period of Coverage during the Financial Year**
(1) To continue to align the interests of NEDs and Executives with shareholders and to reinforce the Group's pay-for-performance philosophy.	NEDs received 60% of their fees as equity in lieu of cash and Executives had the option to receive up to 20% of their base salary as equity in lieu of cash under the Equity Share Plans (i).	1 July 2022 - 30 June 2023
(2) To continue to align available cash resources within the Group's timelines for cash flow break-even and to reinforce the Group's pay-for-performance philosophy.	Executives received one-third of their Short-term Incentive values as cash, with the remaining two-thirds of value deferred over two years as a mix of cash and shares.	1 July 2022 - 30 June 2023

(i) Equity earned under the Share Plans is at-risk compensation, as the calculation for the number of shares to be issued for a performance period is subject to fluctuations in the share price over the 20-days prior to the issuance of the shares.

Executive Remuneration

The Group continued the Executive Share Plan ("ESP") in order to allow Executives to exchange up to 20% of cash base salary and STIs with equity grants, in the form of market value shares. The ESP equity remuneration would be treated as part of fixed remuneration. This program increases the alignment of Executives and shareholders, while also allowing the Group to manage its available cash resources. In addition, the program assists Executives in achieving their respective minimum shareholding requirements, as Executives are required to attain ownership over time equal to the value of their annual base salary after tax.

In addition, for FY23, the Group utilised a modified Short-term Incentive program in order to continue to align available cash resources within the Group's timelines for cash flow break-even and to reinforce the Group's pay-for-performance philosophy.

Executives received one-third of their Short-term Incentive values as cash, with the remaining two-thirds of value deferred over two years as a mix of cash and shares. Refer to Section 5.2 *Short-Term Incentives (STI)* for additional details on the deferred STI program in place in FY23 and the timing of payments.

The STI achievement rate for KMP in FY23 was 70.6% (FY22: 50.0%), or an increase in achievement of 41%. Based on the modified STI program in place in FY23, though, the short-term cash payout related to STIs decreased by 17%. The remaining portion of the FY23 incentives will be paid as a mix of cash and shares over the coming two years, to align the Group's cash resources with the Group's timelines for cash flow break-even.

	FY23			FY22		
KMP	**Short-term Cash Payout (iii)**	**Deferred Incentives (iii)**	**Total Incentives**	**Short-term Cash Payout**	**Change in Short-term Cash Payout ($)**	**Change in Short-term Cash Payout (%)**
R Valencia (i) MD/CEO	58,932	117,865	176,797	-	58,932	N/A
R Carreon (ii) MD / CEO (previous)	-	-	-	302,155	(302,155)	N/A
T Cruickshank CFO	73,418	146,837	220,255	88,246	(14,828)	(17)%
S Tripathi COO	76,479	152,957	229,436	91,936	(15,457)	(17)%
Total	**208,829**	**417,659**	**626,488**	**482,337**	**(273,508)**	

(i) Rick Valencia was appointed MD/CEO on 1 December 2022. The FY23 incentive relates to the prorated period of December – June 2023.
(ii) Richard Carreon stepped down as MD/CEO in July 2022.
(iii) Refer to Section 5.2 for details on STI components of cash and shares and timing of payments.

Board (NED) Remuneration

The Board continued the use of the Non-Executive Director Share Plan to allow equity remuneration in lieu of cash with a mix of 60% equity and 40% cash for NEDs for financial year 2023. The use of equity remuneration increases the alignment of NEDs and shareholders, while also allowing the Group to manage its available cash resources. In addition, the use of equity remuneration will also help to retain and attract NEDs that have the specific background and experience required by the Group in the highly competitive US healthcare industry where remuneration structure typically includes a significantly weighted equity component for board members.

SECTION 3

Remuneration Philosophy and Strategy

The Remuneration Committee reviews the Group's remuneration philosophy and strategy and makes recommendations to the Board regarding the remuneration arrangements for Executive KMP. ImpediMed's remuneration philosophy and strategy are designed to attract, motivate and retain executives of the required calibre and in the key markets in which we operate by identifying and rewarding high performers and recognising the contribution of each Executive to the continued growth and success of the Group.

ImpediMed is a high-growth business founded on innovation, providing highly advanced technologies and delivering data-driven solutions that provide individualised, proactive care to help improve patient outcomes. Most of the Company's critical roles are based in the US, where there is a fiercely competitive medical technology market, including in cloud-based computing, software development and technical/clinical sales.

The remuneration philosophy at ImpediMed targets fixed remuneration at the median of external comparators and, for exceptional performance, targets variable remuneration above the median. To determine executive remuneration, the

Remuneration Committee benchmarks against medical device and technology companies within a third-party global survey considering Australia and United States market data, to ensure that policy objectives are met and are in line with good corporate practices for a company of ImpediMed's size and industry. The committee obtained comprehensive analyses by third party consultants in 2023 to benchmark executive remuneration against companies of similar size, industry and complexity.

Other factors the Remuneration Committee may consider when setting remuneration include internal equity, individual performance, tenure, leadership skills and ability to impact Group performance. In addition, while recruiting and retaining key executive talent, remuneration decisions may be determined based on negotiations with such individuals and can reflect such factors as the amount of remuneration that the individual would forgo by joining or remaining with the Group.

To this end, key objectives of the Group's reward framework are to:

- Align remuneration with the Group's business strategy, remuneration philosophy and interests of shareholders
- Offer an attractive and competitive mix of remuneration benchmarked against applicable markets
- Provide strong linkage between individual and Group performance and rewards
- Offer remuneration based on internal comparison with other employees and matching the role requirements with the skills, experience, and responsibilities of individual executives.
- Support the corporate mission statement, values and policies through recruiting, organising and managing high achieving individuals committed to the Group's success

While continuing to pursue this remuneration strategy, the Remuneration Committee and Board vary arrangements as needed to meet immediate priorities.

Performance-based Remuneration

The Remuneration Committee is committed to executive and shareholder alignment, and this is achieved via a remuneration philosophy with a significant performance-based orientation. As part of this process, the Remuneration Committee considers both internal and external factors that may impact the Company, namely the:

- Financial and operational performance for the reporting period,
- Stock price performance for the reporting period, and
- Potential impacts from external factors.

Adhering to its pay-for-performance philosophy, and commitment to executive and shareholder alignment, all incentive pay was tied to performance metrics during the reporting period.

SECTION 4
Remuneration Governance

4.1 Role of the Remuneration Committee

The Remuneration Committee of the Board of Directors of the Group is responsible for making recommendations to the Board on the remuneration arrangements for the Non-Executive Directors (NED), Executive Directors (ED), the Managing Director and Chief Executive Officer (MD/CEO) and Executives reporting to the MD/CEO.

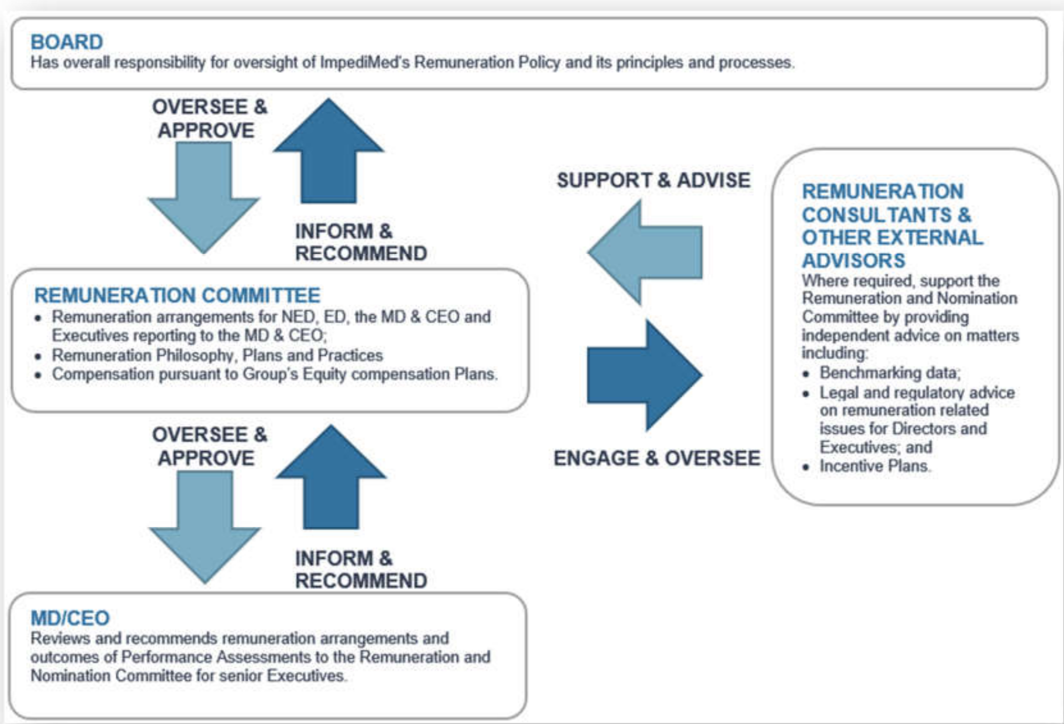
The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Executives and NEDs on a periodic basis by reference to relevant employment market conditions, with the overall objective of maximising shareholder benefit by attracting and retaining high-quality, high-performing Executives and NEDs. In determining the level and composition of Executive remuneration, the Remuneration Committee may also engage external consultants to provide independent advice.

As of the date of this report, the Remuneration Committee comprises the following Non-Executive Directors, all of whom are independent:

- Amit Patel (Chair)
- David Anderson
- Michael Seiden

4.2 Services from Remuneration Consultants

Under the provisions of the Committee's Charter, the Committee may engage the assistance and advice from external remuneration advisors. To ensure that any recommendations made by remuneration consultants are provided without undue influence being exerted by Executives, external remuneration consultants deliver their advice directly to members of the Committee. In the year ended 30 June 2023, Aon Radford ("Aon") remuneration consultants provided support and counsel to the Remuneration Committee of a nature relating to executive remuneration within Australia and US frameworks. The work undertaken by Aon in the year ended 30 June 2023 did not constitute a remuneration recommendation for the purposes of the Corporations Act 2001. The remuneration consultants were paid USD $7,875 for their work related to global benchmarking data, which was a reduced scope from the prior year. In the prior year, the Company also conducted a more extensive executive benchmarking, which was not required in the current year.



SECTION 5

Remuneration Framework and Additional Outcomes

For the year ended 30 June 2023, the remuneration structure for Executive KMP and other select employees consisted of the following elements:

Component	Performance Measure	Strategic Objectives and Link to Performance
FIXED REMUNERATION: Base salary, superannuation, employee health benefits and any salary sacrificed benefits.	The fixed remuneration (i) is generally not performance related. It is set having regard for: - Experience and qualifications of the individual - Responsibilities and criticality of role - Remuneration paid to similar roles as benchmarked against surveyed companies with regard to industry and size (i) During the reporting period, Executives received a portion of fixed remuneration as equity in lieu of cash pursuant to the Executive Share Plan.	- Offer an attractive mix of remuneration benchmarked against the applicable market-region and country practices
SHORT-TERM INCENTIVE (STI): Cash and share-based incentive(i) awarded for the achievement of ImpediMed's Operating Plan objectives measured over a one-year performance period. (i) During the reporting period, certain Executives received a portion of STIs as equity in lieu of cash pursuant to the Executive Share Plan.	MD / CEO - Non-Financial (100%): - 50% achieve patient testing levels - 50% achieve FDA clearance for the heart failure contra indication Executive KMPs - Financial KPIs (100%): - Revenue - Total Contract Value signed (i) - Cash Flow (i) The total value of customer contacts including one-time and recurring revenue.	- Align remuneration with the Group's business strategy - Align the interests of executives and shareholders and share the success of the Group with the employees - Provide strong linkage between individual and Group performance and rewards - To attract and retain the key talent needed to deliver on our corporate objectives and strategic plan
LONG-TERM INCENTIVE (LTI): Equity-based incentive, comprising a mix of Options and Performance Rights for Group Performance over the long-term.	MD / CEO – - Options vest over (4) years, not subject to any hurdles. - Performance Rights vest over five (5) years, subject to TSR hurdles. Executive KMPs – - Options vest over (4) years, subject to TSR hurdles - Performance Rights vest over three (3) years, subject to break-even hurdles.	

5.1 Total Fixed Remuneration

Total fixed remuneration ("TFR") consists of base salary, superannuation and other entitlement benefits that vary by state or country. TFR is typically not "at risk" as it does not vary with the performance of the Group.

TFR is not automatically increased but is typically reviewed annually, to ensure it remains competitive.

TFR for Executives takes into consideration benchmarking data from other companies with regard to industry and size. In addition to reviewing benchmarking survey data, when setting fixed remuneration for any given role, the Remuneration Committee has regard to the experience, qualifications and skill set of the individual, as well as the responsibilities and criticality of the role.

In year ended 30 June 2023, the MD/CEO and other Executives where given the option that allows them to elect to receive a portion of base salary in equity in lieu of cash in order to (i) continue to align the interests of Executives with shareholders' interests and (ii) assist the Company in managing its available cash resources.

MD/CEO Remuneration

Mr Richard Carreon served as MD/CEO from 1 July 2022 to 26 July 2022 and earned a fixed base salary of AUD $54,716. Subsequent to his departure, he was paid a severance of AUD $797,747. In addition, all unvested share options and performance rights were forfeited, totaling $981,398. Including this reversal of forfeited long-term incentive (LTI) value, total remuneration was AUD ($125,828).

Mr David Anderson was appointed Interim CEO for the period of 27 July 2022 through 30 November 2022. From December 2022 to February 2023, he continued to serve as an executive director prior to returning to his original role as a non-executive director on 1 March 2023. For the period, Mr Anderson received a portion of his fixed base cash salary as shares in lieu of cash under the Executive Share Plan. This resulted in a fixed base salary, non-monetary benefits, and superannuation [401(k)] totaling AUD $138,062. While serving as Interim CEO and an executive director, he was not paid any non-executive director fees.

Mr Rick Valencia was appointed as MD/CEO effective December 1, 2022. This resulted in a fixed base cash salary of AUD $389,969, plus non-monetary benefits.

During the year ended 30 June 2023, the board issued 10,000,000 Options at as exercise price of $0.07 per Option and 20,000,000 Performance Rights to Mr Valencia under the EIP.

Other Executive KMP Remuneration

The majority of the Group's Executive KMP are based in the US and are remunerated according to the laws and norms of that country, which differ in many important respects from Australian practice.

As described in SECTION 5, the framework for executive remuneration at ImpediMed is based upon a remuneration philosophy and strategy established by the Remuneration Committee and approved by the Board of Directors. The Remuneration Committee references benchmarking data from companies within a third-party global survey with regard to industry and size, as well as input from independent remuneration consultants.

For the year ended 30 June 2023, Executive KMP's continued the salary program which was effective July 2019 where the option to elect their cash base salary reduced by up to 20% stock in lieu of cash.

NED Remuneration

The Remuneration Committee considers the level of remuneration required to attract and retain highly qualified international Non-Executive Directors with the necessary skills and experience for the Group's Board. This remuneration is reviewed periodically with regard to market practice and NED duties, responsibilities and accountability. In addition, the Remuneration Committee works to ensure that NED remuneration is attractive in both Australia and the US.

NED fees are determined within an aggregate Directors' fee pool, approved by shareholders at the annual general meeting (AGM). The maximum aggregate remuneration approved in 2015 was $800,000. The sum of NED fees paid in the reporting year was $686,528 (2022: $549,837), which consisted of $224,642 in cash (2022: $224,383), $8,651 in superannuation (2022: $14,250) and $453,235 in shares issued in lieu of cash (2022: $311,204). Table 6.1 shows individual Director fees paid during the year ended 30 June 2023

For the 2023 financial year, NEDs received 60% (2022: 60%) of fees as equity under the NED Share Plan. This continued to align the interests of NEDs with shareholders' interests, as well as assisted the Company in managing its available cash resources. In addition, the NEDs and MD/CEO made numerous share purchases on the open market during open trading windows.

As a result of the NED Share Plan and additional share purchases by NEDs during the year, the NEDs in place as of 30 June 2023 accounted for approximately a 1% ownership interest in the Company. At the time of issuing this report, the NEDs in place now account for approximately 2% ownership interest in the Company.

