

28 July 2023

ASX ANNOUNCEMENT

2023 Q2 Activity Report and Appendix 4C

Financial Highlights¹

- Q2 FY23 revenue of \$5.0m, up 3% vs pcp; up 8% on a constant currency basis².
- 1H FY23 revenue of \$8.9m, down 6% vs pcp; down 2% on a constant currency basis.
- Q2 FY23 Underlying EBITDA³ was \$0.5m; up \$0.7m vs pcp of (\$0.2m).
- 1H FY23 Underlying EBITDA was \$0.6m; up \$1.0m versus pcp of (\$0.4m).
- Q2 FY23 recurring revenue of \$4.7m represented 95% of total revenue and was flat on pcp.
- Annualised Recurring Revenue (ARR)⁴ of \$24.4m, up 19% vs pcp; up 15% on a constant currency basis.
- Debt of \$0.9m at 30 Jun-23, down from \$1.1m at 31 Dec-22.
- Cash of \$2.0m at 30 Jun-23, up from \$1.9m at 31 Dec 22.
- Net operating cashflow of \$0.3m before capex of \$0.1m, investment in intellectual property of \$0.1m and repayment of debt of \$0.2m.

Operational Highlights

- New radiology services contract signed with Grupo Avidanti's newest hospital in Soacha, Colombia. The contract commenced operation during April and is expected to contribute \$750,000 in ARR during the first year. IMEXHS Enterprise Software has been installed at the hospital.
- Second radiology services contract signed with Famisanar, Colombia's 5th largest insurance provider, in June 2023. New contract is expected to contribute between \$350,000 and \$600,000 in ARR during the first year.
- Continued sales momentum for IMEXHS Cloud (formerly Aquila in the Cloud) standardised radiology solution.
- IMEXHS Enterprise and IMEXHS Cloud finished the quarter with a total of 461 installations worldwide.

IMEXHS Limited (ASX: IME) ("IMEXHS" or "the Company") today provides its quarterly cash flow and activities summary for the period ended 30 June 2023. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 18 countries.

IMEXHS CEO Dr German Arango said, "During the quarter we have continued to focus on generating positive earnings and cashflow, with Q2 2023 seeing the company achieve planned sales in both software and in

¹ All financial information for FY23 in this announcement is preliminary, unaudited financial information and may be subject to adjustment following audit review.

² Constant currency basis assumes Q2 FY23 results are converted at the average foreign exchange rate for Q2 FY22. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

³ Underlying EBITDA excludes the impact of FX, share based payments and any one-off costs in relation to the cost-out program in FY22.

⁴ Annualised Recurring Revenue (ARR) is the value of the monthly recurring contract revenue multiplied by twelve.

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radiology and achieving positive EBITDA and positive cash flow before paying down some debt.

Nevertheless, working capital remains tight and this is particularly so as we bring on several larger radiology contracts which will absorb further working capital.

The 1H FY23 results were negatively impacted by a customer we decided to exit last June. That revenue has now been backfilled predominately with higher margin software deals.

The pipeline of prospective business from both existing and new customers remains robust.

Financial Summary

The Colombian Peso (COP) strengthened significantly against both the USD and AUD in the first half of 2023, and as at 30 June 2023 was trading marginally stronger against the AUD compared with 30 June 2022.

Revenue

Q2 FY23 revenue of \$5.0m was up 3% vs pcp and up 8% on a constant currency basis.

1H FY23 revenue of \$8.9m, down 6% vs pcp; down 2% on a constant currency basis.

