

IMEXHS LIMITED – APPENDIX 4C**FY19 Q3 Cash Flow and Summary of Activities****HIGHLIGHTS**

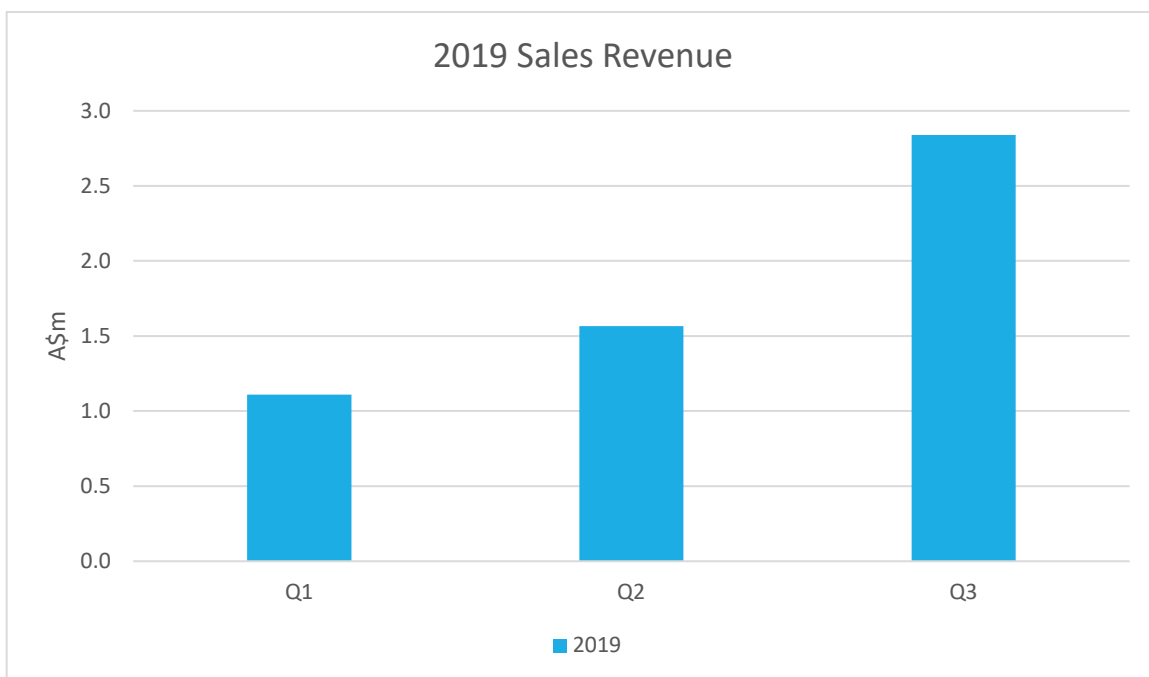
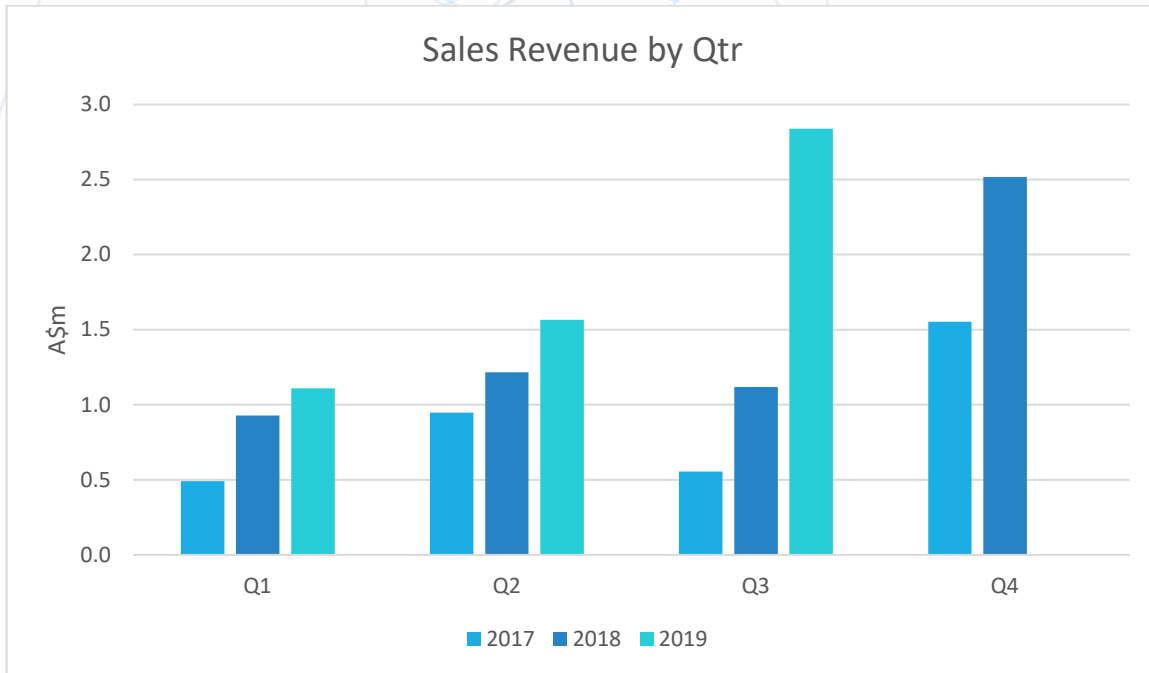
- Largest quarterly revenue in Company's history of \$2.8m (up 153% on pcp)
- Initial contributions from 3 x 1 year contract for Paas + SaaS + Diagnostic Imaging from Colsubsidio-RIMAB contact.
- Q3 cash collections reflect timing of receivables payments, strong Q4 expected
- US FDA Clearance of HIRUKO Essential software. Planning for US market entry - world's largest market for RIS/PACS.
- First Australian Contract commenced 11 October with CMU Radiology in NSW Central Coast.
- First AI Tools released which will assist with detection of 14 chest diseases in a chest x-ray.