5.2 Short-Term Incentives (STI)

The STI plan is a cash and shares-based incentive that is awarded based on annual performance. In the year ended 30 June 2023, the STI Plan focused on both Group and Individual performance. The remuneration philosophy at ImpediMed targets variable remuneration above the median for exceptional performance and the STI aims to encourage performance over and above what is expected as part of the ordinary course of business. The key features of the STI plan for the year ended 30 June 2023 are outlined below:

<table>
<tr><td>Participants</td><td>MD / CEO and Executive KMP</td></tr>
<tr><td>Award Type</td><td>Cash and Shares</td></tr>
<tr><td>Opportunity</td><td>The percentage of the target STI opportunity for the year ended 30 June 2023 has been expressed as a percentage of base salary in the table below:
<table>
<tr><td>KMP</td><td>2023 Short-term Cash Payout (i)</td><td>2023 Total STI Opportunity (i)</td><td>2022 Total STI Opportunity</td></tr>
<tr><td>MD/CEO</td><td>20%</td><td>60%</td><td>70%</td></tr>
<tr><td>CFO</td><td>20%</td><td>60%</td><td>40%</td></tr>
<tr><td>COO</td><td>20%</td><td>60%</td><td>40%</td></tr>
</table>
(i) KMP received one-third of their Short-term Incentive values as cash, with the remaining two-thirds of value deferred over two years as a mix of cash and shares. Refer to this section below for further details on the deferred STI program in place in FY23 and the timing of payments. Based on the modified STI program in place in FY23, the short-term cash payout related to STIs decreased by 17%.

For MD / CEO, actual STI payments awarded depend on the extent to which specific key performance indicator (KPI) targets are achieved, as follows:
- Threshold performance – 30% of base salary
- At target performance – 60% of base salary
- Maximum performance – 110% of base salary

For KMP Executives, actual STI payments awarded depend on the extent to which specific key performance indicator (KPI) targets are achieved, as follows:
- Threshold performance – 50% of target opportunity
- At target performance – 100% of target opportunity
- Maximum performance – 150% of target opportunity

Threshold performance is the minimum level of performance required to earn any STI.

Targets are set with a level of ‘stretch’ built-in, and therefore, maximum performance for any STI is only achieved in respect of exceptional performance.

For the period 30 June 2023, STI % opportunities increased from the prior year due to inclusion of a deferred component of STI that includes an element of share based payments in the STI opportunity. For FY23, the STI payment is comprised of 2/3 cash and 1/3 shares. Of the cash component, 1/3 is paid in year 1, 1/6 is paid in year 2, and 1/6 is paid in year 3. One-third the 2023 Incentive will be deferred equity issued to KMP on the first business day following the first quarter after completion of the audited annual accounts for ImpediMed’s FY23. The deferred equity will be in the form of restricted shares, which are subject to a continuous service condition of one (1)</td></tr>
</table>

	year for 50% of the restricted shares and two (2) years for the remaining 50% of the restricted shares. During these periods, the restricted shares will be subject to disposal restrictions and a holding lock will be applied to the shares. In the event that KMP's employment ceases before the end of the one or two year periods (as the case may be), the Group will not require KMP to forfeit his restricted shares, unless KMP ceases employment due to voluntary resignation other than for Good Reason, termination for Cause, or any termination in circumstances where the Group is reducing its workforce by 33% or more within a 30-day period to implement cost savings. In any of these cases, the restricted shares will be bought-back or forfeited in accordance with the ESP unless the Board of Directors determines otherwise in its absolute discretion.
Performance Period	The performance period is the 12-month financial year.
Performance Conditions	For the year ended 30 June 2023: - MD / CEO: 50% for achievement of targeted patient tests and 50% for FDA clearance on heart failure contra-indication. - Executive KMP: Based on financial goals of Revenue, TCV, and Cash flows.

5.3 STI Performance Conditions and Outcomes

The table below provides an overview of ImpediMed's performance against the financial and non-financial KPIs applicable to Executive KMP.

For the year ended 30 June 2023, all Executive KMP had common KPIs.

KPI	Key Achievements & KPI Outcomes
MD / CEO: 100% non-financial goals **Executive KMP: 100% financial goals** Key goals that are directly tied to performance results, leading indicators of long-term growth and management of a set operating plan.	**MD / CEO:** 75.6% achievement **Executive KMP:** 70.6% achievement
STI metrics for MD / CEO were as follows: Patient tests for the 2nd half of FY23: Utilisation of SOZO is an indicator of clinical adoption and LPP success. FDA Clearance for Heart Failure contra-indication	 Patient tests for the 2nd half of FY23 totaled 112,000, with an at-plan target of 100,000 tests, resulting in 75.6% achievement (At-Plan achievement is 50% achievement). FDA Clearance was not achieved in FY23, totaling 0% achievement.
STI metrics for Executive KMP were as follows: Revenue: Revenue growth reflects increased marketplace adoption that has already occurred. Total Contract Value (TCV): TCV is a leading indicator of revenue growth. Cash Flow: Operating within a set operating plan that takes into account key areas of focus and growth for the business.	 Revenue increased 7% to $11.3M (2022: $10.6M); SOZO SaaS and Recurring Revenue increased 7% to $9.4M (2022: $8.8M). Core Business SOZO revenue totaled $8.5 million (2022: $6.6 million), a 30%+ increase. TCV signed in the 2nd half of FY23 totaled $6.7M. Net Operating Cash Outflows for the period were $(18.1)M [2022: $(15.7)M].

5.4 STI Outcomes

US-based Executives are paid in USD for the cash portion of STIs. Listed below are their AUD equivalents.

KMP	Short-term Cash Payout AUD (i)	Deferred Cash AUD (i)	Total Cash AUD (i)	Share Value AUD (i)	Total STI Outcomes AUD (i)	Target STI Opportunity AUD (ii)	% Achieved (iii)
R Valencia (iii) MD/CEO	58,932	82,506	141,438	35,359	176,797	233,982	75.6%
T Cruickshank CFO	73,418	95,444	168,862	51,393	220,255	311,975	70.6%
S Tripathi COO	76,479	99,422	175,901	53,535	229,436	324,980	70.6%

(i) The STI Outcomes stated are accrued for as at 30 June 2023 and will be paid in subsequent periods (see section 5.2 for timing of payments). The STI achievement rate for KMP in FY23 was 70.6% (FY22: 50.0%), or an increase in achievement of 41%. Based on the modified STI program in place in FY23, though, the short-term cash payout related to STIs decreased by 17%. The remaining portion of the FY23 incentives will be paid as a mix of cash and shares over the coming two years, to align the Group's cash resources with the Group's timelines for cash flow break-even. STI payment is comprised of cash and equity-based remuneration, refer to section 5.2 for detail.

(ii) The Target STI Opportunity displayed in the above table is calculated based on the average exchange rate for the year for US-based KMP.

(iii) The MD/CEO outcome is based on 110% of base salary for maximum performance for the prorated FY23 period; remaining KMP are based on 150% of target STIs for maximum performance.

5.5 Long-Term Incentive (LTI)

The Board offers LTIs to reward the performance of Executives in alignment with shareholders' interests and the long-term benefit of the Group. The key features of the LTI plan are outlined below:

<table>
<tr><td>Participants</td><td>MD / CEO and Executive KMP</td></tr>
<tr><td>Award Type</td><td>In order to balance the objectives of US and Australian remuneration practices, IPD's LTI grant policy balances the objectives and marketplace practices in the US and Australia. To align with Australian practices, over time IPD has increased the weighting on performance-based rights in the LTI portfolio and for the 2023 financial year 100% of awards for Executives were tied to performance metrics.

For Executives, in the year ended 30 June 2023, awards issued under the Employee Incentive Plan (EIP) were issued as follows:
100% of awards are tied to performance;
Options and Performance Rights are subject to achieving LTI performance hurdles;
a mix of 50% Options and 50% Performance Rights.
Each Option entitles the holder to one fully paid ordinary share of ImpediMed Limited at an exercise price based on the five (5) day Volume Weighted Average Price (VWAP) at close-of-business when granted.</td></tr>
<tr><td>Opportunity</td><td>The value of the LTI awards made for the years ended 30 June 2023 and 2022 have been expressed as a percentage of TFR in the table below:

<table><tr><th>KMP</th><th>2023 LTI Opportunity</th><th>2022 LTI Opportunity</th></tr><tr><td>MD/CEO</td><td>57%</td><td>n/a</td></tr><tr><td>CFO</td><td>6%</td><td>21%</td></tr><tr><td>COO</td><td>6%</td><td>22%</td></tr></table>
Performance conditions are typically equally weighted with:
Minimum Threshold - 50% of "Plan"
Plan - 100% of "Plan"
Maximum - 150% of "Plan" / MD/CEO 110% of "Plan"</td></tr>
<tr><td>Performance Period</td><td>For LTI awarded in the year ended 30 June 2023:
For MD / CEO: Options vest over (4) years and Performance Rights vest over five (5) years.</td></tr>
</table>

	• For Executive KMP: Options vest over (4) years and Performance Rights vest over three (3) years.
Performance Conditions	For LTI awards granted to KMP in the year ended 30 June 2023, the Board assigned performance hurdles to increase the focus on supporting the Group's long-term business strategy and shareholder value. The performance hurdles include strategic measures and require the achievement of key milestone objectives. Options granted to the MD / CEO during the year do not have performance hurdles, only time vesting requirements. Each Option awarded to Executive KMP is subject to achieving a LTI Hurdle related to the following objective: • Total Shareholder Return (TSR 3-Year): Minimum (threshold) of $0.115 and Plan (target) of $0.172. Each Performance Right awarded is subject to achieving LTI Hurdles related to the following objectives: For MD / CEO: Total Shareholder Return (TSR 5-year). The performance rights will be eligible to vest in five tranches of 4 million shares each and have cumulative absolute total shareholder return (TSR) thresholds of 80%, 80%, 50%, 50% and 50% in years 1 through 5, respectively. In the event that cumulative TSR is not achieved in any given year, Mr. Valencia will have the opportunity to vest in future periods if thresholds are achieved subsequently, or in respect of a particular year, if the annual TSR threshold is achieved. Vesting is also dependent on continued employment. Any unvested shares at the Year-5 anniversary will be forfeited. • For Executive KMP: Cash flow break-even by Q4 FY25. To consider this achieved, the Company must have (1) minimum cash receipts of AUD $5 million per quarter, and (2) Minimum five (5) quarters of operating cash on hand. These performance conditions were selected because their achievement in the defined timeframe is critical to the company's success and drives long-term value-creation demonstrating the company's achievement for shareholders over the long term. Due to the commercially sensitive nature of the specific performance metrics within these KPI's, ImpediMed will provide further details in the annual report following the end of the performance period.
Treatment of Dividends on Unvested Awards	The LTI instruments do not carry dividend or voting rights prior to vesting.
Leaver Provisions	Where a participant ceases employment prior to vesting, the award is forfeited unless the Board applies its discretion to allow vesting at, or post, cessation of employment.
Clawback Provisions	Provides the Board discretion to clawback variable pay of LTI participants in the event of serious misconduct or fraud by the employee or other specific events.
Change of Control	In a situation where there is likely to be a change of control of the Group, the Board may have the discretion to determine whether some, none or all of the LTI instruments will vest.

The Remuneration Committee aims to prudently manage dilution and the accounting-cost of executive equity plans, while leveraging long-term incentives to maintain shareholder alignment and execution of the business strategy. Periodically the remuneration committee reviews capacity levels of LTI plans.

5.6 LTI Performance Conditions and Outcomes

For grants made in the year ended 30 June 2021, in addition to time-based requirements, performance rights also included specific challenging performance conditions that needed to be satisfied in order for the rights to vest. The table below provides an overview of ImpediMed's performance against the performance conditions applicable to performance rights granted to Executive KMP for the period of 1 July 2020 to 30 June 2023. Each performance condition was set with reference to minimum, at-plan or maximum achievement.

Performance Condition	Key Achievements & Performance Outcomes
Contracted Revenue Pipeline: 50%	**KPI Assessment:**
	Achieved 0% of the target performance for the objectives as detailed below.
Contracted Revenue Pipeline (CRP) consists of future period revenue amounts related to Total Contract Value (TCV) that are yet to be reported as revenue. CRP is calculated based on the total contracts signed as of 30 June 2023 less the revenue previously recognised on those contracts.	The Group's CRP grew by over 27% to A$20.9m as at 30 June 2023. Whilst this represented strong growth in CRP and the Group's SaaS model, the CRP metric was not achieved.
Total Shareholder Return: 50%	**KPI Assessment:**
	Achieved 33.5% of the target performance for the objectives as detailed below.
Total Shareholder Return (TSR) is determined by the increase in the Group's share price over the Performance Period from 1 July 2020 to 30 June 2023, calculated using a 5-day volume weighted average share price at the start and end of the Performance Period.	The Group's stock price grew 195% during the year ended 30 June 2023, with an ending VWAP of $0.181.

5.7 Minimum Shareholding Requirement

Executives are prohibited from disposing of ImpediMed shares acquired from equity-based share schemes (other than to the extent necessary to satisfy statutory obligations, such as to fund the associated tax liability arising on the vesting of the equity, or with the consent of the Board), unless immediately after that disposal they continue to hold ImpediMed shares with a value equal to or greater than the minimum shareholding requirement. The minimum shareholding requirement for Executives is equal to the value of their annual base salary after tax.

The minimum shareholding requirement for NED's is equal to the value of one year's base fee (excluding committee fees) after tax. For the purposes of calculating whether the minimum shareholding has been met, the calculation is based on the share price at the time of purchase and/or vesting.

As at the date of this report, all NED's met their minimum shareholding requirement, except for Michael Seiden, who was appointed to his role this past month in July 2023.

5.8 Executive Contractual Arrangements

Remuneration arrangements for the Executive KMP are formalised in employment contracts. Contracts are generally "at-will" and outline the remuneration and other key provisions. At-will employment is a term used in US labour law for contractual relationships where an employee can be dismissed by an employer without cause and warning. Certain Executive KMP have negotiated termination provisions as follows:

	Notice Period	Payment in Lieu of Notice	Treatment of STI and LTI on Termination
Managing Director			
R Valencia	9 months	9 months	Unvested awards forfeited
Executives			
T Cruickshank	9 months	9 months	Unvested awards forfeited
S Tripathi	9 months	9 months	Unvested awards forfeited

SECTION 6

Statutory Tables

6.1 Remuneration of KMP for the Year Ended 30 June 2023

30 June 2023	Short-Term Benefits			Post-Employment	Long-Term Benefits	Share-Based Payments				Performance Related	
$AUD	Base Salaries & Fees	STI Awards (v)	Non-Monetary (iii)	Super-annuation	Long Service Leave	LTI Awards (viii)	Share Plans (iv)(vi)	Other (ii)	Total	STI as % of Total	LTI as % of Total
Directors											
D Williams (i)	79,200						118,800		198,000	0%	0%
D Anderson (i) (ii)	15,200						124,590	138,062	277,852	0%	0%
A Patel (i)	47,861						71,791		119,652	0%	0%
J West	32,789			3,443			55,854		92,086	0%	0%
J Downes (vii)	13,032			1,368			21,600		36,000	0%	0%
R Graham	36,560			3,840			60,600		101,000	0%	0%
R Carreon	54,716		2,447	2,169		(981,398)	-	797,747	(124,319)	0%	789%
R Valencia	389,969	141,437	15,210	15,320		235,353	35,359		832,649	21%	28%
Executives											
T Cruickshank (i) (iii)	396,946	168,862	36,752	19,016		164,532	137,677		923,784	24%	18%
S Tripathi (i) (iii)	413,491	175,901	34,619	18,823		178,476	124,678		945,988	25%	19%
Total	**1,479,764**	**486,200**	**89,028**	**63,979**		**(403,037)**	**750,949**	**935,809**	**3,402,692**		

The figures represent the amounts expensed in the relevant reporting period, unless otherwise specified.

(i) Certain Directors and Executives are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD on a monthly basis. Share-based compensation includes the expense during the financial year of all awards regardless of the financial year awarded.

(ii) From July 2022 to November 2022, D Anderson operated as the Interim CEO. From December 2022 to February 2023, he operated as an executive consultant, employed by the Group. Effective March 2023, he moved back to a Non-Exectuve Director role. During his time as an employee, Dave Anderson received a total of $138,062 in a fixed base salary, non-monetary benefits, and super for his services as interim CEO. During the period, Richard Carreon was paid severance of $797,747.

(iii) Non-monetary benefits for US based employees include the payment of certain health and disability related insurance premiums as is customary in the US market.

(iv) The fair value of the equity-settled share options granted under the EIP plans are estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation (if there is a restriction on the share price for exercisability of the option). The fair value of equity-settled performance rights granted under the EIP plan are calculated at the date of grant using the share price from the close of business on the day prior to the date of grant.

(v) The values stated in the STI Awards column relate to the cash-based STIs earned for the FY23 financial year. Equity-based STI values are included in the Share Plans column. The value of equity-based STI awards included in Share Plans are as follows: R Valencia $35,359, T Cruickshank $51,393, S Tripathi $53,535.