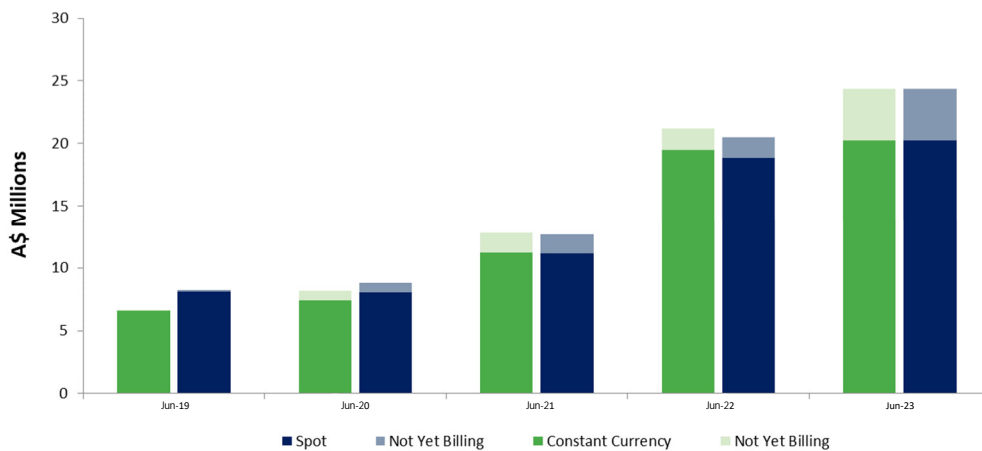
1H FY23 software revenue of 41% was priced in hard currencies which is translated to COP or local currency at the spot rate (31% of FY22 Software Revenue).

Annualised Recurring Revenue

ARR of \$24.4m as at 30 June 2023 was up 19% vs pcp and up 15% on a constant currency basis.

ARR of \$24.4m consisted of \$14.0m (\$10.5m as at 31 Dec-22) from Radiology services and \$10.4m (\$9.2m as at 31 Dec-22) from Software. The software ARR includes \$3.9m from 176 IMEXHS Cloud contracts and \$6.5m from IMEXHS Enterprise.

Chart 1 shows ARR that is currently billing as well as ARR which is yet to commence billing.



Constant currency basis assumes that historic results are converted at the 30 Jun-23 exchange rate. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

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Cashflow

At 30 June 2023, IMEXHS held cash and cash equivalents of \$2.0m, flat on the 31 March 2023 cash balance of \$2.0m.

Cash receipts for Q2 FY23 were \$4.4m resulting in net cashflow from operating activities of \$0.3m.

Q2 cashflows used in investing activities were \$0.2m, with the company adding \$0.1m in capitalised software and \$0.1m in equipment.

Debt of \$0.2m was repaid during the quarter and no new debt taken. Due to the 11% movement in the exchange rate between March and June the debt balance as at 30 June 2023 remains at \$0.9m, down only marginally (3%) from the 31 March 2023 debt balance of \$0.9m. On a constant currency basis there has been a 14% decrease in debt.

Operational Metrics and Project Implementation

Key operational metrics showed strong growth in Q2 FY23 compared to Q2 FY22:

- Software solutions were used by 3,184 radiologists, a 21% increase on Q2 FY22 (2,577 radiologists).
- IMEXHS's Enterprise Imaging Platform stored 1.9 petabytes of data in the cloud and processed over 379 million images for the quarter (2 million studies), a 127% increase on Q2 FY22, for a grand total of over 2.5 billion images since the inception of the Company.
- Over 699,000 people entered IMEXHS's patient portal over 1.8m times for an average of 2.6x visits per user, which was a 143% increase on Q2 FY22.
- Radiologist team now totals 171 and the number of reported imaging studies is more than 303,000 for Q2, which was a 5% increase on Q2 FY22.

Sales Update

Both software and radiology achieved planned New Annual Recurring Revenue (NARR) in Q2 FY23.

IMEXHS Enterprise

In June, the Company signed a new 3-year SaaS contract with Somer Hospital in Medellin, Colombia which is expected to contribute over \$100,000 in new ARR.

IMEXHS Cloud

IMEXHS Cloud, the Company's standardised cloud-based radiology solution targeted at small and medium-sized customers, continued to strengthen its global footprint throughout Q2 FY23. The Company now has 176 customers including implemented and those awaiting implementation across 15 countries with ARR of \$3.9m at 30 June 2023.

