

Annexure A

FURTHER DETAILS IN SUPPORT

1 About Us

- 1.1 We are a group of shareholders who hold over 8% of the issued share capital of the Company. Several of us have held shares in the Company for over 13 years. As long-term shareholders with significant market experience (see below), we have a deep understanding of the technology, the commercial strategy, and the potential for the intellectual capital within the Company. We believe that the Company has a tremendous opportunity ahead of it. However, we are deeply concerned about governance, and we have been advocating for improvements for some time.

Shareholder	Background
Stephen Mahnken	MD of Equity Trading - Goldman Sachs JB Were
Barry Henderson	Head of Small Companies Funds Colonial First State, co-founder QED Capital
Ian Moore	Head of Bankers Trust Corporate Finance, Board Member Artesian Funds Management, Board Member of Challenger's Responsible Entity Board, inaugural Board member of the Clean Energy Finance Corporation
Paul Barkl	Head of Sydney Institutional Equity Sales - Merrill Lynch
Jonathan Scales	Institutional Research Sales - Wilson HTM Advisory
John Nolan	Founder JANA Investment Advisers (Institutional Asset Consultant advising on > AUD\$850b assets)
Stephen Atkinson	Co-Head of Small Companies Deutsche Asset Management, Credit Suisse Asset Management, MD Adam Smith Asset Management

2 US-dominated board

- 2.1 Compared with leading Australian listed medical technology companies, ImpediMed is an outlier with respect to the number of US-based board members:¹

Australian listed medical technology company	US based Directors	Australian / NZ based Directors	Market Capitalisation
Cochlear Limited	1	9	\$17.5b
Nanosonics Limited	0	6	\$1.2b
Pro Medicus Limited	0	7	\$7.6b
PolyNovo Limited	0	6	\$0.92b
ImpediMed Limited	5	2	\$0.33b

3 Heart Failure

- 3.1 In 2016, when the Company raised \$75m, chronic heart failure was described as a significant and compelling opportunity and a portion of the funds raised were allocated to pursuing the heart failure business case. Sufficient belief in the prospects of heart failure resulted in the Company establishing a Medical Advisory Board for heart failure and the purchase of Intellectual Property related to the field of chronic heart failure.
- 3.2 In October 2021, the Company raised a further \$42.5m. The stated uses of funds from the capital raising included “*SOZO II Development - Weight Scales, Improved Electronics for Renal Failure and Heart Failure*”, “*Corporate Account Development: Electronic Health Record (EHR) Integration, Heart Failure programs*” and “*General working capital (sufficient to achieve breakeven)*...” At that time, David Anderson and Amit Patel were non-Executive Directors and Donald Williams was the incoming Chair. Canaccord acted as ImpediMed’s lead manager during these capital raisings and Daniel Sharp was executive director of corporate finance at Canaccord from 2012-2020.
- 3.3 On 16 April 2023, during the Company’s Q3 teleconference, the Managing Director stated that it would be foolish to do anything but execute within oncology for the next several years and then on 22 August 2023, the Company stated that “*Heart and Renal failure are opportunities of the future, but at the right time.*”
- 3.4 If these capital raisings are viewed in the context of the current enterprise value of the Company (~\$280m) and the fact that ~\$200m of new equity has been raised by the Company in the last eight years, the money raised towards heart failure appears significant. We believe that this seemingly erratic history demonstrates a lack of clarity and purpose in the Company’s heart failure strategy, where significant shareholder funds have been raised on the basis they would purportedly be used in pursuit of that strategy. This is unacceptable.

¹ This is based on a review of annual reports, publicly available information on the directors’ experience and directors’ addresses as registered with ASIC. In the interests of transparency, we note that proposed director Christine Emmanuel is a Non-Executive Director of PolyNovo Limited and proposed director McGregor Grant is company secretary of Nanosonics Limited.

4 Response to National Comprehensive Cancer Network

- 4.1 Bioimpedance spectroscopy (BIS) was included in the NCCN Guidelines in March 2023. The fact that ImpediMed has still not put in place the requisite team and clear commercial strategy to respond to the inclusion in the Guidelines, noting that it has been almost 2 years since the Guidelines were first anticipated following the Prevent Trial Results (19 October 2021) and 9 months after the recruitment of a replacement CEO highlights, in our view, deficits in strategic planning and execution and a failure of oversight by the Board.