(vi) During the year, NEDs received 60% of their fees as shares in lieu of cash and Executive KMP received up to 20% of their cash base salary as shares in lieu of cash. Refer to SECTION 5 of the Remuneration Report for further details.

(vii) J Downes resigned in October 2022.

(viii) R Carreon had a reversal of LTI awards subsequent to his departure as MD / CEO in July 2022, resulting in forfeiture of options and performance rights value of $981,398.

Refer to the Directors' Report, details of KMP, for dates of new appointments and other changes.

6.1 Remuneration of KMP for the Year Ended 30 June 2022

30 June 2022	Short-Term Benefits			Post-Employment	Long-Term Benefits	Share-Based Payments			Subsequent Forfeitures or Cancellations		Performance Related	
$AUD	Base Salaries & Fees	STI Awards (vi)	Non-Monetary	Super-annuation	Long Service Leave	LTI Awards	Share Plans (vii)	Total	LTI Awards	Amended Total	STI as % of Total	LTI as % of Total
Directors												
S Ward (i)	33,484	-	-	-	-	-	24,022	57,506		57,506	0%	0%
D Williams (i) (ii)	57,087	-	-	-	-	-	85,898	142,985		142,985	0%	0%
D Anderson (i) (ii)	39,578	-	-	-	-	-	59,645	99,223		99,223	0%	0%
J Downes	30,000	-	-	7,500	-	-	45,000	82,500		82,500	0%	0%
R Graham	27,000	-	-	6,750	-	-	40,500	74,250		74,250	0%	0%
A Patel (i)	37,234	-	-	-	-	-	56,139	93,373		93,373	0%	0%
R Carreon (i) (iii) (iv) (v)	666,182	302,155	27,450	16,559	-	625,734	46,327	1,684,407	(981,398)	703,009	18%	37%
Executives												
T Cruickshank (i) (iii) (iv)	352,880	88,246	31,277	14,489	-	174,325	87,584	748,801		748,801	12%	23%
S Tripathi (i) (iii) (iv)	370,003	91,936	29,113	16,190	-	158,342	89,588	755,172		755,172	12%	21%
D Adams (i) (iii) (iv)(vii)	402,675	89,315	26,936	24,604	-	147,834	29,409	720,773		720,773	12%	21%
C Kingsford (iv) (vii)	350,565	69,962	-	33,782	11,096	133,229	45,774	644,408		644,408	11%	21%
D Schlaht (i) (iii) (iv) (vii)	342,740	85,502	35,445	14,939	-	141,714	83,863	704,203		704,203	12%	20%
Total	**2,709,428**	**727,116**	**150,221**	**134,813**	**11,096**	**1,381,178**	**693,749**	**5,807,601**	**(981,398)**	**4,826,203**		

The figures represent the amounts expensed in the relevant reporting period.

(i) Certain Directors and Executives are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD on a monthly basis. Share-based compensation includes the expense during the financial year of all awards regardless of the financial year awarded.
(ii) Subsequent to the end of the 2022 financial year, D Anderson became an Executive Director and Interim CEO for the Group.
(iii) Non-monetary benefits for US based employees include the payment of certain health and disability related insurance premiums as is customary in the US market.
(iv) The fair value of the equity-settled share options granted under the EIP and ESOP plans are estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation (if there is a restriction on the share price for exercisability of the option). The fair value of equity-settled performance rights granted under the EIP plan are calculated at the date of grant using the share price from the close of business on the day prior to the date of grant.
(v) Upon cessation of employment with the Group, options and performance rights for the MD/CEO which had not vested automatically lapsed and were forfeited without consideration. The Amended Total column in the above table shows the impact of these forfeitures in July 2022. As of the filing of this report, Mr Carreon has nil options and nil performance rights outstanding. Please refer to SECTION 5 of the remuneration report for additional details.
(vi) The amounts stated for STI Awards relate to amounts earned and accrued for the FY22 financial year. Executive KMP have the option to receive 20% of their STI awards as shares in lieu of cash under the Equity Share Plan.
(vii) During the year, NEDs received 60% of their fees as shares in lieu of cash and Executive KMP received up to 20% of their cash base salary as shares in lieu of cash. Refer to SECTION 5 of the Remuneration Report for further details.
(viii) D Adams, C Kingsford, D Schlaht are not considered KMP for FY23.

Refer to the Directors' Report, details of KMP, for dates of new appointments and other changes.

6.2 Remuneration Awards: Granted, Vested, and Lapsed During the Year

(A) OPTIONS

30 June 2023	Number Granted during Year	Grant Date	Value per Option at Grant Date	Exercise Price per Option ($)	Expiry Date for Option Vested	Vested Number of Options this Year (#)	Fair Value of Options Granted During Year ($)	Number of Options Lapsed During Year (#)	Number of Options Lapsed Subsequent to Year-End (#)
Directors and Executives									
R Valencia	10,000,000	25-Jan-23	0.0467	0.07	25-Jan-30		467,330		
T Cruickshank	1,750,000	10-Sep-22	0.0424	0.06	10-Sep-29		74,277		
T Cruickshank		11-Nov-21	0.1050	0.18	11-Nov-28				
T Cruickshank		16-Apr-21	0.0985	0.14	16-Apr-28	125,000			
T Cruickshank		28-Oct-20	0.0604	0.08	28-Oct-27	398,250			
T Cruickshank		11-Nov-19	0.0902	0.15	11-Nov-26	82,000			
T Cruickshank		15-Nov-17	0.4963	0.82	15-Nov-24				
T Cruickshank		25-Oct-16	1.0269	1.66	25-Oct-23				
T Cruickshank		01-Jul-15	0.5240	0.87	01-Jul-22			49,000	
S Tripathi	1,750,000	10-Sep-22	0.0424	0.06	10-Sep-29		74,277		
S Tripathi		11-Nov-21	0.1050	0.18	11-Nov-28				
S Tripathi		28-Oct-20	0.0604	0.08	28-Oct-27	418,250			
S Tripathi		11-Nov-19	0.0902	0.15	11-Nov-26	162,466			
S Tripathi		31-Jul-18	0.2258	0.52	31-Jul-25	128,750			
Total	**13,500,00**					**1,314,716**	**615,884**	**49,000**	

(B) PERFORMANCE RIGHTS

Granted	Terms and Conditions of Each Grant						
30 June 2023	**Number Granted during Year (i)**	**Grant Date**	**Value per Perf Right at Grant Date ($)**	**Vesting Date**	**Number of Perf Rights (#) vested during year**	**Number of Perf Rights Lapsed During Year**	**Number of Perf Rights Lapsed Subsequent to Year-End**
Directors and Executives							
R Valencia	20,000,000	25-Jan-2023	0.044	01-Dec-2027			
T Cruickshank	1,300,000	13-Mar-2023	0.058	13-Mar-2026			
T Cruickshank		11-Nov-2021		11-Nov-2024			
T Cruickshank		16-Apr-2021		16-Apr-2024		166,159	
T Cruickshank		28-Oct-2020		28-Oct-2023		957,077	
S Tripathi	1,300,000	13-Mar-2023	0.058	13-Mar-2026			
S Tripathi		11-Nov-2021		11-Nov-2024			
S Tripathi		28-Oct-2020		28-Oct-2023		996,955	
Total	**22,600,000**					**2,120,191**	

(i) Performance rights granted in financial year 2023 have time and performance-based vesting criteria. Refer to Note 18 for additional information.

6.3 Remuneration Awards: Awards Held by Key Management Personnel

(A) OPTIONS

30 June 2023	Held at the Start of the Period	Granted During Period	Exercised During Period	Options from Other Changes (i)	Held at the End of the Period	Options Vested and Exercisable at the End of the Period	Held Subsequent to the End of the Period	Options Vested, Exercisable and in-the-money
	No.	No.	No.	No.	No.	No.	No.	No.
Directors								
R Carreon	12,726,117	-	-	(12,726,117)	-	-	-	-
R Valencia	-	10,000,000	-	-	10,000,000	-	10,000,000	-
Executives								
T Cruickshank	4,492,000	1,750,000	-	(49,000)	6,193,000	1,641,500	6,193,000	-
S Tripathi	4,737,863	1,750,000	-	-	6,487,863	1,838,897	6,487,863	-
Total	**21,955,980**	**13,500,000**	**-**	**(12,775,117)**	**22,680,863**	**3,480,397**	**22,680,863**	**-**

(i) Options from other changes include expired or lapsed options.

(B) PERFORMANCE RIGHTS

30 June 2023	Held at the Start of the Period	Granted During Period	Vested During Period	Perf Rights from Other Changes (i)	Held at the End of the Period	Held Subsequent to the End of the Period
	No.	No.	No.	No.	No.	No.
Directors						
R Carreon	14,800,000	-	-	(14,800,000)	-	-
R Valencia	-	20,000,000	-	-	20,000,000	20,000,000
Executives						
T Cruickshank	3,205,000	1,300,000	-	(1,123,236)	3,381,764	3,381,764
S Tripathi	3,150,000	1,300,000	-	(996,955)	3,453,045	3,453,045
Total	**21,155,000**	**22,600,000**	**-**	**(16,920,191)**	**26,834,809**	**26,834,809**

(i) Performance rights from other changes include vested and forfeited awards.

6.4 Shareholdings of Key Management Personnel

(A) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL AND EXECUTIVES

30 June 2023	Held at the Start of Period	Granted as Remuneration (ii)	On exercise of Options & Vesting of Perf Rights	Net Change Other (i)	Held at the End of Period (iii)	Held Nominally
	No.	No.	No.	No.	No.	No.
Directors						
D Williams	2,818,061	1,443,188	-	3,607,825	7,869,074	7,869,074
D Anderson	1,221,409	1,537,648	-	2,670,000	5,429,057	5,429,057
A Patel	2,233,251	853,010	-	-	3,086,261	3,086,261
J West	-	379,085	-	800,000	1,179,085	1,179,085
J Downes	2,701,458	484,093	-	(3,185,551)	-	-
R Graham	2,037,630	696,444	-	(2,734,074)	-	-
R Carreon	4,104,312	-	-	(4,104,312)	-	-
R Valencia	-	-		1,822,500	1,822,500	1,822,500
Executives						
T Cruickshank	1,560,258	1,123,140	-	-	2,683,398	2,683,398
S Tripathi	1,559,523	1,177,165	-	-	2,736,688	2,736,688
Total	**18,235,902**	**7,693,773**	**-**	**- 1,123,612**	**24,806,063**	**24,806,063**

(i) These shareholding movements primarily relate to shares purchased on the open market, as well as other adjustments for individuals that have left the Company.
(ii) David Anderson was issued 1,175,447 shares from the Equity Compensation Plan while serving as Interim CEO and 362,201 shares while serving as a Non-Executive Director during the year.
(iii) J Downes, R Graham, and R Carreon are no long considered KMP at 30 June 2023 and therefore shares held at end of period are nil.

(B) SHARES ISSUED ON EXERCISE OF SHARE BASED PAYMENTS

During the year ended 30 June 2023, nil shares were issued on the exercise of options awards (2022: nil) and nil shares were issued on the vesting of performance rights (2022: 155,000).

6.5 Other Transactions and Balances with KMP and their Related Parties

For the year ended 30 June 2023, the Group issued shares to Directors and Executives as equity-based remuneration in lieu of cash. There were no other transactions that occurred with Directors or Executives that would be considered related party transactions.

6.6 Consequences of Performance on Shareholder Value

ImpediMed Limited has operated as a listed public company since October 2007. The Group is building revenue in its core medical business and has yet to achieve profitability. The Remuneration Committee has linked certain items below as part of the review of KMP remuneration.

In addition, the Remuneration Committee considers other elements are necessary to create shareholder wealth through acceptance and use of the Group's products. While the Remuneration Committee has regard to the items shown in the following table, in respect of the current and prior financial years, KMPs' remuneration is not solely linked to these items, but rather to building the elements necessary to create shareholder wealth through acceptance and use of the Group's products.

Amount $	2023	2022	2021	2020	2019
SOZO Revenue (Millions)	$10.6	$9.9	$7.6	$4.7	$2.3
Change in SOZO Revenue	7%	29%	64%	99%	229%
Total Medical Revenue (Millions)	$11.3	$10.6	$8.4	$5.7	$4.2
Change in Medical Revenue	7%	26%	47%	38%	27%
Net Loss Attributable to Equity Holders of the Parent Entity (Millions)	($20.5)	($19.9)	($20.7)	($21.5)	($24.1)
Dividends Paid	nil	nil	nil	nil	nil
Share Price at 30 June	$0.18	$0.061	$0.105	$0.062	$0.114
Change in Share Price	195%	(42)%	69%	(46)%	(71)%
Market Cap (Millions)	$363.2	$108.5	$156.6	$62.1	$43.3

Directors' Meetings

The number of meetings of directors (including the meetings of committees of directors) held during the year and the number of meetings attended by each director are detailed in the table below:

	Board Meetings		Remuneration Committee		Audit & Risk Management Committee		Nomination Management Committee	
Directors (i)	# Meetings Eligible to Attend	# Meetings Attended	# Meetings Eligible to Attend	# Meetings Attended	# Meetings Eligible to Attend	# Meetings Attended	# Meetings Eligible to Attend	# Meetings Attended
Total	**10**	**10**	**3**	**3**	**4**	**4**	**4**	**4**
D Williams	10	10	3	3	4	4	4	4
D Anderson (ii)	10	10	1	1			4	4
J Downes (iii)	5	5			2	2	1	1
R Graham (iv)	10	10	3	3			4	4
A Patel	10	9	2	2	4	4	4	4
J West (v)	8	8			2	2	3	2
R Carreon(vii)	-	-	-	-	-	-	-	-
R Valencia (vi)	4	4					2	2

(i) A Director's attendance at a committee meeting is only included if the Director is a member of the committee or Chairman of the Board.
(ii) D Anderson was appointed Interim CEO July 2022, Mr. Anderson did not sit on any Committees during the 2023 financial year.
(iii) J Downes resigned October 2022.
(iv) R Graham resigned June 2023.
(v) J West appointed August 2022.
(vi) R Valencia appointed December 2022.
(vii) R Carreon stepped down in July 2022.

Committee Membership

As of 31 August 2023:

Directors	Remuneration Committee	Audit & Risk Management Committee	Nomination Committee
D Williams	-	-	Chair
D Anderson (i)	Member	-	Member
A Patel (ii)	Chair	-	Member
M Seiden	Member	Member	Member
D Sharp	-	Member	Member
J West	-	Chair	Member
R Valencia	-	-	Member

(i) D Anderson was appointed Remuneration Committee Chair effective August 2020 and transitioned to Executive Director July 2022. As Interim CEO, Mr Anderson will not sit on any Committees during the 2023 financial year.
(ii) A Patel was appointed Remuneration Committee Chair effective August 2022.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($000)) under the option available to the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the Class Order applies.

Auditor’s Independence Declaration and Non-Audit Services

Auditor’s Independence Declaration

The directors received the declaration on page 64 from the auditor of the Company and have resolved the auditor is independent.

Non-Audit Services

No non-audit services were provided.

Signed in according with a resolution of the Directors.

