



1/50 Parker Court,
Pinkenba, QLD, 4008
Australia

E: investorrelations@impedimed.com
W: impedimed.com

29 August 2024

Companies Announcements Office
Australian Securities Exchange

New team and refreshed commercial strategy building positive momentum

ImpediMed Limited (**ASX: IPD**) has today released its results for the financial year ending 30 June 2024.

Highlights

- **Total revenue \$10.3 million**, down 9% compared with FY23, driven by cessation of Astra Zeneca clinical trial.
- **Total SOZO Core Business¹ revenue \$9.7 million**, up 14% compared with FY23.
- **Annual Recurring Revenue \$11.0 million**, up 18% compared with FY23.
- **Number of tests conducted 250,000**, up 18% compared with FY23.
- **SOZO Core Business Total Contract Value (TCV) \$9.4 million**, down 29% compared with FY23.
- **New units sold globally 113**, down 16% compared with FY23.
- **Gross profit margin 87%**, compared with 86% in FY23.
- **Operating cash outflow \$17.8 million**, compared with \$18.0 million cash outflow in FY23.
- **Cash of \$24.6 million** as at 30 June 2024, down 46% compared with 30 June 2023.

Commenting on the FY24 results, ImpediMed's CEO Dr Parmjot Bains said "We are pleased with the positive momentum built over the last 7 months as a result of our renewed commercial strategy. Our focus has been on lead generation and sales execution of the SOZO[®] Digital Health Platform for Breast Cancer Related Lymphoedema (BCRL) across high reimbursement, high priority states in the United States. Sales momentum in the U.S. is building with Q4 unit sales up 77% compared with Q3.

"September 2023 saw the appointment of a new Board, a new CMO in August, new CFO in November 2023 and a new CEO in January 2024. These appointments were followed by the establishment of a new Executive Leadership team in April 2024. This transition brought a renewed focus and refined strategy, centering on commercial execution in priority U.S. states. Customer focus is critical, and we have invested in supporting our revenue growth, with 47% of our team in roles facing customers directly, driving lead generation and sales execution. Our team's dedication and hard work has laid the foundation for sustainable growth.

¹ SOZO Core Business represents revenue from SOZO contracts in the Oncology/Lymphoedema market and excludes SOZO Clinical Business and legacy device/other revenues.

“From a base of zero covered lives at the start of FY24, ImpediMed has achieved 140 million covered lives with 80% or more covered lives (critical mass) in 16 states, representing 50% of the U.S. population, our priority market. We are focused reaching 85% coverage across the U.S.

“U.S. unit sales were flat for the first half of FY24 at 32 units. In H2, we saw positive momentum from our new commercial plan and an encouraging growth in the sales pipeline. In H2, we sold 36 units in the U.S., most of which (23 units) were sold in Q4 and included expanded sales into 3 larger networks in Texas, New Jersey and Connecticut.

“Importantly, as we move into FY25, we have set a solid foundation for growth and closely manage to key metrics, as we continue to refine our commercial tactics and meet our strategic goals.”

Financial performance

A\$ millions	FY24	FY23	Change		
			\$	%	
SOZO Core Business revenue	9.7	8.5	▲	1.2	14%
Legacy/other revenue	0.5	0.8	▼	(0.3)	-38%
Clinical revenue	0.1	2.0	▼	(1.9)	-95%
Total revenue	10.3	11.3	▼	(1.0)	-9%
Gross profit	9.0	9.8	▼	(0.8)	-8%
%	87.3%	86.4%			
Operating expenses	(33.0)	(32.7)	▲	(0.3)	1%
Other income	2.8	1.6	▲	1.2	75%
Finance income - net	1.4	0.8	▲	0.6	75%
Operating loss before tax	(19.8)	(20.5)	▼	0.7	-3%

Total revenue in FY24 was \$10.3 million, down 9% compared with the prior year due to the expected completion of a large, long-term clinical trial program. Importantly, SOZO Core Business revenue increased 14% over FY23 to \$9.7 million, showing momentum building in the base business.

Total revenue in H2 FY24 was \$5.5 million, up 15% compared with H1 FY24 and SOZO Core Business revenue was \$5.3 million, up 20% compared with H1 FY24.