5 Freeze on research and development

- 5.1 The use of funds detailed in the May 2023 capital raising presentation indicates that ImpediMed has driven down direct investment in research and development. In an increasingly dynamic and competitive marketplace, continuing to invest in the Company's technological advantage is essential. No explanation has been provided by the Board as to why research and development is not a priority.

6 Outsourcing intellectual property

- 6.1 It is highly concerning that the Board has suggested that the Company's intellectual property (IP) portfolio is mature and assistance with the management thereof can be outsourced, despite strengthening IP being listed as an ongoing risk in ImpediMed's Risk Register. ImpediMed's IP portfolio protects the Company's assets and is a critical strategic business tool to assist in business development and commercialisation plans, and therefore we believe it is critical that ImpediMed continues to invest in deepening and widening its intellectual property inhouse.

7 Changeable sales and marketing strategy

- 7.1 In our view, a company of ImpediMed's kind should have a clear data-driven sales and marketing strategy, and we believe its failure to consistently enunciate one is concerning.

8 Misconceived focus on sales, not profits

- 8.1 It is well understood that the US equity market rewards sales growth, whilst the Australian equity market rewards profit growth. We believe that key to the success of medical technology businesses developed in Australia (as evidenced by Resmed, Pro Medicus, Cochlear and Nanosonics) has been a keen focus on profitability, which allows self-funded growth and the ability to invest significantly in research and development. These Australian companies, which have successfully transitioned from early stage through to high growth and high profitability businesses, have shown a strong record of investing in the products and services they offer, to protect and expand their margins, whilst ensuring they are highly competitive and dynamic in their markets.
- 8.2 We believe that the current, largely foreign-based Board lacks an appreciation of this aspect of the Australian market. We believe this is demonstrated, in part, by the 60%-75% expected increase² in the cost base and associated lengthening of time required to reach profitability. We also believe it is demonstrated by, for example, the statement by the Company in a conference call on 16 August 2023 that Tandem Diabetes was a great example of a medical technology company that had made \$100m in *profit*, when in fact, Tandem has increased its *losses* after making \$100m in *sales*.

² Based on the 22 August 2023 and earlier releases, cost base estimates under the growth plan changed from \$20-\$25m to \$35-\$40m, resulting in a possible 75% increase at the bottom end of the range and a 60% increase at the top of the range.

9 Poorly executed capital raise

- 9.1 The Company's recent capital raise lacked commerciality and was poorly executed. In circumstances where the Company was set to release a string of positive announcements and with two years of cash available, undertaking the capital raise at a 24.4% discount to the 5-day volume weighted average price (VWAP)) was an abnormally large discount and resulted in the unnecessary and unreasonable transfer of value from existing shareholders to new shareholders.

10 Other concerns about strategy and skill

10.1 Other concerns:

- (i) *Listing domicile*: The announcement on 16 August 2023 in response to the s249D Notice stated that there is no intention to leave the ASX or seek an overseas listing. Given the apparent propensity for erratic and inconsistent decision making, we remain concerned that the Board may yet decide to take this action in future, a move which too often has seen value destroyed.
- (ii) *SOZO Pro delay*: the delayed release of the next generation SOZO Pro risks poor customer and patient experience.

11 Concerning shareholder communications

- 11.1 We have concerns about a number of communications from ImpediMed, set out in the table below.

Company Claim	Our Claim
Capital raise was successful and well supported (16 Aug 2023)	<ul style="list-style-type: none">• In our experience a capital raise done at a 24.4% discount to the 5-day VWAP is not indicative of a successful and well supported raise.
Only shareholders who chose not to participate were diluted (16 Aug 2023)	<ul style="list-style-type: none">• Any shareholder who held approximately > 2,308,000 shares in a single entity was diluted unless they participated in the institutional placement, which was not offered to all such shareholders by the Company.
98% of shareholders could achieve pro-rata or better (16 Aug 2023)	<ul style="list-style-type: none">• This is based on the number of shareholders, and not ownership of the Company.• If determined by pre-existing ownership, then 68% of the existing interest in the Company could not achieve their pro-rata allocation unless they participated in the institutional placement, which was not offered to all such shareholders by the Company.
A small number of shareholders expressed an opinion to delay the fundraising (16 Aug 2023)	<ul style="list-style-type: none">• We, and others, were against the timing and pricing of a capital raise.• Subsequent Company announcements (marked as price or value sensitive on ASX's announcements platform) validate our position that the time for the capital raising was premature ahead of potentially material developments and announcements.