Don Williams
Chairman

Jan West
Director

31 August 2023

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Auditor's independence declaration to the directors of ImpediMed Limited

As lead auditor for the audit of the financial report of ImpediMed Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ImpediMed Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Jennifer Barker
Partner
31 August 2023

Financial Report

CHAPTER 4

Platform Technology.
Transforming Care.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Notes	2023 $000	2022 $000
SOZO Revenue	4	10,563	9,883
Legacy Revenue	4	686	612
Other Revenue	4	95	71
Total Revenue		**11,344**	**10,556**
Cost of Sales		(1,546)	(1,709)
Gross Profit		**9,798**	**8,857**
Finance Income, Net	6	767	18
Other Income	6	1,608	1,620
Salaries and Benefits	7	(20,231)	(16,436)
Share-based Payments	7	(754)	(3,002)
Clinical Trials and Research & Development	7	(598)	(683)
Administrative and Governance	7	(2,672)	(2,830)
Depreciation and Amortisation		(2,467)	(2,769)
Consultants and Professional Fees	7	(2,653)	(2,020)
Other Expenses	7	(3,288)	(2,583)
Loss from Continuing Operations Before Income Tax		**(20,490)**	**(19,828)**
Income Tax	19	(31)	(46)
Net Loss from Continuing Operations		**(20,521)**	**(19,874)**
Other Comprehensive Income			
Items that may be reclassified as profit or loss:			
Foreign Currency Translation Gain	16	1,073	2,112
Other Comprehensive Gain for the Period, Net of Tax		1,073	2,112
Total Comprehensive Loss		**(19,448)**	**(17,762)**
		$	$
Basic and Diluted Loss per Share	2	(0.01)	(0.01)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE

	Notes	2023 $000	2022 $000
Assets			
Current Assets			
Cash and Cash Equivalents	8	45,710	40,730
Trade and Other Receivables	9	3,843	3,414
Contract Assets	5	541	967
Inventories	10	810	926
Prepayments and Other		1,031	623
Total Current Assets		**51,935**	**46,660**
Non-Current Assets			
Other Financial Assets	26	78	75
Contract Assets	5	-	180
Right of use Asset	29	1,412	159
Property and Equipment	11	539	259
Intangible Assets	12	14,772	11,366
Total Non-Current Assets		**16,801**	**12,039**
Total Assets		**68,736**	**58,699**
Liabilities			
Current Liabilities			
Trade Payables and Other	13	2,227	3,224
Contract Liabilities	5	1,031	928
Provisions	14	2,288	2,920
Interest Bearing Lease Liabilities	29	300	170
Total Current Liabilities		**5,846**	**7,242**
Non-Current Liabilities			
Contract Liabilities	5	422	360
Interest Bearing Lease Liabilities	29	1,147	-
Provisions	14	442	53
Total Non-Current Liabilities		**2,011**	**413**
Total Liabilities		**7,857**	**7,655**
Net Assets		**60,879**	**51,044**
Equity			
Issued Capital	15	336,087	307,558
Reserves	16	35,954	34,127
Accumulated Losses		(311,162)	(290,641)
Total Equity		**60,879**	**51,044**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

	Notes	2023 $000	2022 $000
Cash Flows from Operating Activities			
Receipts from Customers (Inclusive of GST and US Sales Tax)		11,487	10,389
Payments to Suppliers (Inclusive of GST and US Sales Tax)		(11,533)	(9,017)
Payments to Employees	7	(20,411)	(18,871)
Interest Received		741	44
Government Grant Receipts		1,667	1,791
Net Cash Flows Used in Operating Activities	**8**	**(18,049)**	**(15,664)**
Cash Flow from Investing Activities			
Purchase of Property and Equipment		(392)	(60)
Development Expenditures and Purchase of Intangibles	12	(5,651)	(5,161)
Net Cash Flows Used in Investing Activities		**(6,043)**	**(5,221)**
Cash Flows from Financing Activities			
Proceeds from Issue of Ordinary Shares	15	30,022	42,503
Transaction Costs from Capital Raising		(1,516)	(2,213)
Repayment of Grant		(149)	-
Other Payments including Lease Liabilities		(425)	(373)
Net Cash Flows from Financing Activities		**27,932**	**39,917**
Net Increase in Cash and Cash Equivalents		3,840	19,032
Net Foreign Exchange Differences		1,140	2,017
Cash and Cash Equivalents at Beginning of Year		40,730	19,681
Cash and Cash Equivalents at End of Year	**8**	**45,710**	**40,730**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

	Notes	Issued Capital $000	Share Reserves $000	Foreign Currency Reserves $000	Total Reserves $000	Accumulated Losses $000	Total $000
At 30 June 2021		**267,268**	**24,152**	**4,861**	**29,013**	**(270,767)**	**25,514**
Loss for the Period		-	-	-	-	(19,874)	(19,874)
Other Comprehensive Loss		-	-	2,112	2,112	-	2,112
Total Comprehensive Loss for the Period				2,112	2,112	(19,874)	(17,762)
Equity Transactions:							
Share-based Payments	18	-	3,002	-	3,002	-	3,002
Issue of Ordinary Shares	15	42,503	-	-	-	-	42,503
Costs of Capital Raising	15	(2,213)	-	-	-	-	(2,213)
At 30 June 2022		**307,558**	**27,154**	**6,973**	**34,127**	**(290,641)**	**51,044**
Loss for the Period		-	-	-	-	(20,521)	(20,521)
Other Comprehensive Gain		-	-	1,073	1,073	-	1,073
Total Comprehensive Income (Loss) for the Period				1,073	1,073	(20,521)	(19,448)
Equity Transactions:							
Share-based Payments	18	-	754	-	754	-	754
Issue of Ordinary Shares	15	30,022	-	-	-	-	30,022
Costs of Capital Raising	15	(1,493)	-	-	-	-	(1,493)
At 30 June 2023		**336,087**	**27,908**	**8,046**	**35,954**	**(311,162)**	**60,879**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

1. Basis of Preparation

Corporate Information

The financial report of the Group for the year ended 30 June 2023 was authorized for issue in accordance with a resolution of the Board of Directors on 31 August 2023.

ImpediMed Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities, the realization of assets and the settlement of liabilities in the ordinary course of business. The Group had cash at its disposal of $45.7 million at 30 June 2023 (30 June 2022: $40.7 million), lease commitments of $1.6 million, and had no borrowing from banks or other financial institutions at that date. The Group incurred a net loss of $20.5 million for the year ended 30 June 2023 (30 June 2022 $19.9 million) and had $18.0 million (30 June 2022: $15.7 million) of net cash outflows from operations.

During the year the Group successfully completed a capital raise of $30.0 million.

Whilst the Group continues to generate operating losses and net cash outflows from operations, the Group's future viability is dependent upon managing existing cash balances and achieving increased cash inflows from cash receipts from customers.

The Directors are confident the Group will be able manage cashflows and continue to be able to pay its debts as and when they fall due for a period in excess of 12-months from the date the financial report has been signed and thus continue as a going concern. On this basis, the going concern basis of accounting has been used.

Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Accounting Standards and Interpretations Issued but not yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2023. The impact of these are still being assessed but are not expected to have a material impact on the Group.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures

2. Earnings per Share (EPS)

The following reflects the net loss attributable to ordinary equity holders and the weighted average number of ordinary shares used in the calculations of basic earnings per share:

	2023 $000	2022 $000
Net Loss Used in Calculating Basic and Diluted Earnings		
Continuing Operations	(20,521)	(19,874)
Net Loss Attributable to Ordinary Equity Holders of the Parent for Basic and Diluted Earnings per Share	**(20,521)**	**(19,874)**
	No.	**No.**
Weighted Average Number of Ordinary Shares Used in Calculating Basic and Diluted Earnings per Share	**1,800,348,506**	**1,678,954,154**
	$	**$**
Basic and Diluted Loss per Share	**(0.01)**	**(0.01)**
Basic and Diluted Loss per Share from Continuing Operations	**(0.01)**	**(0.01)**

Diluted EPS is calculated by taking the net loss attributable to ordinary equity holders and dividing it by the sum of the weighted average number of ordinary shares and the weighted average number of convertible instruments.

For the financial year ended 30 June 2023, diluted EPS is equal to basic EPS as the Group is currently in a loss position and any conversion of instruments to ordinary shares would have an antidilutive effect on earnings per share.

As of the end of financial year 2023 there were 66,865,222 (2022: 83,054,173) options and 42,778,395 (2022: 40,157,000) performance rights on issue. These unquoted awards were not considered as part of the EPS calculation because they would be anti-dilutive.

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share, which is currently not applicable to the Group due to the net loss, would be calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Dividends Paid and Proposed

There were no dividends paid or proposed during the current period or in the prior year.

4. Segment Reporting

(A) Operating Segment

Accounting Policies and Inter-Segment Transactions

The accounting policies used by the Group in reporting segments internally are consistent with the prior period.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker being the Chief Executive Officer. The Group aggregates two or more operating segments when they have similar economic characteristics and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the productions processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services, and if applicable;
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Identification of Reportable Segment

For the 2023 financial year, consistent with the prior year, the Group identified the Medical Segment as the sole operating segment. During the year, the Chief Executive Officer reviewed the business revenue information within the Medical Segment, consisting of the Group's SOZO and Legacy product lines, consistent with the previous financial year. The primary focus during the 2023 financial year for the Medical Segment was the continued commercialisation of SOZO and of the subscription revenue model, which yielded gross margins in excess of 90% and a contracted revenue pipeline of $20.9 million at 30 June 2023 (30 June 2022: $16.5 million).

Due to having material contracts for the use of SOZO in AstraZeneca clinical trials, revenue from the Group's SOZO product line is presented separately as SOZO – Core Business and SOZO – Clinical Business.

SOZO – Core Business

The Core Business refers to the commercialization efforts from the Company's core strategic focus areas. To date, this primarily includes revenue from SOZO contracts in the Oncology market.

SOZO – Clinical Business

The Clinical Business refers to revenue generating contracts related to clinical trials. These contracts are often finite in nature, as they relate to clinical trials with specific end dates.

Major Customers

The Group has several customers to which it provides both products and services. In the Medical segment, one (2022: one) customer accounted for more than 10% of the Group's revenues. However, the Group does not believe there is inherent risk for future financial years that would stem from reliance on revenue growth from any one customer.

Segment Revenues and Segment Results

On a monthly basis, the Chief Executive Officer assesses the performance of the segment by analysing the segment's revenues and net operating profit / (loss) before depreciation and amortisation, finance cost, and tax.

Gross Margins

The Group pays particular attention to its Gross Margins by product line, specifically the Gross Margins associated with its recurring revenue under the SOZO SaaS business model. These revenue streams are shown in the SOZO revenue for *Revenue from Subscriptions and Consumables*.

Year Ended 30 June 2023	**Medical**					
	SOZO – Core Business $000	SOZO – Clinical Business $000	Total SOZO $000	Legacy $000	Other $000	Total $000
Revenue						
Recurring Subscription and Consumable Revenue from Contracts with Customers	7,284	1,837	9,121	314	-	9,435
Device Revenue from Leases	-	202	202	-	-	202
Device Revenue from Contracts with Customers	1,240	-	1,240	372	-	1,612
Other Revenue	-	-	-	-	95	95
Total Revenue	**8,524**	**2,039**	**10,563**	**686**	**95**	**11,344**
Cost of Sales						
Cost of Recurring Subscription and Consumable Revenue from Contracts with Customers			(378)	(28)	-	(406)
Cost of Device Revenue from Leases			(130)	-	-	(130)
Cost of Device Revenue from Contracts with Customers			(530)	(146)	-	(676)
Other costs (i)	(334)		(334)	-	-	(334)
Total Cost of Sales (ii)	**(334)**		**(1,372)**	**(174)**		**(1,546)**
Gross Margin						
Gross Margin – Recurring Subscriptions and Consumables			8,743	286	-	9,029
Gross Margin –Device revenue from leases			72	-	-	72
Gross Margin – Device revenue from contracts with customers			710	226	-	936
Gross Margin - Other Revenue	(334)		(334)	-	95	(239)
Blended Margin	**8,190**		**9,191**	**512**	**95**	**9,798**
Gross Margin %						
Gross Margin – Recurring Subscriptions and Consumables			96%	91%	-	96%
Gross Margin –Device revenue from leases			36%	-	-	36%
Gross Margin – Device revenue from contracts with customers			57%	61%	-	58%
Blended Margin %			**87%**	**75%**	**100%**	**86%**

(i) Cost of Other Revenue includes items such as warranty expense, freight costs and inventory stock adjustments.
(ii) Included in Cost of Sales are hosting fees of $0.5 million (2022: $0.6 million).

Year Ended 30 June 2022	Medical					
	SOZO – Core Business $000	SOZO – Clinical Business $000	Total SOZO $000	Legacy $000	Other $000	Total $000
Revenue						
Recurring Subscription and Consumable Revenue from Contracts with Customers	5,466	3,000	8,466	266	-	8,732
Device Revenue from Leases	-	333	333	-	-	333
Device Revenue from Contracts with Customers	1,084	-	1,084	346	-	1,430
Other Revenue		-	-	-	71	71
Total Revenue	**6,550**	**3,333**	**9,883**	**612**	**71**	**10,566**
Cost of Sales						
Cost of Recurring Subscription and Consumable Revenue from Contracts with Customers			(328)	(30)	-	(358)
Cost of Device Revenue from Leases			(276)	-	-	(276)
Cost of Device Revenue from Contracts with Customers			(448)	(152)	-	(600)
Other costs	(456)		(456)	(9)	(10)	(475)
Total Cost of Sales	**(456)**		**(1,508)**	**(191)**	**(10)**	**(1,709)**
Gross Margin						
Gross Margin – Recurring Subscriptions and Consumables			8,138	236	-	8,374
Gross Margin –Device revenue from leases			57	-	-	57
Gross Margin – Device revenue from contracts with customers			636	194	-	830
Gross Margin - Other Revenue	(456)		(456)	(9)	61	(404)
Blended Margin	**6,094**		**8,375**	**421**	**61**	**8,857**
Gross Margin %						
Gross Margin – Recurring Subscriptions and Consumables			96%	89%	-	96%
Gross Margin –Device revenue from leases			17%	-	-	17%
Gross Margin – Device revenue from contracts with customers			59%	56%	-	58%
Blended Margin %			**85%**	**69%**	**85%**	**84%**

(B) Geographical Segments

The following tables present revenue and profit/(loss) information and certain asset and liability information regarding geographical segments for the years ended 30 June 2023 and 2022. Revenue data is based on the location of the customer for geographical reporting purposes.

Australia / Rest of World (ROW)

Australia is the corporate home office of the Group and the main domicile of its research and product development activities, intellectual property and corporate services. The Australia / ROW geographical segment primarily sells and ships Medical segment products to customers and distributors located in Australia, Europe and the rest of the world excluding the US.

North America

The Group's North American office in Carlsbad, California serves as the operational hub for the Medical segment and the domicile of its main assets and executive personnel. This office sells and ships Medical segment products to customers located in the US.

Geographical Segment Revenue

Year Ended 30 June 2023	Australia/ROW $000	North America $000	Total $000
Revenue from Subscriptions and Consumables	559	7,039	7,598
Revenue from Devices	480	1,132	1,612
Other Revenue	8	87	95
Total Segment Revenue	**1,047**	**8,258**	**9,305**
Unallocated Revenue (i)			2,039
Total Consolidated Revenue			**11,344**

Year Ended 30 June 2022	Australia/ROW $000	North America $000	Total $000
Revenue from Subscriptions and Consumables	427	5,301	5,728
Revenue from Devices	654	776	1,430
Other Revenue	44	27	71
Total Segment Revenue	**1,125**	**6,104**	**7,229**
Unallocated Revenue (i)			3,337
Total Consolidated Revenue			**10,566**

(i) Unallocated revenue primarily consists of revenue derived from the Clinical Business, which is not allocated to a specific geography.

Sales of Goods – Device and Consumable Revenue

All segment assets and costs relating to the Group's operating segments as at 30 June 2023 are Medical.

5. Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

	2023 $000	2022 $000
Sales of Goods and Subscription Services		
Subscription and Consumable Revenue from Contracts with Customers	**9,435**	8,732
Device Revenue from Contracts with Customers	**1,612**	1,430
Device Revenue from Leases	**202**	333
Other Revenue	**95**	71
Total Revenue	**11,344**	10,566

Set out below are the amounts that relate to SOZO contracts that remain on the balance sheet at 30 June:

	2023 $000	2022 $000
Contract Balances		
Trade Receivables (Note 9)	**2,396**	1,917
Contract Assets, current	**541**	967
Contract Assets, non-current	**-**	180
Contract Liabilities, current	**(1,031)**	(928)
Contract Liabilities, non-current	**(422)**	(360)

Set out below is the amount of revenue recognised from:

	2023 $000	2022 $000
Amounts Included in Contract Liabilities at the Beginning of the Year	**1,396**	1,095

AASB 15 Revenue Recognition Policy

(a) Sale of Goods – Legacy Devices and Consumables

Revenue from the stand-alone sale of legacy devices and consumables is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the devices or consumables, and when there is persuasive evidence, usually in the form of a purchase order or an executed sales agreement with a customer at the time of delivery of the goods to the customer that no further work or processing is required to satisfy the performance obligation, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading date).

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(b) SOZO Software – Sale of Device and Subscription Services

The Group enters into contracts with customers for bundled sales of SOZO devices and software subscription services. The Group has determined that these bundled sales contracts are comprised of one performance obligation because the promises to transfer the SOZO device and subscription services for ongoing assessment are not capable of being distinct and separately identified.

Accordingly, the Group allocates the entire transaction price, which may include a discount, to the one performance obligation.

Revenue under these contracts is recognised using the input cost method based on the estimated cost of fulfilling the completion of the promises in accordance with the contractual terms, and when there is persuasive evidence, usually in the form of a purchase order or an executed sales agreement with a customer at the time of delivery of the goods to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(c) Rendering of Other Services

Revenue from the repair of instruments is recognised at the point in time upon completion of the performance obligation, which is typically when the repair has been performed. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

AASB 16 Revenue Recognition Policy

The Group enters into agreements with customers for a finite period of time that involve the leasing of SOZO devices with use of subscription services over that period of time. These agreements contain both a lease component, being the individual SOZO devices delivered to the Customer, and a non-lease component, being the software subscription service provided to the Customer.