SOZO Core Business Total Contract Value (TCV) for FY24 was \$9.4 million, down 29% on FY23 due to a flat first half FY24. Encouragingly, momentum of the new sales strategy is evident with U.S. device sales up 77% in Q4, compared with Q3 and TCV growth of 55% in Q4, compared with Q3, signaling a turnaround in these key areas.

Total other income for the year was \$2.8 million, an increase of \$1.2 million compared with FY23 driven by a non-recurring U.S. Government grant of \$1.9 million, offset by a lower Australian R&D tax incentive credit of \$0.7 million due to lower R&D expenditure. Total finance income for the year was \$1.4 million, an increase of \$0.6 million compared with FY23 driven by higher interest income.

Total operating expenses for the year were \$33.0 million, an increase of \$0.3 million compared with FY23 operating expenses of \$32.7 million.

In H2 FY24, a restructuring of the business was undertaken, reducing costs and reallocating resources to customer-facing roles. As a result of these changes, FY25 cash expenditure is expected to be 10% lower compared with FY24².

Cash on hand as of 30 June 2024 was \$24.6 million, enabling the Company to accelerate its growth trajectory. The Company will continue to closely manage cashflow as it builds sales momentum.

Operational update

The focused commercial effort is supporting the 47% growth in total contract value (TCV) in H2 FY24 compared with H1 FY24, and a 55% growth in TCV in Q4 FY24 compared with Q3 FY24.

The new ImpediMed marketing team has updated customer messaging in line with increasing reimbursement in priority states, revised customer pricing, conducted an SEO and UX³ audit and initiated website updates to increase lead capture through this key channel, and implemented extensive outbound marketing campaigns and conference schedule, and external media engagement. In H1 FY25, ImpediMed plans to be represented at 14 conferences across the U.S. to further increase SOZO awareness across a broader range of stakeholders in the BCRL prevention journey, including surgeons, administrators, rehabilitation medicine and nursing staff.

The number of customer-facing roles has been expanded, now 47% of the business, and investments made to shorten the time required to convert customer leads into sales. In Q4, ImpediMed hired Tim Benkovic, our new SVP of Sales, two new Business Development Representatives to build the leads pipeline, and created a VP of Accounts and Renewals role focused on large Integrated Delivery Networks (IDNs) and renewals.

The Company has undertaken an extensive review of its software development processes to improve quality and speed, leveraging the experience of board member, Janelle Delaney, and initiated an update of the R&D strategy and new product roadmap for the next 3 years to capture market opportunities beyond BCRL.

Looking ahead

“In FY25, ImpediMed is focused on creating a sustainable business with growth driven by U.S. BCRL sales and efficient cash management.

“Our priority is to support clinicians to provide top-tier, clinical practice guideline-driven care to prevent breast cancer-related lymphoedema, prevent complications, and ensure positive patient outcomes. SOZO is not just an investment in patient care but also a financially sustainable decision, where tests are reimbursed by payors.

“We have undertaken a lot of work since the start of the calendar year to accelerate sales and improve cost efficiency. We are very encouraged by the improvements we have seen in our sales pipeline and sales conversion time, the improvement in TCV and revenue in the second half of FY24. This momentum is extending into the current quarter (Q1 FY25), with an additional leading National Comprehensive Cancer Network[®] (NCCN) center adopting SOZO, with SOZO now available in 23 of 33 NCCN centers.

“We will continue to execute the commercial plan to capture the BCRL market opportunity in the U.S., target 85% payor coverage, review our global installed base and global go-to-market

² After allowing for one-off costs and other normalisation adjustments.

³ Search Engine Optimisation and User Experience.

models, launch v6.0 software to enable clinics to more effectively share patient data to support lymphoedema prevention plan (LPP) implementation, work towards an updated bilateral arm algorithm, finalise development of SOZO[®] Pro, and expand sites of care with our fluid and body composition offerings” said Dr Bains.

Dr Parmjot Bains
CEO/MD

Approved for release by the Board of ImpediMed Limited.

For more information, contact Dr Parmjot Bains or McGregor Grant on +61 7 3860 3700.

For personal use only