During the quarter, the Company signed 9 new customers across Mexico, Colombia and Ecuador. The Company cancelled 3 IMEXHS Cloud customer orders during the quarter due to the customer's lack of readiness for implementation and churn accounted for another two.

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IMEXHS Cloud continued to generate new sales and ongoing interest among larger medical institutions because of its comprehensive and affordable cloud solution.

However, the Company has experienced, from too many small customers, a significant lack of readiness to allow us to implement the software in a timely manner. The reasons are varied but partially a consequence of our channel partner approach. As such a more disciplined approach has been instituted including implementation charges, minimum revenue/volume guarantee, extensive pre-order checklist of client's preparedness and size and nature of the client. As we move to a formal Ideal Client Profile, we may move to cull older orders yet to be implemented and those that fall outside our Ideal Client Profile.

Partners Program

IMEXHS's Partners Program included 35 Partners across 15 countries with no change in the June quarter.

Radiology services

During the June quarter, the Company's radiology services division won its first contract with Grupo Avidanti, a wholly owned subsidiary of the Brazilian asset manager, Patria Investments. The Company will provide radiology outsourcing services to Grupo Avidanti's newest hospital in Soacha, Bogota. The first-year contract is for an estimated \$750,000 and once the hospital is in full operation the contract is expected to contribute \$1.0m in ARR. The Company began operations and billing in April 2023.

During the quarter, the Company's radiology services division also won its second contract with Famisanar. The deal is expected to contribute between \$350,000 and \$600,000 ARR. The Company will begin operations and billing in July 2023. Famisanar is Colombia's 5th largest insurance provider which currently caters to over 2.4m patients across 16 departments in Colombia.

The Company also signed a new contract with Centro Especializado de Diagnostico in Colombia. The initial contract is for one year and is expected to renew and contribute an estimated \$172,000 in ARR.

Product and Software Updates during Q2 FY23

Progress has been made during the quarter with new product and software releases as follows:

Components of IMEXHS Cloud and Enterprise

All products underwent a technical change focusing on decoupling to improve modularisation and flexibility, so every product can integrate and work in a standalone fashion with third-party applications and further features and developments can be made independently.

AQUILA v4.0

During the quarter, IMEXHS released new features and performed several improvements on its core radiology product – AQUILA:

- Completed all modifications in AQUILA Enterprise for decoupling with PACS v5.29, thus allowing the RIS to be used with third-party PACS's and Viewers.
- New parametrisation was created to enable/disable the schedule module, meaning customers can choose to activate it and it can be disabled to offer lighter versions of the product.

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- New API service was created to extract anonymised reading reports from distributed databases to be used for future AI algorithm training.
- Integration between Aquila and the Partner Portal was resumed. This includes additional information such as, the number of RIS studies, by modality and total; the number of PACS studies, by modality and total, and the weight of images stored in PACS.

Universal Viewer v6.1.2

IMEXHS released new features and performed several improvements on its Universal Viewer which allows radiology professionals a better user experience:

- Dynamic and diffusion studies visualisation new feature available. It will facilitate reading, enabling to divide acquisition phases and grouping them in the order corresponding to each one. This new feature will be helpful for all clients who perform diffusion studies, helping them to optimise their time, improving user experience, and thus improving their diagnoses. This new feature was developed and tested showing no impact on Viewer performance or loading image speed.
- New feature related to the export of PNG images with metadata, so our customers can use those images through integration with third-party processes and functionalities that require detailed metadata to operate.
- Several fixes and modifications on the backend were implemented, resulting in an improvement of 15% in image loading times without restrictions on the current features or functionality.

IMEXHS Portal v3.0.2

IMEXHS released new features and performed several improvements on its Patient Portal:

- The Patient Portal now offers a new functionality that allows users to personalize and display Terms and Conditions to ensure compliance with local data privacy regulations in multiple countries. This feature also covers the utilization of anonymised studies, images, and reports for academic and research objectives.