The lease component (the device) meets the definition of an Operating Lease and is therefore accounted for in accordance with AASB 16 Leases and the income will be recognised on a straight-line basis over the life of the contract. When devices ship under the contract they will be derecognised as inventory and recognised as a fixed asset and depreciated over their useful life. Device depreciation expense will be recorded to cost of sales. The subscription service component meets the criteria for AASB 15 and will be recognised on a straight-line basis over the life of the contract.

Key Considerations in the Revenue Policy

In determining the transaction price for the subscription services, the Group considers the effect of the following:

(i) Judgements

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying the number of performance obligations in a bundled sale of equipment and subscription services under different contractual arrangement for SOZO software. The Group provides devices that are bundled together with the subscription services to a customer. Under the contractual terms the subscription services are a promise to provide ongoing access to assessment and testing services in the future and are part of the negotiated exchange between the Group and the customer. The delivery of those services can vary under the contracts and impacts the determination of performance obligations.

(ii) Significant Financing Component

The Group may receive short-term advances from its customers in the form of up-front payment of devices, consumables or advance payment of subscription services. The Group has not identified any significant financing components within these advances. Using the practical expedient in AASB 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. There was no adjustment made in respect of this in the current or prior periods.

(iii) Warranty Obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(iv) Incremental Costs of Obtaining a Contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of SOZO devices and subscription services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

(v) Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group completes the performance obligations under the contract.

6. Finance and Other Income

	2023 **$000**	2022 $000
Finance Income		
Interest Income – term deposits	**801**	46
Interest Expense – lease liability	**(34)**	(28)
Finance Income, Net	**767**	18

R&D Tax Incentive	**1,586**	1,619
Proceeds from Tax Refunds, Grants, and Other	**22**	1
Other Income	**1,608**	1,620

Interest Revenue

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Tax Incentive Revenue and Grant Revenue

The Australian Taxation Office (ATO) provides certain Research and Development (R&D) tax incentives and concessions under the AusIndustry R&D Tax Incentive program. The program is a broad-based entitlement program that aims to promote innovation within Australia for eligible R&D activities.

The Group accrues for amounts when there is reasonable assurance of receipt and compliance with the stated conditions. Whilst there is a judgment involved in when reasonable assurance exists, the Group now has a history of successful lodgings and receipt with the ATO. The Group recognises income related to the R&D tax incentive in the period in which the expenses are recognised.

Under AASB 120, the Group recognises income from forgivable loans and grants on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the forgivable loans and grants are intended to compensate.

7. Expenses

Salaries and Benefits	**2023 $000**	2022 $000
Wages and Salaries (i)(ii)	**15,928**	12,695
Short-Term Incentives and Sales Commissions (iii)	**3,272**	2,469
Employee Benefits	**1,362**	1,138
Superannuation	**642**	580
Annual Leave & Long Service Leave	**41**	113
Taxes and Other	**1,480**	1,284
Capitalised Employee Costs (ii)	**(2,494)**	(1,843)
Sub-Total Salaries and Benefits	**20,231**	16,436
Share-Based Payments to Employees (v)	**754**	3,002
Total Salaries and Benefits	**20,985**	19,438

Cash Flow Statement	**2023 $000**	2022 $000
Payments to Employees (iii) (iv)	(20,411)	(18,871)

(i) In the year ended 30 June 2023, salaries and wages increased $3.2 million, of which $2.8 million related to the re-organisation. Post re-organisation, annualized salaries decreased year over year.
(ii) Wages and salaries relating to SOZO software development have been recognised as Intangible Assets in accordance with AASB 138 *Intangible Assets* in both the current and prior corresponding periods.
(iii) Short-Term Incentives and Sales Commissions for the 2023 financial year primarily consisted of $1.7 million (2022: $1.3 million) in sales related Commissions and $1.6 million (2022: $1.2 million) in Short-Term Incentives (including on-costs) resulting from 75.6% achievement for the MD/CEO (2022: 58%) and 70.6% achievement for employees (2022: 50%). See Remuneration Report for details.
(iv) The increase in Payments to Employees in 2023 primarily relates re-organisation costs.
(v) Share Based payments decreased in the current period due to the re-organisation, which resulted in forfeited awards from KMP. See FN18.

Clinical Trials and Research & Development	**2023 $000**	2022 $000
Cardiology and Other Clinical Trials	**199**	367
Oncology Clinical Trials	**384**	316
Other	**15**	-
Total Clinical Trials and Research & Development	**598**	683

Admin and Governance fees	**2023 $000**	2022 $000
Insurance	**1,294**	1,361
Governance fees	**963**	990
Admin fees	**414**	437
Other	**1**	42
Total Admin and Governance fees	**2,672**	2,830

Consultants and Professional Fees	**2023 $000**	2022 $000
Consulting Fees	**1,233**	1,309
Patent and Trademark Fees	**547**	484
Professional Fees (i)	**873**	227
Total Consultants and Professional Fees	**2,653**	2,020

(i) Professional fees increased as a result of the re-organisation, which included recruiting fees for the new MD / CEO and legal fees.

Other Expenses	2023 $000	2022 $000
Advertising and Promotion	458	669
Travel (i)	1,092	508
IT and Property	1,082	917
Warranty	102	230
Bad Debt	535	251
Other	19	8
Total Other Expenses	**3,288**	2,583

(i) Travel costs increased due to the lifted restrictions related to the global health pandemic.

8. Cash and Cash Equivalents

	2023 $000	2022 $000
Cash at Bank and in Hand	32,162	9,444
Short Term Deposits	13,548	31,286
Cash and Cash Equivalents	**45,710**	40,730

RECONCILIATION FROM NET LOSS AFTER TAX TO NET CASH FLOW FROM OPERATIONS

	2023 $000	2022 $000
Net Loss After Tax	**(20,521)**	(19,874)
Adjustments For:		
Depreciation and Amortisation Expense	2,597	3,046
Share-based Payment Expense	754	3,002
(Reversals of) and Amounts Set Aside for Provisions	(646)	(453)
Unrealised Foreign Currency Loss	197	397
Changes in Net Assets and Liabilities:		
Decrease / (Increase) in Assets:		
Inventories	115	(554)
Property, Plant & Equipment and Intangible Assets	(516)	(603)
Receivables	176	39
Other Current and Non-current Assets	(408)	374
(Decrease) / Increase in Liabilities		
Current Payables	(894)	1,527
Other Current and Non-current Employee Provisions (i)	(243)	(2,302)
Other Current and Non-current Liabilities	1,340	(263)
Net Cash Used in Operating Activities	**(18,049)**	(15,664)

(i) Decrease in other current and non-current employee provisions relates to STIs decreasing from FY21 to FY22, paid in FY22 and FY23, respectively. In addition, employee provisions decreased from FY22 to FY23 related to termination payments from the re-organisation.

9. Trade and Other Receivables

	2023 $000	2022 $000
Trade Receivables	**2,396**	**1,917**
Allowance for Expected Credit losses	**(312)**	**(136)**
Interest Receivable	**62**	**4**
R&D Tax and Other Receivables	**1,697**	**1,629**
Total Trade and Other Receivables	**3,843**	**3,414**

Impairment on Current Assets

AASB 9 requires the Group to recognise an allowance for expected credit loss (ECL) for all trade and other receivables and contract assets through profit or loss.

During the year, the Group recognised $535,000 (2022: $250,000) in expected credit losses in accordance with AASB 9.

Movements in the provision for impairment loss were as follows:

	2023 $000	2022 $000
At July 1	**136**	84
Charge for the Year	**535**	250
Amounts Reversed	**-**	(5)
Amounts Written Off	**(367)**	(202)
Foreign Exchange Translation	**8**	9
At June 30	**312**	136

The remaining receivables past due, but not considered impaired, are actively assessed by Management and viewed as recoverable. As at 30 June, the ageing analysis of trade receivables is as follows:

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired		
			<30 Days	30-60 Days	>61 days
2023	**2,084**	**1,500**	**209**	**167**	**208**
2022	1,781	1,379	140	155	107

Fair Value and Credit Risk

Due to the short-term nature of these receivables, the carrying value is assumed to approximate its fair value. The maximum exposure to credit risk is the fair value of the receivables.

Trade receivables, which generally have 30-90 day terms, are recognised at transaction price less an expected credit loss for impairment.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted forward-looking factors specific to the debtors and the economic environment. Generally, the Group considers a debtor in default if debts are more than 90 days overdue and if there is evidence of financial difficulties of the debtor.

In addition, collectability of trade receivables is reviewed on an ongoing basis with individual debts that are known to be uncollectable written off when identified.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value or fair value of each class of receivables. No collateral is held as security.

When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

10. Current Assets – Inventories

	2023 $000	2022 $000
Raw Materials (at cost)	**615**	604
Finished Goods (at cost)	**676**	909
Consumables (at cost)	**20**	-
Provision for Obsolete Inventory	**(501)**	(587)
Total Inventories at the Lower of Cost and Net Realisable Value	**810**	926

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventory write-downs recognised as an expense in cost of sales were nil (2022: nil) for the Group.

Costs incurred in bringing each product to its present location and condition is accounted for as purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price including import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), if applicable. Volume discounts and rebates are included in determining the cost of purchase.

A provision for inventory obsolescence is recorded when it is determined the net realisable value of inventory is lower than its cost. Factors contemplated in determining net realisable value are expected future usage, sales volumes and price and the age and nature of the inventory held.

11. Non-Current Assets – Property and Equipment

Year Ended 30 June 2023	Leased, Demo & Loan Devices $000	Leasehold Improvements $000	Property & Machinery $000	Computer Equipment $000	Total $000
At 1 July 2022 Net of Accumulated Depreciation	130	10	35	84	259
Additions (i)	-	-	478	22	500
Disposals	(1)	-	-	-	(1)
Transfers from Inventory	63	-	-	-	63
Depreciation Charge for the Year (ii)	(131)	(6)	(95)	(52)	(284)
Effect of Foreign Exchange	-	1	(1)	2	2
At 30 June 2023 Net of Accumulated Depreciation	**61**	**5**	**417**	**56**	**539**
At 30 June 2023					
Cost	1,921	191	1,228	865	4,205
Accumulated Depreciation	(1,860)	(186)	(811)	(809)	(3,666)
Net Carrying Amount	**61**	**5**	**417**	**56**	**539**

(i) Additions of Property and Equipment primarily relate to SOZO Pro tooling and calibration fixtures in preparation for manufacturing in FY24.

Year Ended 30 June 2022	Leased, Demo & Loan Devices $000	Leasehold Improvements $000	Property & Machinery $000	Computer Equipment $000	Total $000
At 1 July 2021 Net of Accumulated Depreciation	456	16	17	94	583
Additions	-	3	36	45	84
Disposals	-	-	-	-	-
Transfers from Inventory	492	-	-	-	492
Depreciation Charge for the Year (ii)	(837)	(9)	(17)	(59)	(922)
Effect of Foreign Exchange	19	-	(1)	4	22
At 30 June 2022 Net of Accumulated Depreciation	**130**	**10**	**35**	**84**	**259**
At 30 June 2022					
Cost	1,905	189	731	811	3,636
Accumulated Depreciation	(1,775)	(179)	(696)	(727)	(3,377)
Net Carrying Amount	**130**	**10**	**35**	**84**	**259**

(ii) Depreciation in the current period decreased compared to the prior period due to accelerating depreciation of leased assets in the Clinical Business in FY22.

Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight line or diminishing value basis over the estimated useful life of the specific assets as follows:

Plant, Machinery and Equipment	1 – 10 years
Devices Under Lease or Loan	3 years
Leasehold Improvements	2 – 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date. Certain assets classified as Plant, Machinery and Equipment during the year have been determined to have a one-year useful life based on the expected economic life of the assets and are amortised using the straight-line method. Certain Leasehold improvements capitalised by the Group were calculated to have useful lives that mirror their respective premise leases.

Derecognition

An item of property and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

12. Non-Current Assets – Intangible Assets and Goodwill

Year Ended 30 June 2023	Development Costs (i) $000	Other Software $000	Patents & Licenses $000	Goodwill $000	Total $000
At 1 July 2022 Net of Accumulated Amortisation & Impairment	8,728	-	8	2,630	11,366
Additions During the Year (i)	5,227	-	-	-	5,227
Amortisation	(1,919)	-	(3)	-	(1,922)
Effect of Foreign Exchange	-	-	1	100	101
At 30 June 2023 Net of Accumulated Amortisation & Impairment	**12,036**	**-**	**6**	**2,730**	**14,772**
At 30 June 2023					
Cost (Gross Carrying Amount)	18,431	500	38	2,730	21,699
Accumulated Amortisation & Impairment	(6,395)	(500)	(32)	-	(6,927)
Net Carrying Amount	**12,036**	**-**	**6**	**2,730**	**14,772**

Year Ended 30 June 2022	Development Costs (i) $000	Other Software $000	Patents & Licenses $000	Goodwill $000	Total $000
At 1 July 2021 Net of Accumulated Amortisation & Impairment	5,021	7	9	2,415	7,452
Additions During the Year(i)	5,510	-	-	-	5,510
Amortisation	(1,803)	(7)	(1)	-	(1,811)
Effect of Foreign Exchange	-	-	-	215	215
At 30 June 2022 Net of Accumulated Amortisation & Impairment	**8,728**	**-**	**8**	**2,630**	**11,366**
At 30 June 2022					
Cost (Gross Carrying Amount)	13,204	487	36	2,630	16,357
Accumulated Amortisation & Impairment	(4,476)	(487)	(28)	-	(4,991)
Net Carrying Amount	**8,728**	**-**	**8**	**2,630**	**11,366**

(i) Development costs (salaries plus external consultants) relate to internally generated and developed SOZO software as well as the development of SOZO Pro hardware.

Description of the Group's Intangible Assets and Goodwill

Accounting Policies for Intangible Assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets related to software development have been capitalised in accordance with AASB 138 Intangible Assets. Other internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level consistent with the methodology outlined for goodwill below. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

	Software & Patents and Licenses	Development Costs
Useful Lives	Finite	Finite
Method Used	Amortised over the period of expected future benefit from the related project on a straight-line basis	Amortised over the period of expected future benefit from the related project on a straight-line basis
Internally Generated / Acquired	Acquired	Internally generated
Impairment Test / Recoverable Amount Test	When an indication of impairment exists	When an indication of impairment exists

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Expenditures on advertising and promotional expenses are recognised in the statement of comprehensive income when the Group has either the right to access the goods or has received the services.

Software

The Group's software intangible primarily includes the Group's investment in its Quality Management System (QMS), Enterprise Resource Planning (ERP) system and Customer Relationship Management (CRM) system.

Software costs are carried at cost less accumulated amortisation and accumulated impairment losses. The intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of three or four years. The amortisation has been recognised in the statement of comprehensive income in the line item "depreciation and amortisation". If an impairment indication arises, the recoverable amount is estimated, and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Development Costs

The Group capitalises certain costs related to the development of medical technology software in accordance with AASB 138 Intangible Assets.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the development.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected benefit from the related project.

Intangible assets related to development costs have been assessed as having a finite life and are amortised using the straight-line method over a period of three or five years, based on the expected economic life of the assets. The amortisation has been recognised in the statement of comprehensive income in the line item “depreciation and amortisation”. If an impairment indication arises, impairment testing is undertaken.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

Patents and Licenses

The Group holds three licenses and numerous patents. All patents and licenses are carried at cost less accumulated amortisation and impairment losses. These intangible assets have been determined to have a finite life and are amortised using the straight-line method over a useful life of between five and twenty years. The amortisation has been recognised in the statement of comprehensive income in the line item “depreciation and amortisation”. Patents and licenses are subject to impairment testing whenever there is an indication of impairment.

No impairment loss has been recognised for the years ended 30 June 2023 or 2022.

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group’s net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit and loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes and is not larger than an operating segment determined in accordance with AASB 8. The goodwill of the Group is allocated to the Medical cash generating unit which is the only unit under the Medical Segment.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units to which the goodwill relates.

The Group performs its impairment testing as at 30 June each year and more frequently if indicators of impairment exist, using the value in use (VIU), discounted cash flow methodology.

When the recoverable amount of the cash-generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed. When goodwill forms part of a cash generating unit or group of cash generating units and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

The movements during the years ended 30 June 2023 and 2022 were solely due to movements in foreign exchange rates.

