

28 October 2020

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## ImpediMed Limited (IPD)

### Health Care Equipment & Services

#### Underperform

**IPD A\$0.087**      **TARGET PRICE A\$0.044**

ImpediMed Limited (ASX:IPD) is a medical software technology company that uses non-invasively measures, monitors, and manages fluid status and tissue composition using bioimpedance spectroscopy (BIS).

#### Company Data

Number of shares	1073.8M
Market Capitalisation	\$ 93.4M
Free float (%)	86.2
12-month high/low	\$0.198/\$0.034
Average Daily Turnover (\$m)	0.9584
% S&P/ASX200	N/A
DDM Ranking	424
% All Ordinaries	N/A
GICS Industry Group	Health Care Equipment & Services

Source: FactSet, Barclay Pearce Capital

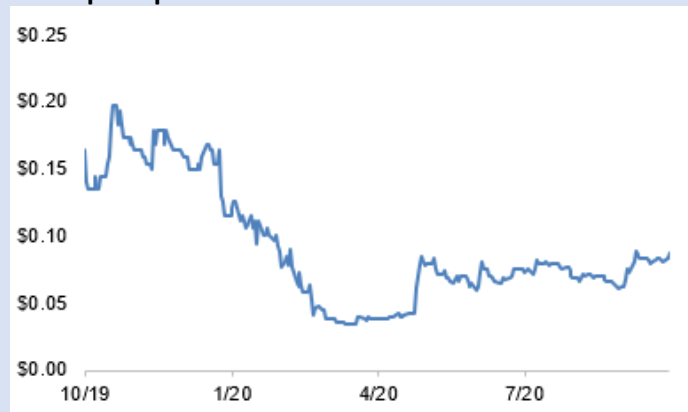
#### Earnings Summary (AUD)

Year end June	2020A	2021F	2022F	2023F
Revenue (\$M)	5.7	12.2	22.3	35.9
Reported NPAT (\$M)	-21.4	-17.0	-10.7	-1.6
Adjusted NPAT (\$M)	-21.4	-17.0	-10.7	-1.6
Adjusted EPS (¢ - FD)	-4.0	-1.4	-0.7	-0.4
Adjusted EPS growth (%)	-30.9	-65.0	-50.0	-42.9
Adjusted P/E (x)	-2.2	-6.2	-12.4	-21.8
Dividend (¢/sh)	0.0	0.0	0.0	0.0
Gross yield (%)	0.0	0.0	0.0	0.0
Net yield (%)	0.0	0.0	0.0	0.0
ROIC (%)	-253.0	-186.9	-95.8	-12.0

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet and Capital IQ.

#### Share price performance



Source: FactSet, Barclay Pearce Capital

## APPENDIX 4C – Quarter Ended 30 September 2020 (Q1 FY'21)

### 1Q21 Update

On 27 October 2020 ImpediMed Limited (ASX:IPD) released an update to its Quarterly Cash Flow report with the following highlights:

- Strong rebound across the entire business, despite COVID-19, driven principally by:
  - Adding new cancer centres;
  - Expansion in key cancer centres, through increased SOZO devices and new indications;
  - Adoption of the Lymphoedema Prevention Program;
  - Acceleration of patient testing;
- Record quarter for SOZO® Patient Tests, with over 25,000 recorded in Q1 FY'21, +42% from pcp and +54% qoq;
- SOZO Revenue for Q1 FY'21 of \$1.4 million, +45% pcp and +29% qoq:
  - Revenue growth driven by the expansion of existing accounts, including 10 additional units to Baylor, Scott & White Institute for Rehabilitation;
- Annual Recurring Revenue of \$6.0 million, +54% pcp and +15% quarter over quarter;
- Contracted Revenue Pipeline of \$13.1 million, +42% pcp and +20% qoq;
- AstraZeneca selected SOZO to be used in a Phase II trial to measure fluid volume in patients with heart failure and chronic kidney disease:
  - 175 SOZO devices will be leased across 20 countries over approximately 18 months, with the contract valued at over \$2 million;
  - Recurring revenue to commence in late Q2 FY'21 and accelerate in Q3 FY'21;

### Financial Summary:

- Total Revenue for Q1 FY'21 of \$1.5 million, +11% pcp (Q1 FY'20: \$1.4 million) and +24% qoq;
- Cash on hand as at 30 September 2020 of \$15.4 million, and;
- Net operating cash outflow of \$4.6 million.

### Outlook

#### Oncology:

- The Meta-Analysis has been accepted and is currently pending publication in the coming weeks;
- The PREVENT Trial finishes this December and will read out in Q3 FY'21;

#### Heart Failure:

- The Company anticipates first commercial sales for heart failure this quarter, and;

#### Renal Failure:

- The Company delivered on the initial aspects of the Renal Failure strategy with the signing of the contract for the AstraZeneca study.

## Earnings changes

IPD announced an update on 1QFY21 showing total revenue growth of 11% from pcp and pipeline growth of 20% qoq. The market expected IPD's total revenue growth to be 15-20% average compound growth per quarter. This result was underpinned by a significant outperformance of 38% in 4QFY20. Hence, at this stage we do not expect any significant earnings revisions for future periods.

We are initiating on IPD with a 12-month price target of \$0.0435 and a UNDERPERFORM recommendation. The price target is underpinned by our Valuation.

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Barclay Pearce Capital provides research services to its clients. Mr Wright is General Manager of Research and has over thirty (30) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2020 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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**NR** – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Barclay Pearce Capital policies.

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### Valuation Methodology

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Speculative Buy	0.2%	( 100.0% of stocks with recommendations are Barclay Pearce clients)
Hold	16.6%	( 0.0% of stocks with recommendations are Barclay Pearce clients)
Underperform	41.5%	( 0.0% of stocks with recommendations are Barclay Pearce clients)