

30th July 2019

**ASX Announcement - Quarter 2 update:
Strong Medical and Recreational Cannabis Vape Business Development Continues**

Lifespot Health Ltd (“Company”) is pleased to provide the Appendix 4C for the June 2019 quarter.

Operational highlights are as follows;

- Ongoing containment of operational expenditure (\$457k), below forecast budget
- Maintenance of a high rate of client contact
- IONIC JV structure and financial terms discussions on track for signing
- Tooling commenced for first IONIC product to market in 2019
- Increasing business development opportunities for medical
- Strong cash reserves \$1,332k
- Revenues of \$35k from Bodytel™
- Strong outlook in vaping category
- Bodytel™ SaaS sales growth opportunity

Cost containment

The Company continues to tightly manage expenditure, managing a lean resource base and efficient investment of marketing, along with an efficient low-cost travel for face to face business development meetings. Quarter 2 net cash from operations was (\$457k), with ongoing high level of business development meetings and client directed prototype development, offset by further reduced staffing and administration costs.

Cost containment will continue in Q3 as we initiate the IONIC Brands Joint Venture. As such the Business Development Lead appointment for North America is on hold until revenues from the IONIC Brands Joint Venture are realised.



Business development

The Company has maintained a high level of Business Development focused on the three key pillars that drive revenues in the future.

1. Recreational Cannabis - JV with IONIC
2. Medical Cannabis - Medical Cannabis companies and cannabis clinics
3. Bodytel™ Software as a service (SaaS) - for healthcare diagnostic companies

Recreational Cannabis Joint Venture with IONIC

The Company signed a Heads of Agreement (HOA) with IONIC Brands Corp on 2nd July 2019 with the commitment from both companies to sign a Joint Venture Agreement within 60 days. Under the terms of the HOA, the parties have committed to launching in 2019 independently of the completion of the JV to ensure the Company is first to market with our unique technology.

Discussions have progressed well with key decision points focused on profit margins across the value chain and minimum sales targets to ensure the joint venture is highly attractive to the Company.

The Company expects to complete the Joint Venture Agreement by the end of August. However, tooling for the first product launch under the joint venture has already commenced to ensure we are first to market with the unique features of this new product.

The implementation of the Joint Venture includes the ongoing development and enhancements of recreational cannabis vaporiser technologies and intellectual property for the recreational cannabis vaporiser market. Vaporisers developed under the Joint Venture will be sold via IONIC's comprehensive and growing cannabis distribution network.

The Company will further develop R&D and manufacturing facilities with integrated quality management systems to ensure strategic and expeditious market entry of new products and establishment of a highly scalable manufacturing footprint. This will ensure the forecast high volume demand can be met with premium quality manufacturing standards.

Medical Cannabis Business Development

The Company's Medihale® Medical Cannabis Vaporiser system is the first fully integrated vaporiser solution to enter the market, powered by Bodytel™ and supported by the Seng Vital Cannabis APP. We continue to have our devices and accompanying software undergoing evaluation with an increasing number of cannabis companies as they evaluate development programs for vaporising targeting diseases such as chronic pain, chemotherapy induced nausea and vomiting and post traumatic stress disorder.



In addition, the Company is in discussion with Medical Cannabis Clinics in USA, Canada and Australia who already have a strong patient flow across a broad range of therapeutic areas. The Medihale® integrated Bodytel™ system provides a comprehensive technology platform for clinics to provide a high quality standard of care with integrated doctor supervision via the Bodytel™ system.

Sales cycles for medical cannabis are longer than recreational cannabis. The Company continues to build strong relationships directly with medical brands and clinics as they evaluate our systems as an integral part of their product development programs.

Strong outlook in vaping - \$US166 Billion by 2025

According to Euromonitor International cannabis will ultimately culminate a global paradigm shift that will disrupt traditionalist industries such as alcoholic drinks - particularly as vaporisers become more readily available for purchase via online and offline channels.

Euromonitor International forecasts the cannabis industry to expand — in terms of legalising countries, available product types and consumer profiles – fuelling an increase of over 1,200% in global legal sales from USD12 billion in 2018 up to USD166 billion by 2025.

According to Euromonitor's latest Cannabis Legalization Index Report the global top 10 markets for cannabis (medical and recreational) are (in order): 1) Canada, 2) USA, 3) Italy, 4) Uruguay, 5) Germany, 6) Chile, 7) Australia, 8) Mexico, 9) Spain & 10) Netherlands.

Bodytel™ Software as a Service

Revenue of \$35k for the period was related to ongoing Bodytel™ diagnostic software maintenance in metabolic syndrome diagnostic devices with the existing customers.

The Company has also commenced business development initiatives to market Bodytel™ as stand-alone software platform for any company measuring patient data and storing in cloud platform with multiple users.

Now available as Software as a service (SaaS) the Bodytel™ system enables companies to analyse their own medical diagnostic information that is captured by any integrated medical measurement devices and transmitted via Bluetooth to the Bodytel™ APP or wireless systems to provide a statistical analysis. The Company maintains Bodytel™ medical software under ISO 13485 and operates according to IEC/EN 62304.

The Bodytel™ backend system manages the information of the user's vital physiological functions, generates notification alerts to the user, the user's family members and medical staff, to inform them of any assigned data trigger points being reached, so that the relevant individuals can take action accordingly.



Bodytel™ functionalities featured in the SaaS product are;

- Collect and save data via Bluetooth or Wireless
- Show as a diary and graphical real-time tracking / goal setting
- Manual entries for specific disease treatment protocols
- Alarms - create limits based for upper and lower thresholds
- Identity management (stores patient data separately)
- Dashboard (overview)
- Diary of measured values
- Manual entry and editing of measured values
- Graphical evaluation of measured values
- Statistics
- Tele-monitoring of “friends & family” in a non-professional environment
- Professional Views

The Company will provide further updates in due course.

For further information:

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About Lifespot Health Ltd.

CONNECTING HARDWARE WITH SOFTWARE – DIGITAL TECHNOLOGY FOR BETTER HEALTHCARE

Our core expertise is in connecting medical diagnostic devices and digital medicine delivery systems via Bluetooth and Smart device APPs to our cloud based ISO13485 accredited Bodytel™ patient management system. Our systems and applications are cloud and smartphone-based and easy to use.

We provide our diagnostic systems and medicine delivery platforms to healthcare enterprises for own branding white label contracts. Our German based BodyTel™ system is based on modern and future-proof internet technology utilizing advanced technologies such as document-based databases and biological neural networks.

Our German based Seng-Vital is specialized in development of hardware in the medical and non-medical Cannabis categories. In 2019 the company launched Medihale®, a digitally integrated medical cannabis vaporiser hardware and software solution that incorporates Bodytel™ App's to be the worlds first fully integrated vaporising system. The Company continues to lead the way in innovative vaporiser hardware and software for OEM clients.

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