Impairment Tests for Goodwill and Intangible Assets with Indefinite Useful Lives

Description of the Group's Cash Generating Units (CGUs)

At 30 June 2023, the Group has only one (2022: one) CGU, the Medical CGU, which relates to the Medical operating segment. During the current period, the key focus of the Medical CGU was the sale of devices for the subclinical assessment of lymphoedema in cancer survivors, though it also includes the sale of devices used in body composition, and other areas of fluid status measurement. The Medical CGU is the core business of the Group and the part of the business forecasting substantial growth. There was no impairment in financial years 2023 and 2022.

Details of Impairment Testing

Impairment testing has been performed by reviewing the carrying amounts of net assets and by calculating the value in use (VIU) of the CGU.

The VIU cash flow model is based on a five-year period which analyses the net present value (NPV) of cash flows using a 12.5% (2022: 12.5%) discount rate and a 3% (2022: 3%) long-term growth rate. The short-term cash flows used in the cash flow model are based on operating plans and forecasts approved by the Board, which consider the size of markets available to the Group. In order to calculate the discount rate for use in the VIU cash flow model, the Group used a weighted average cost of capital (WACC) method. The Group currently has no debt. Due to the inherent risk related to future cash flows, Management has assessed the breakeven discount rate at 30 June 2023 to be 26.2% (2022: 20.5%).

The group also considers the fair value with reference to the market capitalisation of the Group. The market capitalisation of the Group at 30 June 2023 was approximately $363 million (30 June 2022: $108 million), which exceeded the net assets recorded (including goodwill) by approximately $302 million (30 June 2022: $57 million).

13. Current Liabilities – Trade and Other Payables

	2023 $000	2022 $000
Trade Payables and Accruals (i)	**1,355**	2,638
Sales commissions and other	**847**	530
Sales Tax Payable	**25**	56
Carrying Amount of Trade and Other Payables	**2,227**	3,224

(i) The Group 's Trade Payables and Accruals decreased due to SOZO II accruals decreasing over the periods as well as timing of payments at year-end.

Trade payables and accruals are unsecured and non-interest bearing and normally settle on 30-90 days terms. Sales tax and other payables are non-interest bearing and normally have longer payment terms.

Trade payables and other payables are carried at amortised cost and, due to their short-term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect to the purchase of these goods and services.

Fair Value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest Rate, Foreign Exchange and Liquidity Risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 26.

14. Provisions

	2023 $000	2022 $000
Current		
Employee Entitlements (i)	**2,229**	2,861
Warranty Provision	**59**	59
Total Current Provisions	**2,288**	2,920
Non-Current		
Employee Entitlements (ii)	**415**	27
Office Lease – Make Good Provisions	**27**	26
Prepaid Service Contracts	**-**	-
Total Non-current Provisions	**442**	53

(i) Employee entitlements relates to the estimate for employee short-term incentives, as well as a provision for employee annual leave and long service leave. The short-term incentive plan is a cash-based incentive which was focused on financial performance for FY 2023.
(ii) Non-Current employee entitlements related to executive STIs; refer to Remuneration report for additional details.

Nature and Timing of Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting is recognised in finance costs.

Employee Entitlements

Employee entitlements comprise accrued entitlements for annual leave, performance pay and superannuation contributions (all current) and for long service leave and KMP STIs (non-current).

Employee entitlements expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Retirement Benefit Obligation

Contributions to superannuation plans are recognised as an expense when they become payable. The Group contributes to various defined contribution superannuation funds in respect to all employees and at various percentages of their salary, including contributions required by the Superannuation Guarantee Charge. These contributions are made to external superannuation funds and are not defined benefits programs. Consequently, the Group's legal or constructive obligation is limited to these contributions.

Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bond market discount rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Warranty Provision

A provision for warranty is recognised for expected warranty claims on products sold during the last year, based on experience of the level of repairs and returns on a one-year warranty period that is generally given for products sold. It is expected that these costs will be incurred during the next financial year.

Make Good Provision

To comply with office lease agreements, the Group must restore leased premises to the original condition at the end of each premise's respective lease term. Because of the nature of the liability, the greatest uncertainty in estimating the provision is the cost that will ultimately be incurred. The provision for each premise has been calculated using pre-tax discount rates of up to 8%, depending on the location of the premise.

15. Contributed Equity

Ordinary Shares

	2023 $000	2022 $000
Ordinary Shares Fully Paid	**336,087**	**307,558**
Total Ordinary Shares	**336,087**	**307,558**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares fully paid include transaction costs of $1.5M (2022: $2.2M) pertaining to the cost of capital raisings and the issuance of LTI awards in the current reporting period. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Number of Shares	**$000**
At 30 June 2021	1,491,678,538	267,268
Issued During the Period as a Result of:		
Issue of Ordinary Shares under the April 2020 Entitlement Offer	278,688,274	42,503
Issue of Ordinary Shares under the Equity Share Plans(i)	7,235,423	-
Issue of Ordinary Shares from the Exercise of Employee Awards	365,000	-
Transactions Costs	-	(2,213)
At 30 June 2022	**1,777,967,235**	**307,558**
Issued During the Period as a Result of:		
Issue of Ordinary Shares from Capital Raisings	230,769,442	30,022
Issue of Ordinary Shares under the Equity Share Plans(i)	8,853,998	-
Issue of Ordinary Shares from the Exercise of Employee Awards	377,500	-
Transactions Costs	-	(1,493)
At 30 June 2023	**2,017,968,175**	**336,087**

(i) Shares issued under the Equity Share Plans relate to remuneration paid to Non-Executive Directors and Executives in lieu of cash.

Capital Management

	2023 $000	2022 $000
Trade and Other Payables	**2,227**	3,224
Less Cash and Cash Equivalents	**(45,710)**	(40,730)
Net Debt	**(43,483)**	(37,506)
Total Equity	**60,879**	51,044
Total Capital	**17,396**	13,358
Net Debt to Equity Ratio	**N/A**	N/A

There are no externally imposed capital requirements on the Group. When managing capital, Management's objective is to ensure that the entity continues as a going concern, as well as to maintain optimal returns and benefits to shareholders and other stakeholders. The Group will, from time to time, evaluate the Group's capital structure with a view to optimising its cost of capital.

16. Reserves

Movements in Other Reserves

	Share Reserves $000	Equity Escrow Reserve $000	Foreign Currency Translation $000	Total $000
At 30 June 2021	**22,250**	**1,902**	**4,861**	**29,013**
Foreign Currency Translation	-	-	2,112	2,112
Share-based Payment	2,217	785	-	3,002
At 30 June 2022	**24,467**	**2,687**	**6,973**	**34,127**
Foreign Currency Translation	-	-	1,073	1,073
Share-based Payment	(137)	891	-	754
At 30 June 2023	**24,330**	**3,578**	**8,046**	**35,954**

The Group currently maintains two long-term incentive plans for share-based payments in relation to awards issued as options and performance rights. All options issued under the long-term incentive plans must be issued with an exercise price no less than fair market value. The actual exercise price will be determined by a committee of Directors, which is generally determined to be the Parent's volume weighted average stock price over the five days prior to the option grant. No options or performance rights provide dividend or voting rights to the holders.

Further details on share-based payments are provided in Note 18.

At 30 June 2023, there were 109,643,617 (30 June 2022: 123,211,173) unissued ordinary shares in respect of 66,865,222 (30 June 2022: 83,054,173) unlisted options, 42,778,395 (30June 2022: 40,157,000) performance shares and nil (30 June 2022: nil) listed options.

Nature and Purpose of Reserves

Share Option Reserve and Performance Share Reserve

The share option and performance share reserves are used to record the value of share-based payments provided to employees and participants, including KMP, as part of their remuneration. Refer to Note 18 for further details of these plans.

Equity Escrow Reserve

The Equity Escrow reserve is used to record the value of share-based payments to participants in the Equity Compensation Plan. The Plan went into effect 1 July 2020 after receiving shareholder approval at the 2020 AGM providing executives up to 20% base salary as equity in lieu of cash. The continuation of the Equity Share Plan allows NEDs to receive equity remuneration in lieu of cash with a mix of 60% equity and 40% cash.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

17. Key Management Personnel (KMP)

	2023 $000	2022 $000
Employee Benefits (i)	**2,991**	3,601
Post-employment Benefits	**64**	146
Share-based Payments	**348**	2,075
Total Compensation (ii)	**3,403**	5,822

(i) Short-term employee benefits include salaries and wages, short-term incentives earned during the period, other one-time short-term incentives, and non-monetary benefits such as insurance benefits. Employee benefits decreased in 2023 primarily due to a reduction in KMP.

(ii) The majority of KMPs are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD monthly. Refer to the Remuneration Report for additional details in relation to KMP remuneration practices.

Interests Held by Key Management Personnel

Share options and performance rights held by KMP, under the EIP and ESOP to purchase ordinary shares, have the following expiry dates and exercise prices:

Grant Type	Expiry Date	Exercise Price	2023
Share Options	04-Nov-2023	$ 1.47	119,000
Share Options	15-Nov-2024	$ 0.82	230,000
Share Options	31-Jul-2025	$ 0.51	515,000
Share Options	11-Nov-2026	$ 0.15	977,863
Share Options	28-Oct-2027	$ 0.08	3,266,000
Share Options	16-Apr-2028	$ 0.14	500,000
Share Options	11-Nov-2028	$ 0.18	3,573,000
Share Options	10-Sep-2029	$ 0.06	3,500,000
Share Options	25-Jan-2030	$ 0.07	10,000,000
			22,680,863

Grant Type	Vest Date	Exercise Price	2023
Performance Rights	28-Oct-2023	$ -	985,968
Performance Rights	16-Apr-2024	$ -	83,841
Performance Rights	11-Nov-2024	$ -	3,165,000
Performance Rights	13-Mar-2026	$ -	2,600,000
Performance Rights	01-Dec-2027	$ -	20,000,000
			26,834,809

18. Share-based Payment Plans

Recognised Share-based Payment Expenses

The expense recognised for share-based payments during the year is shown in the table below:

	2023 $000	2022 $000
Expense Arising from Equity-Settled Share-Based Payment Transactions – Employees and Consultants	**(137)**	2,217
Expense Arising from the Equity Compensation Plan – Directors and Employees	**891**	785
Total Expense Arising from Share-Based Payment Transactions	**754**	**3,002**

Executive and Non-Executive Share Plans

The Group has an Executive Share Plan whereby up to 20% of an Executive's gross salary and short-term incentives and a Non-Executive Share Plan whereby 60% of Directors' fees were taken as shares in lieu of cash. The Group established these plans to (a) align the financial interests of Executives and Directors with those of the shareholders, (b) facilitate the acquisition of shares by the Executives and Directors, and (c) preserve cash reserves by remunerating the Executives and Directors with shares in lieu of cash.

During the period, share-based payments under the Non-Executive Director and Executive Share Plans totaled approximately $891,000 (30 June 2022: $785,000), of which approximately $751,000 (30 June 2022: $697,000) was related to Key Management Personnel (KMP). These shares were issued in lieu of cash remuneration, which comprised 60% of Directors' fees and up to 20% of Executive salaries.

Equity-Settled Transactions

The Group provides benefits to employees (KMP) and certain consultants in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently three types of plans in place to provide these benefits:

- The Employee Incentive Plan (EIP), which provides benefits in the form of shares, options or performance shares to employees and consultants, including the CEO. This plan has a US Sub-Plan established as an appendix to EIP.
- The Employee Share Option Plans (ESOP), which provides benefits to employees and consultants, including the CEO if he or she is not a member of the Board of Directors. This Group has two (2) ESOPs – one for US based employees and one for Australian based employees.
- The CEO Option Plan.

Further details of the share-based payment plans are described below. During the current financial year, the Group continued to operate under the Employee Incentive Plan (EIP).

Stakeholders and industry participants expect that the Group's remuneration framework should provide competitive and appropriate remuneration so that the company can attract and retain skilled employees and motivate them to improve Group performance. For all financial year 2023, the Group operated under the Employee Incentive Plan for issuing and maintaining employee share option schemes.

Under the EIP, participants are eligible to receive shares, options or performance rights, which will help to align the interests of employees (participants) with those of the Group and its Members.

No share options schemes were issued under the ESOP during the year. Outstanding options that reside under the ESOPs remain under that plan, but any outstanding options under the ESOPs that are cancelled or forfeited do not become available under the EIP nor return to the available option pool.

(A) TYPES OF SHARE-BASED PAYMENTS PLANS

Employee Incentive Plan (EIP)

On 30 October 2014, the Board resolved to establish the Employee Incentive Plan and the corresponding US Sub-Plan as a means of providing incentives to employees, consultants and executive or non-executive directors of the Group.

Purpose of the EIP and the US Sub-Plan

The purpose of the EIP is to provide a long-term incentive for employees to work with commitment toward enhancing the value of the Group and the shares for the benefit of shareholders, as well as to retain and attract employees whose contributions are, or may be, beneficial to the growth and development of the Group.

Issue of Options Excluded from Group's 15% Limit Under ASX Listing Rule 7.1

Under ASX Listing Rule 7.1, subject to certain exceptions, a company must not issue more than 15% of the company's total issued capital without shareholder approval. An exception is provided in ASX Listing Rule 7.2 (exception 9) where holders of ordinary securities approve the issue of securities under an employee incentive scheme as an exception to ASX Listing Rule 7.1.

EIP Plan Terms and Conditions

Incentives under the EIP include a Share, an Option, or a Performance Right. Incentives are granted to eligible employees of and collaborators with (collectively known as Participants) the Group at the discretion of the Board of Directors.

In granting the incentives, which are issued for nil consideration, the Directors evaluate potential participants with respect to their abilities, experience, responsibilities and their contribution to the Group.

Unless otherwise determined by the Board, an option incentive held by a Participant will lapse upon the first to occur of:

- Its expiry date;
- The Participant failing to meet the Incentive's vesting conditions with the prescribed period;
- If the Participant ceases to be employed by the Group due to resignation or retirement:
  - For vested options, 30 days after the date of cessation of employment (or such longer period as the Board determines);
  - For unvested Incentives, the date of cessation of employment (or such longer period as the Board determines);
- If the Participant ceases to be employed by the Group due to retrenchment, or the Participant's death, permanent illness or permanent physical or mental incapacity (as certified by a medical practitioner who is approved in writing by the Board):
  - For vested options, 12 months after the date of cessation of employment (or such longer period as the Board determines); and
  - For unvested Incentives, the date of cessation of employment (or such longer period as the Board determines)
- If the Participant ceases to be employed by the Group for any other reason:
  - For vested incentives, 30 days after the date of cessation of employment (or such longer period as the Board determines); and
  - For unvested incentives, the date of cessation of employment (or such longer period as the Board determines)
- A determination by the Board that the participant:
  - Has been dismissed or removed from office as an employee or Director of the Group for any reason which entitles the Group to dismiss the Participant without notice, or
  - Acted fraudulently, dishonestly or in breach of the participant's obligations to the Group.

If at any time or times prior to the exercise by the participant or vesting of any outstanding Incentives, there is any reconstruction (including a consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Group, the terms of Incentives and the rights of the participant will be amended by the Board to the extent necessary to comply with the ASX Listing Rules at the time of the reconstruction.

An Incentive is personal to the Participant to whom it was granted, and the Participant may not sell, assign, transfer or otherwise dispose of, or make a declaration of trust in respect of, an Incentive except to an Associate of that Participant. This does not prevent the exercise of the Incentive by the estate of a deceased Participant.

The contractual life of each Incentive granted is specified by the participant's Incentive agreement. There are no cash settlement alternatives. The Incentive issued under the plan cannot be transferred and are not quoted as tradeable instruments on the ASX.

US Sub-Plan

The US Sub-Plan is effective for a period of ten years from the date of its adoption by the Board, unless terminated earlier by the Board.

The exercise price of an Option will not be less than the fair market value of a Share on the date of grant of the Option.

The Group's obligation to issue securities under the US Sub-Plan is subject to any restrictions in the Corporations Act or the ASX Listing Rules.

Share Options

Share options are issued to eligible participants under the EIP. The Group issued 37,675,000 (2022: 31,924,000) share options to participants under the EIP during the current year.

For new and existing employees and consultants, share options issued during the period generally vest on the one-year anniversary of the date of grant or of employment in an amount equal to the product of one-fourth multiplied by the number of total options granted.

In a situation where there is likely to be a change of control of the Group, the Board may have the discretion to determine whether some, none or all of the LTI instruments will vest.

Performance Shares

Performance shares (or Performance Rights) are issued to eligible participants under the EIP in recognition of their contribution to the performance of the Group and are often subject to meeting individual and corporate performance hurdles. The Group issued 34,350,000 (2022: 20,603,000) performance rights to employees under the EIP during the current year.