Company Claim	Our Claim
Our action triggers a change of control (16 Aug 2023)	<ul style="list-style-type: none"> The proposed directors are independent of each of the Requisitioning Shareholders and independent amongst themselves. They are proposed because of their skills and background, and all shareholders will have the opportunity to vote on this proposal.
Current Directors have full management support (16 Aug 2023)	<ul style="list-style-type: none"> This statement seems to misunderstand corporate governance in Australia – the Board is answerable to the shareholders, not to management. Indeed, part of the Board's role is to oversee management and, when required, challenge management and hold it to account.
Directors have had discussions with representatives of the Requisitioning Shareholders (16 Aug 2023)	<ul style="list-style-type: none"> Requisitioning shareholders had a 30-minute call with two Directors. The Chairman was absent. Neither Director asked questions of the requisitioning shareholders.
Board has been purchasing shares within designated trading periods (16 Aug 2023)	<ul style="list-style-type: none"> As shown below we are concerned that a non-executive director acquired ImpediMed shares on market during a "prohibited period" under ImpediMed's Security Trading Policy.

12 Purchasing shares during a 'Prohibited Period'

- 12.1 Under section 3.1 of ImpediMed's Security Trading Policy, a director cannot acquire ImpediMed shares if that director has inside information or during certain "Prohibited Periods" that are outlined in the Policy. One such prohibited period is *"two weeks prior to the financial year end, to the close of trading on the business day after ImpediMed's annual results are announced to the ASX (for clarity, the release of the preliminary financial report will trigger this clause, noting that ImpediMed usually releases financial results concurrently with preliminary results)"*.
- 12.2 For ImpediMed's financial year ended 30 June 2023, that Prohibited Period commenced on 16 June 2023 and ended on 1 September 2023. One of ImpediMed's non-executive directors acquired 920,000 shares on market on 20 June 2023, during that Prohibited Period.
- 12.3 While section 4 of ImpediMed's Security Trading Policy permits a person to request clearance for dealing in ImpediMed securities during a Prohibited Period in 'exceptional circumstances' (examples of which are given in section 4.2 of the Securities Trading Policy and may include severe financial hardship, requirements under a court order or court enforceable undertaking or other legal or regulatory requirements, or other exceptional circumstances as determined by the Chairman), those exceptional circumstance examples seem most likely applicable to the *disposal* of ImpediMed shares rather than their *acquisition*.

13 Involvement of management in Board-level governance issues

- 13.1 On 30 August 2023, the executive team issued a letter in support of the current Board and against the resolutions. For the executive team to be involved in expressing support for the Board whose role is to oversee the executive team and, when required, challenge management and hold it to account is unusual and concerning, and calls into question the approach and culture to corporate governance, including the independence of the Board from the interests of management. As noted by Commissioner Hayne³ and quoted with approval by the ASX Corporate Governance Council⁴: “[B]oards do not operate effectively if they do not challenge management.”

14 Other concerns about governance

- 14.1 *Independence of directors*: We have some concerns that Daniel Sharp was an executive at Canaccord Genuity from 2012 to 2020, during which time Canaccord received remuneration from ImpediMed for its involvement in capital raises undertaken by ImpediMed. We also have some concerns that David Anderson was the Interim CEO in 2022. According to the ASX Corporate Governance Principles and Recommendations (4th Edition, February 2019), examples of positions and relationships that might raise issues about the independence of a director include if the director:
- (i) is, or has been within the last three years, in a material business relationship (eg as a professional adviser) with the entity, or
 - (ii) is, or has been, employed in an executive capacity by the entity and there has not been a period of at least three years between ceasing such employment and serving on the board.
- 14.2 *Gender diversity*: Despite ImpediMed’s Diversity Policy, there is a lack of gender diversity at the Board level in circumstances where gender representation might be considered to be even more important given that a substantial number of patients treated with the SOZO product have Breast Cancer Related Lymphoedema.
- 14.3 *High staff turnover*: we are concerned about the ability of Donald Williams, David Anderson and Amit Patel to stabilize the workforce given their length of tenure and oversight of high executive turnover.

³ In the Final Report, Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry 1 February 2019, Volume 1, at page 396.

⁴ In the ASX Corporate Governance Principles and Recommendations, 4th Edition, February 2019, at page 6, footnote 15.