IMEXHS PACS v5.9

During the quarter, IMEXHS released new features and performed several improvements on its DICOM Gateway:

- New feature for image pre-fetching. Age-based policies are applied to studies and images to be retrieved from the worklist before being consulted by the radiologist, thus improving loading speed and user experience.

IMEXHS Partner Portal v1.0

During the quarter, IMEXHS developed a new component called Partner Portal. A web app for IMEXHS's partners and distributors. This new tool will:

- Improve Partners' visibility of their customers (# users, studies, images, and storage processed by date).
- Help with the internal audit billing process performed by each Partner.
- Enable the report of the daily volume of studies for forecasting and demand planning purposes.

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Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, cash payments to Related Parties of \$43,000 comprises of remuneration to executive directors.

Authorised for release by the Board of IMEXHS Limited.

-ENDS-

For more information, please contact:

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About IMEXHS

IMEXHS Limited (ASX: IME) is an innovative provider of medical imaging software and radiology services in 18 countries including Colombia, the US and Australia. Founded in 2012, IMEXHS develops software as a service (SaaS) imaging solutions that includes a Picture Archiving and Communications System (PACS), a Radiology Information System (RIS), a Cardiology Information System (CIS) and an Anatomical Pathology Laboratory Information System (APLIS). Its solutions are completely cloud-based, vendor neutral and zero footprint, with no need for installed software. The IMEXHS products are designed to increase productivity and save money for end users, with a scalable platform that enhances patient outcomes. For more information, [visit www.imexhs.com](http://www.imexhs.com)

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
IMEXHS LIMITED		
ABN	Quarter ended ("current quarter")	
60 096 687 839	30 June 2023	
Consolidated statement of cash flows	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	4,447	8,835
1.2 Payments for		
(a) research and development	(299)	(505)
(b) product manufacturing and operating costs	(1,413)	(2,603)
(c) advertising and marketing	(34)	(43)
(d) leased assets	(1)	(22)
(e) staff costs	(1,737)	(3,666)
(f) administration and corporate costs	(427)	(821)
1.3 Dividends received	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	(22)	(43)
1.6 Income taxes paid / received	(228)	(70)
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	7	21
1.9 Net cash from / (used in) operating activities	296	1,087
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(82)	(358)
(d) investments	-	-
(e) intellectual property	(145)	(286)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(227)	(644)

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(179)	(452)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(2)	4
3.10	Net cash from / (used in) financing activities	(181)	(448)
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,041	1,912
4.2	Net cash from / (used in) operating activities (item 1.9 above)	296	1,086
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(227)	(644)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(181)	(448)
4.5	Effect of movement in exchange rates on cash held	38	61
	Other (provide details if material)	-	-
4.6	Cash and cash equivalents at end of period	1,967	1,967
5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	1,967	2,041
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,967	2,041
6	Payments to related parties of the entity and their associates	Current quarter	
		\$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1		43
6.2	Aggregate amount of payments to related parties and their associates included in item 2		-
	Note: payments received from related parties and their associates included in item 1 amounts to:		-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.			

Financing facilities		Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	884	884
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	884	884
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
	<u>Unsecured</u>		<u>Total facility</u>
	Banco Davivienda	9.7	Dec-24
	Banco Itau	6.5	Apr-24
	Banco Davivienda	6.1	Oct-24
	PHV Group S.A.S	28.5	Aug-25
	Banco Davivienda	9.4	Nov-25
			<u>Amount drawn</u>
			150
			102
			126
			38
			468
	Weighted average interest rate of 9.4% on borrowings.		
8	Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)		296
8.2	Cash and cash equivalents at quarter end (item 4.6)		1,967
8.3	Unused finance facilities available at quarter end (item 7.5)		-
8.4	Total available funding (item 8.2 + item 8.3)		1,967
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)		N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:		
	8.6 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?		
	N/A		
	8.6 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?		
	N/A		
	8.6 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?		
	N/A		
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023

Authorised by: The Board of IMEXHS LIMITED

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.