All performance rights are issued at the discretion of the Board of Directors and are issued for nil consideration. The performance rights granted during the year vest in full on the third anniversary of the grant date. In the event of a change of control, all outstanding unvested performance rights may vest on an accelerated basis immediately.

If the participant ceases employment with the Group where such cessation of employment is due to the participant's death, permanent illness or permanent physical or permanent mental incapacity (as certified by a medical practitioner who is approved in writing by the Board), the performance rights will fully vest on the third anniversary of the date of grant.

Performance rights which have not vested shall automatically lapse and be forfeited without consideration upon cessation of the participant's employment with the Group.

The fair value of performance shares is measured by using the stock price for ImpediMed Limited as of the close of business on the day prior to the grant date multiplied by the number of eligible shares. The number of eligible shares is measured using a combination of the probability of future service and the achievement of specific goals.

Employee Share Option Plan (ESOP)

The Group has two schemes under the ESOP it operated, one for eligible Australian participants and one for eligible US participants. There are no outstanding grants for the ESOP.

ESOP Schemes Terms and Conditions

Share options were granted to participants of the Group at the discretion of the Board of Directors.

When a participant ceases to be eligible to continue participating in the plan prior to vesting their share options, the unvested share options are forfeited. The participant has 30 days to exercise vested options after cession of employment.

In the event of a change of control of the Group, at the discretion of the Board of Directors, all options vest immediately. The contractual life of each option granted is specified by the stock option agreement not to exceed ten years from the date of grant. There are no cash settlement alternatives. The options issued under the plan cannot be transferred and are not quoted as tradeable instruments on the ASX.

Chief Executive Option Plan

There were no options issued under the Chief Executive option plan during the current or prior year. All CEO option grants are subject to approval by the shareholders.

(B) SUMMARY OF OPTIONS AND PERFORMANCE RIGHTS

Employee Incentive Plan (EIP)

The following table illustrates the number of shares (Number) and weighted average exercise price (WAEP) of share options under the EIP plans:

SHARE OPTIONS

	2023		2022	
	Number	**WAEP $**	**Number**	**WAEP $**
Balance at the Beginning of the Year	75,801,612	0.24	53,428,362	0.32
Granted During the Year	37,675,000	0.07	31,924,000	0.17
Exercised During the Year	(277,500)	0.07	(22,500)	0.13
Forfeited during the Year	(44,724,390)	0.20	(5,294,250)	0.22
Expired During the Year	(1,609,500)	0.94	(4,234,000)	0.69
Balance at the End of the Year	**66,865,222**	**0.16**	**75,801,612**	**0.24**
Exercisable at 30 June	**18,580,415**	**0.30**	**21,006,933**	**0.51**

PERFORMANCE RIGHTS

	2023		2022	
	Number	**WAEP $**	**Number**	**WAEP $**
Balance at the Beginning of the Year	40,157,000	-	26,082,845	-
Granted During the Year	34,350,000	-	20,603,000	-
Forfeited During the Year	(31,628,605)	-	(6,186,345)	-
Exercised During the Year	(100,000)	-	(342,500)	-
Expired During the Year	-	-	-	-
Balance at the End of the Year	**42,778,395**	**-**	**40,157,000**	**-**
Exercisable at 30 June	**-**	**-**	**-**	**-**

Employee Share Option Plan (ESOP)

The following table illustrates the number of shares (Number) and weighted average exercise price (WAEP) of share options under the ESOP schemes:

	2023		2022	
	Number	**WAEP $**	**Number**	**WAEP $**
Balance at the Beginning of the Year	7,252,561	0.35	7,352,561	0.35
Expired During the Year	(7,252,561)		(100,000)	0.44
Balance at the End of the Year	**-**		**7,252,561**	**0.35**
Exercisable at 30 June	**-**		**7,252,561**	**0.35**

Employee Incentive Plan (EIP)

The year-end balance is represented by:

SHARE OPTIONS

Number of Options	Exercise Price ($)	Expiry Date
200,000	1.32	01-Aug-2023
518,000	1.66	25-Oct-2023
297,500	1.47	04-Nov-2023
1,225,639	0.08	11-Jan-2024
1,506,357	0.08	14-Jan-2024
1,084,000	0.08	03-Apr-2024
120,000	0.74	28-Apr-2024
53,500	0.63	13-Sep-2024
1,614,000	0.82	15-Nov-2024
11,000	0.67	27-Apr-2025
553,000	0.51	31-Jul-2025
100,000	0.23	01-Jan-2026
250,000	0.14	01-Apr-2026
3,118,226	0.15	11-Nov-2026
80,000	0.17	02-Jan-2027
40,000	0.04	08-Apr-2027
10,939,000	0.08	28-Oct-2027
480,000	0.13	01-Dec-2027
40,000	0.12	07-Apr-2028
500,000	0.14	16-Apr-2028
675,000	0.11	18-Jun-2028
13,143,000	0.18	11-Nov-2028
140,000	0.17	29-Dec-2028
610,000	0.14	04-Apr-2029
780,000	0.09	06-Jun-2029
16,962,000	0.06	10-Sep-2029
10,000,000	0.07	25-Jan-2030
470,000	0.06	13-Mar-2030
1,355,000	0.16	13-Jun-2030
66,865,222		

PERFORMANCE RIGHTS

Number of Rights	Exercise Price ($) (i)	Vest Date
1,954,329	-	28-Oct-2023
83,841	-	16-Apr-2024
92,225	-	18-Jun-2024
6,873,000	-	11-Nov-2024
12,825,000	-	13-Mar-2026
20,000,000	-	01-Dec-2027
950,000	-	14-Jun-2028
42,778,395		

(i) Exercise price is nil as performance rights are issued for nil consideration.

Employee Stock Option Plan (ESOP)

There were nil awards in the ESOP plan at 30 June 2023.

Chief Executive Option Plan

There were no options issued under the Chief Executive Option Plan during the current year. Options issued to the Chief Executive Officer during the current year were issued under the Employee Incentive Plan and during prior years were issued under the Employee Incentive Plan and the Employee Share Option Plan.

(C) WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE

Employee Share Option Plan (ESOP)

The weighted average remaining contractual life for share options outstanding as at 30 June 2023 is 0.00 (2022: 0.02) years.

Employee Incentive Plan (EIP)

The weighted average remaining contractual life for share options outstanding as at 30 June 2023 is 5.03 (2022: 4.05) years. The weighted average remaining contractual life for performance rights outstanding as at 30 June 2023 is 2.06 (2022:1.24) years.

(D) RANGE OF EXERCISE PRICES

Employee Share Option Plan (ESOP)

The range of exercise prices for options outstanding as at 30 June 2023 is $0.00 (2022: $0.35). During the year 30 June 2023, all ESOP awards were forfeited with the departure of previous MD / CEO Richard Carreon.

Employee Incentive Plan (EIP)

The range of exercise prices for options outstanding as at 30 June 2023 is $0.04-1.66 (2022: $0.04-1.66). The performance rights are issued at nil exercise price.

(E) WEIGHTED AVERAGE FAIR VALUE

Employee Incentive Plan (EIP)

The weighted average fair value of options granted during the year was $0.07 (2022: $0.17).

(F) OPTION PRICING MODEL

The fair value of the equity-settled share options granted under the EIP and ESOP schemes is estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation if there is a restriction on the share price for exercisability of the option – taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs in the models used for the financial years ended 30 June 2023 and 2022:

	EIP Issue 2023	**EIP Issue 2022**
Expected Volatility (%)	84.00%	81.00%
Risk Free Interest Rate (%)	4.00%	0.83%
Expected Life of Options (Years)	7	7
Option Exercise Price ($)	$0.058 - $0.156	$0.085 - $0.177
Stock Price at Grant Date ($)	$0.058 - $0.156	$0.085 - $0.175
Calculated Fair Value at Grant Date ($)	$0.04 - $0.11	$0.05 - $0.12

The fair value of performance shares is measured by using the stock price for ImpediMed Limited as of the close of business on the day prior to the grant date multiplied by the number of eligible shares.

The dividend yield for all tranches was nil. The weighted average share price for all tranches at grant date was $0.15 in financial year 2023 (2022: $0.18).

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on management's expectation of exercise behavior, which is not necessarily indicative of exercise patterns that may occur in the future.

The expected volatility rate was determined using a sample of industry averages based on historical share prices. The resulting expected volatility therefore reflects the assumption that the industry averages are indicative of future trends, which may not necessarily be the actual outcome.

(G) ACCOUNTING POLICIES FOR EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date they are granted. The fair value is determined by a Black-Scholes model, details of which are given in Note 18.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of ImpediMed Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service condition are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by the Parent to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by ImpediMed Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

19. Income Tax

The major components of income tax are:

Income Tax Expense	2023 $000	2022 $000
Current Income Tax		
Current Income Tax Expense	**33**	27
Prior Year Over/Under Provision	**(2)**	19
Income Tax Reported in the Consolidated Statement of Comprehensive Income	**31**	46

Tax Losses

The Group has tax losses in Australia of approximately $97.8 million (2022: $90.7 million) and tax losses in the US of approximately AUD $182.5 million (2022: AUD $163.0 million) that are available for offset against future taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules. US tax losses of AUD $102.6 million incurred prior to 2017 have a 20-year expiry period, with an expiry range of 2027 to 2037. No deferred tax asset has been recorded in relation to these tax losses.

Statement of Comprehensive Income Disclosure	2023 $000	2022 $000
A reconciliation between tax expense and the accounting profit before income tax multiplied by the Group's applicable tax rate is as follows:		
Group's Applicable Tax Rate is as Follows:		
Accounting Loss Before Income Tax	**(20,490)**	(19,828)
At Australia's Statutory Income Tax Rate of 25% (2022: 25%)	**(5,122)**	(4,957)
Adjustment for Current Income Tax of Previous Years		
Expenditure Not Allowable for Income Tax Purposes	898	1,471
Other Assessable Income	31	55
Non-Assessable Income	(376)	(395)
Other Temporary Differences Not Recognised	(376)	(467)
Foreign Tax Rate Adjustment	466	392
Tax Losses Not Recognised (i)	4,512	3,928
Prior Year Over/Under Provision	(2)	19
Income Tax Reported in the Consolidated Statement of Comprehensive Income	**31**	46

(i) Movement in the Tax Losses Not Recognised is primarily related to increased capitalised development costs.

Deferred Tax Disclosures	2023 $000	2022 $000
Deferred Tax Assets		
Doubtful Debts	65	27
Employee Entitlements	319	504
S40-880 Costs	771	722
Patents and License Costs	506	359
Sundry Creditors and Accruals	24	47
Losses Available for Offset Against Future Taxable Income	63,543	56,365
Revenue Received in Advance	258	192
Inventory and Other Provisions	132	157
Unrealised Foreign Exchange Losses	(8,280)	(6,525)
Deferred Tax Liabilities		
Income not Derived for Tax Purposes	**(16)**	(1)
Property Plan and Equipment	**9**	3
Subtotal		
Deferred Tax Assets not Recognised	**57,331**	51,850
Net Deferred Tax Balance Per Accounts	**-**	-

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by local jurisdictions as of the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a buy in combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other Taxes

Revenues, expenses, assets, and liabilities are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in current assets, which, in general are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

The Group is subject to sales taxation in the US in various state jurisdictions. Sales tax has several components:

- On revenue, the Group collects sales tax from customers and remits it to state governments.
- For expenses and assets, the Group pays sales tax on the purchase of goods that are used in the course of business. Sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

Receipts from customers are included in the Cash Flow Statement including sales tax amounts collected which are payable to the taxation authority. These amounts are offset by payments made to taxation authorities during each period in the Cash Flow Statement. Cash flows on expenses and as-sets are included in the Cash Flow Statement on a gross basis and are classified as operating, investing or financing cash flows as appropriate.

20. Parent Entity Information

Information Relating to ImpediMed Limited:	2023 $000	2022 $000
Current Assets	**34,010**	11,157
Total Assets	**68,691**	42,309
Current Liabilities	**1,064**	1,586
Total Liabilities	**53,784**	45,095
Issued Capital	**336,087**	307,558
Accumulated Losses	**(349,088)**	(337,499)
Performance Share Reserve	**5,506**	6,113
Share Option Reserve	**22,402**	21,042
Total Shareholder's Equity (i)	**14,907**	(2,786)
Loss of the Parent Entity (ii)	**(11,588)**	(48,399)
Total Comprehensive Loss of the Parent Entity	**(11,588)**	(48,399)

(i) The Parent Entity invests capital into its wholly owned subsidiaries in anticipation the subsidiaries will create profits in future periods and therefore the Parent Entity will recoup these investments over time.

(ii) The decreased Loss of the Parent Entity in the current period relates increased cash receipts from the growing business in the USA subsidiary, which required less cash injection from the Parent Entity.

The Parent has not entered into any guarantees in relation to the debts of its subsidiaries. The Parent has not entered into any contractual commitments for the acquisition of property, plant or equipment.

Details of any commitments and any leases of the Parent entity are described in Note 23 and any contingent liabilities of the Parent entity are described in Note 24.

21. Related Party Disclosures

Subsidiaries

The consolidated financial statements include the financial statements of ImpediMed Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest	
		2023	2022
ImpediMed Incorporated	United States	100	100
ImpediMed Hellas	Greece	100	100
ImpediMed TM Incorporated	United States	100	100

Ultimate Parent

ImpediMed Limited is the ultimate Australian parent entity.

Details relating to Directors, including remuneration paid, are included in the Directors' Report.

For the year ended 30 June 2023, and for the prior year, no transactions with Directors occurred that would be considered related party transactions.

Terms and Conditions of Transactions with Related Parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Key Management Personnel (KMP)

Details relating to key management personnel, including remuneration paid, are included in Note 17.

For the year ended 30 June 2023, there were no other transactions with KMP that would be considered related party transactions.

22. Auditor's Remuneration

	2023 $000	2022 $000
Amounts Received or Due and Receivable by Ernst & Young Australia for:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**240**	225
Total Fees	**240**	225

23. Commitments

Expenditure Commitments

At 30 June 2023, the Group has commitments of $1.8 million (2022: $2.7 million) primarily relating to the funding of future product builds but also advertising, promotional activities, and other activities.

Accounting Policies for Onerous Contracts

An onerous contract provision is recognised for contracts that are deemed onerous. Contracts are deemed onerous if the unavoidable costs of meeting the obligations under the contract exceed the benefits expected to be received. The Group has no commitments deemed to be onerous.

24. Contingencies

Legal Claims

At 30 June 2023, the Group has no provisions provided in relation to legal claims.

Contingent Liabilities

The Group had no contingent liabilities as at 30 June 2023 or 2022.

Cross Guarantees

As a policy, the Group does not undertake any cross guarantees.

25. Events After the Balance Sheet Date

Issuance of Ordinary Shares – Equity Share Plans

On 6 July 2023, the Group issued 813,382 shares to Non-Executive Directors and Executives as part of the Equity Share Plans, related to the Q4 FY'23 performance period covering 1 April 2023 – 30 June 2023. These shares were issued in lieu of cash remuneration, which comprised 60% of Directors' fees and up to 20% of Executive's base salaries.

First Top 5 National Payor for Covering SOZO Testing

The first medical policy from a top five national payor covering bioimpedance spectroscopy (BIS) testing. The publication of this national payor medical policy occurred less than four months from the update to the NCCN® Guidelines. The omnibus policy, published by Cigna healthcare (Cigna), covers testing using ImpediMed's SOZO® Digital Health Platform (SOZO) for individuals at risk for limb lymphoedema.

Five Additional Positive Medical Policies Achieved

Subsequent to the Group's Quarterly Appendix 4C conference call on Monday 24 July 2023, an additional five (5) policy revisions occurred, bringing the total achieved to 12, including three (3) additional Blue Cross Blue Shield policies.

Notice Received Under Sections 203D and 249D of the Corporations Act

The Group advises that the board of directors of the Company has received a notice which purports to be issued pursuant to Section 203D of the *Corporations Act 2001* on behalf of Acadia Park Pty Ltd (AP), regarding the intention of AP, with the support of a small handful of private investors, to move resolutions for the removal of four directors of the Company,

In addition, the Group advises that in accordance with ASX Listing Rule 3.17A it has received a notice under section 249D of the *Corporations Act 2001* from the shareholders listed in the Schedule (Requisitioning Parties) holding at least 5% of the votes that may be cast at a general meeting of the Company.

The Requisitioning Parties have requested that the directors of the Company call and arrange to hold a general meeting of the Company for the purposes of considering eight proposed resolutions, of which:

- Four resolutions are proposed for the removal of each of Mr. Donal Williams, Mr. Amit Patel, Mr. David Anderson and Mr. Daniel Sharp
- Four resolutions are proposed for the appointment of each of McGregor Grant, Christine Emmanuel-Donnelly, Andrew Grant and Janelle Delaney as directors of the Company.

The Company has also received a members' statement under section 249P of the Corporations Act which will be circulated to shareholders in accordance with the Company's requirements under the Corporations Act. The members' statement outlines the rationale of the requisition, being a perceived disconnect between Australian shareholders and the present board relating to the Company's recent capital raising and perceived risks to shareholder wealth. The general meeting will be held no later than 2 October 2023, being two months after the section 249D request was given to the Company.

Response To Notice received under 249D of the Corporations Act & Notice of General Meeting

To comply with the notice received, the Company has called a meeting of the Shareholders on 28 September 2023. The Notice of meeting has been lodged simultaneously with a response to vote against the eight proposed resolutions. **The Board is unanimously recommending shareholders vote against all eight proposed resolutions (noted above).**

26. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

Risk Exposures and Responses

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group manages its exposure to risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The Board reviews and agrees to policies for managing these risks which are summarised below.

The main risks arising from the Group's financial instruments are credit risk, interest risk, foreign currency risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest Rate Risk

At balance date, the Group had the following mix of financial assets exposed to Australian and US interest rate risk:

	2023 $000	2022 $000
Financial Assets		
Cash and Cash Equivalents	**45,710**	40,730
Restricted Cash, Current and Non-current	**78**	75
Net Exposure	**45,788**	40,805

The Group does not enter into interest rate swaps, designated to hedge underlying assets or debt obligations, to manage the interest rate risk.

The Group consistently analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, and the mix of fixed and variable interest rates.

At 30 June 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post Tax Loss Higher / (Lower)	
	2023 $000	**2022 $000**
+1.0% (100 Basis Points)	**458**	408
-0.5% (50 Basis Points)	**(229)**	(204)

The movements in loss are due to higher/lower interest income from variable rate cash balances. Reasonably possible movements in interest rates were determined based on the Group's current credit rating and relationships with financial institutions and economic forecaster's expectations.

Foreign Currency Risk

As a result of operations in the US and purchases of inventory denominated in United States dollars (USD), the Group's balance sheet can be affected by movements in the USD/AUD exchange rates. The Group has transactional currency exposure related to USD, EUR, and GBP resulting from sales activities into the US and Europe.

The Group holds the majority of its funds in the functional currency of the entity where the funds are expected to be spent. Only funds held in the currencies other than an entity's functional currency are considered at risk of foreign currency fluctuations.

The group does not enter into any forward contracts or any other instrument to hedge the currency exposure, as the Group maintains a significant portion of available funds in USD to match USD expected expenses.

Whilst the Group has operations in Europe, the amounts that are sensitive to foreign currency risk are deemed immaterial, other than the financial assets denoted.

At 30 June 2023, the Group had the following exposure to foreign currency:

	2023 $000	2022 $000
Financial Assets		
Cash and Cash Equivalents – USD	**148**	**213**
Cash and Cash Equivalents – EUR (i)	**92**	**966**
Cash and Cash Equivalents – GBP (ii)	**58**	**39**
Trade and Other Receivables – USD	**-**	**-**
Trade and Other Receivables – EUR (i)	**15**	**47**
	313	**1,265**
Financial Liabilities		
Trade and Other Payables – USD	**(1)**	**(10)**
Net Exposure	**312**	**1,255**

(i) EUR is Euro
(ii) GBP is British Pound Sterling

At 30 June 2023, had the Australian dollar moved against the US dollar, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post Tax Loss Higher / (Lower)	
	2023 $000	2022 $000
AUD to Foreign Currency + 15% (2021: +15%)	**(41)**	(169)
AUD to Foreign Currency – 15% (2021: –15%)	**66**	287

Significant assumptions used in the foreign currency exposure sensitivity analysis include the following:

- Reasonable possible movements in foreign exchange rates were determined based on review of the last two years' historical movements and economic forecasters' expectations.
- The reasonably possible movement was calculated by taking the USD spot rates at balance date, moving this spot rate by the reasonable possible movements and then re-converting the USD into AUD with the "new spot-rate". This methodology reflects the translation methodology undertaken by the Group.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.
- The sensitivity analysis does not include financial instruments that are non-monetary items as these are not considered to give rise to currency risk.

Sensitivities were only calculated on USD balances in instances where the functional currency is not the USD.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group seeks to trade only with recognised, creditworthy third parties, and as such collateral is typically not requested nor is it the Group's policy to securities its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts is not significant.

With respect to credit risk arising from other financial assets of the Group, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group and $1,500,000 in outstanding term deposits were held at the end of the financial year (2022: $1,500,000). The Group holds a large percentage of cash in Money Market accounts through Bank of America in the US. These accounts are not federally insured but are highly rated and highly regulated investment funds that carry low risk of default.

The Parent has a policy of lending to its wholly owned subsidiaries ensuring their continued operations. The subsidiaries are continually monitored and should there be any risk that they are unable to repay the debt appropriate steps will be taken to remedy this situation.

Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Group has no bank overdrafts or bank loans at 30 June 2023.

The table below reflects all contractually fixed payments and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2023.

Maturity Analysis of Financial Assets

The risk implied from the values shown in the table below, reflects a balance view of cash inflows and outflows. Trade payables, and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital e.g. inventories and trade receivables.

These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering their worldwide business unit that reflects expectations of management of expected settlement of financial assets and liabilities.

Liquid assets comprising cash and cash equivalents, restricted cash, trade and other receivables, and other financial assets are considered in the Group's overall liquidity risk. The Group monitors that sufficient liquid assets are available to meet all the required short-term cash payments.

Year Ended 30 June 2023	**≤ 6 months $000**	**6 – 12 months $000**	**1 – 5 years $000**	**Total $000**
Liquid Financial Assets				
Cash and Cash Equivalents	45,710	-	-	45,710
Trade and Other Receivables	3,843	-	-	3,843
Other Financial Assets	-	-	78	78
Subtotal	**49,553**	**-**	**78**	**49,631**
Financial Liabilities				
Trade and Other Payables	(2,202)	(25)	-	(2,227)
Interest Bearing Lease Liabilities (i)	(150)	(150)	(1,147)	(1,447)
Net Flow	**47,201**	**(175)**	**(1,069)**	**45,957**

Year Ended 30 June 2022	**≤ 6 months $000**	**6 – 12 months $000**	**1 – 5 years $000**	**Total $000**
Liquid Financial Assets				
Cash and Cash Equivalents	40,730	-	-	40,730
Trade and Other Receivables	3,414	-	-	3,414
Other Financial Assets	-	-	75	75
Subtotal	**44,144**	**-**	**75**	**44,219**
Financial Liabilities				
Trade and Other Payables	(3,168)	(56)	-	(3,224)
Interest Bearing Lease Liabilities (i)	(152)	(18)	-	(170)
Net Flow	**40,824**	**(74)**	**75**	**40,825**

(i) Interest bearing lease liabilities increased from the prior period due to office leases being renewed.

The Group monitors rolling forecasts of liquidity on the basis of expected cash flow.

27. Financial Instruments

Fair Values

Fair values have been determined as follows:

Cash and Cash Equivalents:

The carrying amount approximates fair value because of the short-term maturity and/or because the interest rates applied are variable interest rates.

Restricted Cash:
The carrying amount approximates fair value because the interest rates applied are variable interest rates. Restricted cash relates to deposits on office leases.

Trade Receivables and Payables:
The carrying amount approximates fair value because of the short-term maturity.

Other Financial Assets:
By reference to the current market value of another instrument which is substantially the same or is calculated based on expected cash flows of the underlying net asset base of the financial asset.
Management have assessed that the carrying values of assets are consistent with their fair values.

28. Significant Accounting Policies

Significant Accounting Judgements, Estimates and Assumptions
The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent assets and liabilities, commitments, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

AASB 15 Revenue from Contracts with Customers
The revenue recognition for the Group involves certain key judgements. Details of this these been included in Note 5 revenue from Contracts with Customers.

Impairment of Non-Financial Assets Other than Goodwill
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future sales expectations. If an impairment trigger exists, the recoverable amount of the asset is determined.

For assets other than inventory, the impairment triggers used by the Group did not show any indication of impairment as at 30 June 2023. As a result, no impairment loss has been recognised for these assets for this financial period.

Impairment of Goodwill and Intangibles with Indefinite Useful Lives
The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. Management determined that no impairment loss should be recognised for this financial reporting period. The assumptions used in this estimation of goodwill and intangibles with indefinite useful lives are discussed in Note 12.

Inventory Impairment
The Group reviews the value of inventories held to determine if inventories are being held at the lower of cost and net realisable value. This requires a determination by Management of the cost of inventories held and the subsequent recognition of these items as expenses, including any write-down to net realisable value. During the year ended 30 June 2023, there were nil write-downs (2022: $nil) to inventory.

Taxation
The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. Refer to Note 19 for the complete details regarding deferred tax assets and deferred tax liabilities.

Development Costs

Under AASB 138 Intangible Assets, Management must determine the degree to which items are recognised as intangible assets, whether those items are purchased or self-created (at cost). Items are capitalised, as opposed to expensed, if, and only if (1) it is probable that the future economic benefits that are attributable to the asset will flow to the entity and (2) the cost of the asset can be measured reliably and other criteria outlined in respect of development costs are met.

This requires Management to make judgements as to the probability of future economic benefits of development project costs incurred by the Group, as well as to determine when technical and commercial feasibility of the assets for sale of use have been established.

Research and Development Tax Incentive

The Group measures the amount of refund from the Australian Tax Office in relation to the research and development tax incentive on an annual basis. This requires an estimation and judgement by Management of the eligible expenses under the AusIndustry guidelines of self-assessment for the tax credit. Management works in conjunction with registered tax agents and AusIndustry to determine the eligibility of expenses and recognises a receivable and other income when there is reasonable assurance such amounts will be received.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management. The Black Scholes model is used for option grants without conditions, while the Monte Carlo model is used for option grants with conditions. The assumptions are detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

29. Leases

The Group has lease contracts for office space used in operations with lease terms up to five years. Set out below are the carrying amounts of right of use assets, lease liabilities, and the movements during the year.

Right of Use assets	**2023 $000**	2022 $000
As at 1 July	**159**	**447**
Additions (i)	**1,547**	-
Depreciation	**(294)**	(288)
As at 30 June	**1,412**	159

(i) The Group renewed leases in both Australia and US office locations. These leases have fixed rates for 3-5 years.

Lease Liabilities	**2023 $000**	2022 $000
Current	**300**	170
Non-Current	**1,147**	-
As at 30 June	**1,447**	170

Future Lease Payments	**2023 $000**	2022 $000
Within one year	**387**	176
After one year but not more than five years	**1,270**	-
Total future payments	**1,657**	176

Directors' Declaration

For the year-ended 30 June 2023:

In accordance with a resolution of the Directors of ImpediMed Limited, we stated that:

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity for the year-ended 30 June 2023 are in accordance with the Corporations Act 2001, including
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance of the year-ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the consolidated financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

This determination has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2023.

On behalf of the Board

Don Williams	Jan West
Chairman	Director

31 August 2023

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Independent auditor's report to the members of ImpediMed Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of ImpediMed Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

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Revenue recognition

Why significant	How our audit addressed the key audit matter
As outlined in Note 5 Revenue from Contracts with Customers to the financial statements, the Group recognised revenue totalling $11.3 million from the sale of devices, subscription services and revenue from leases of devices for the year ended 30 June 2023. The matter was considered a key audit matter for the following reasons: • The Group has a number of different types of contracts with customers; and • as outlined in the revenue recognition policy in Note 5 to the financial statements, there is judgement involved in the determination of the performance obligations which impacts the amount and timing of the recognition of revenue from contracts with customers.	The audit procedures we performed included the following: • Assessed the application of AASB 15 *Revenue from Contracts with Customers* including reviewing a sample of contractual terms of the existing, new and modified customer contracts and the application of the requirements of AASB 15; • Selected a sample of revenue contracts and assessed whether the different elements within the contract result in revenue recognition over a period of time or at a point in time, in accordance with AASB 15; • For a sample of contracts we recalculated the revenue recognised during the year based on the contractual terms and conditions and the revenue recognition policy of the Group; and • Assessed the adequacy of the financial report disclosures included in Note 5 to the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 61 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of ImpediMed Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Jennifer Barker
Partner
Brisbane
31 August 2023

Shareholder Information (Unaudited)

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 31 July 2023.

(A) DISTRIBUTION OF SHAREHOLDERS

The distribution of Issued Capital is as follows:

Size of Holding	Number of Shareholders	Ordinary Shares	% of Issued Capital
100,001 and Over	1,421	1,924,079,522	95.31%
10,001 to 100,000	2,199	88,106,777	4.36%
5,001 to 10,000	556	4,434,565	0.22%
1,001 to 5,000	634	2,061,420	0.10%
1 to 1,000	381	99,273	0.00%
Total	**5,191**	**2,018,781,557**	**100%**

(B) DISTRIBUTION OF OPTIONS HOLDERS (excluding employee incentive options)

The distribution of unquoted options on issue to shareholders are nil

(C) DISTRIBUTION OF PERFORMANCE RIGHTS HOLDERS

The distribution of unquoted Performance Rights on issue are:

Size of Holding	Number of Holders	Unlisted Performance Rights	% of Issued Capital
100,001 and Over	68	42,778,395	100.00%
1 to 100,000	-	-	-
Total	**68**	**42,778,395**	**100%**

(D) DISTRIBUTION OF EMPLOYEE OPTIONS

The distribution of unquoted options on issue are:

Size of Holding	Number of Holders	Unlisted Options	% of Issued Capital
100,001 and Over	56	66,245,222	99.07%
1 to 100,000	7	620,000	0.93%
Total	**63**	**66,865,222**	**100%**

(E) LESS THAN MARKETABLE PARCELS OF ORDINARY SHARES

There are 584 shareholders with unmarketable parcels totaling 470,542 shares.

(F) 20 LARGEST SHAREHOLDERS

	Shareholder	Number of Fully Paid Ordinary Shares	% of Issued Capital
1	NATIONAL NOMINEES LIMITED	190,580,959	9.44%
2	CITICORP NOMINEES PTY LIMITED	176,271,813	8.73%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	122,801,902	6.08%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	86,660,527	4.29%
5	BNP PARIBAS NOMS PTY LTD	71,262,491	3.53%
6	BNP PARIBAS NOMINEES PTY LTD	56,357,329	2.79%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,593,537	2.36%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	28,525,714	1.41%
9	MOORE FAMILY NOMINEE PTY LTD	22,500,000	1.11%
10	MBA INVESTMENTS PTY LTD	22,490,990	1.11%
11	MR HAMISH ALEXANDER JONES	21,263,705	1.05%
12	MR GREGORY WAYNE BROWN	21,100,000	1.05%
13	SUNLORA PTY LTD	19,000,000	0.94%
14	APEX INVESTMENT MANAGEMENT PTY LIMITED	17,471,778	0.87%
15	BNP PARIBAS NOMINEES PTY LTD	16,201,010	0.80%
16	PAKASOLUTO PTY LIMITED	16,011,422	0.79%
17	MR STEPHEN EDWARD MAHNKEN & MRS DIOR LEONE MAHNKEN	16,000,000	0.79%
18	DR HSIEN MICHAEL SOO	15,394,710	0.76%
19	BSD PTY LTD	13,300,000	0.66%
20	MID DIG INVESTMENTS PTY LTD	12,970,633	0.64%
	Total	**993,758,520**	**49.23%**
	Total Quoted Equity Securities	**2,018,781,557**	

(G) UNQUOTED EQUITY SECURITIES

The Group had the following unquoted securities on issue as at 31 July 2023: nil shareholder options, 66,865,222 options and 42,778,395 performance rights issued as part of an incentive scheme.

(H) SUBSTANTIAL SHAREHOLDERS

The names of the Substantial Shareholders listed in the Group's Register as at 31 July 2023:

Shareholder	Number of Fully Paid Ordinary Shares	% of Issued Capital
Paradice Investment Management Pty Ltd	144,301,807	7.15%
National Nominees Ltd ACF Australian Ethical Investment Ltd	122,513,808	6.07%
Total	**266,815,615**	**13.22%**

(I) RESTRICTED SECURITIES

The company had no restricted securities on issue as at 31 July 2023.

(J) VOTING RIGHTS

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

Performance rights have no voting rights.

(K) ON-MARKET BUY-BACKS

There is no current on-market buy-back in relation to the Company's securities.

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Annual Report

For the Year Ended **30 June 2023**