SYDNEY — 18 October 2019 — Australian medical imaging company **IMEXHS Limited [ASX: IME]** ("**IMEXHS**" or "**the Company**") is pleased to release its quarterly cash flow and activities summary for the period ended 30 September 2019.

Dr German Arango, CEO of IMEXHS, said "the last quarter has been very important for IMEXHS with a number of key milestones having been achieved. We have received our FDA clearance, paving the way for our entry into the US, and we the commenced live operations in Australia at Countrywide Medical Ultrasound."

Largest Revenue Quarter for IMEXHS

Largely resulting from the successful implementation of the Colsubsidio-RIMAB contract announced on 30 July 2019, this quarter experienced the largest revenues generated in the Company's history at slightly over A\$2.8m. Revenues increased by 153% since the prior corresponding period and by 81% compared to the prior quarter.



Cash flows

Cash receipts from customers were \$1,642k for the quarter and now exceed \$5 million for the nine months year to date. The majority of the cash inflows associated with the Colsubsidio-RIMAB contract however will flow in the December quarter. For this contract which started on 1st June the Company incurs associated costs on a monthly cash basis, but the normal billing cycle is approximately 6 weeks. So for the 3rd quarter period, only 1 month of inflows was received and next quarter will include 4 months of inflows.

Payments in the quarter included \$737k of staff costs which were held at a consistent level with Q2. These staff costs include staff dedicated to research & development (~15%) and sales and marketing (~26%).

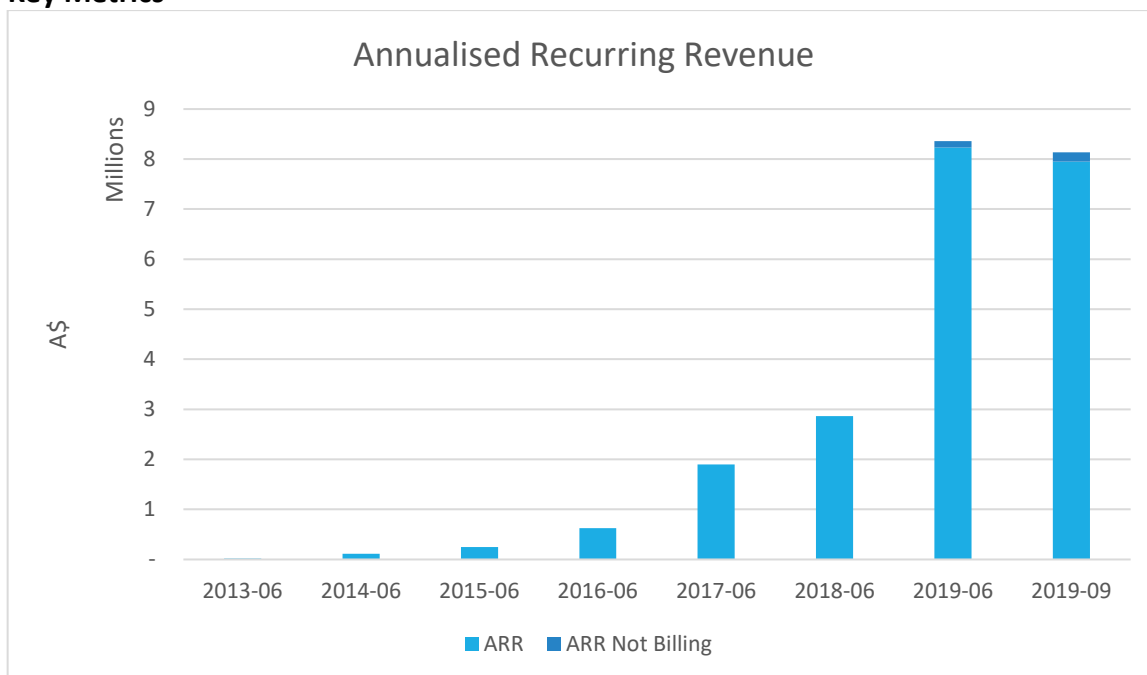
Cash outflows from investing activities was \$269k, reflecting investments in equipment, chiefly to support the Colsubsidio-RIMAB contract.

Cash inflows from financing activities was \$1,716k, which includes \$1,855k proceeds from borrowings. This is less than the estimated amount in the prior 4C of \$3,394, which has in turn reduced the cash balance. The loan facility provided by an entity associated with IME director Dr Doug Lingard was approved at a General Meeting on 3 October.

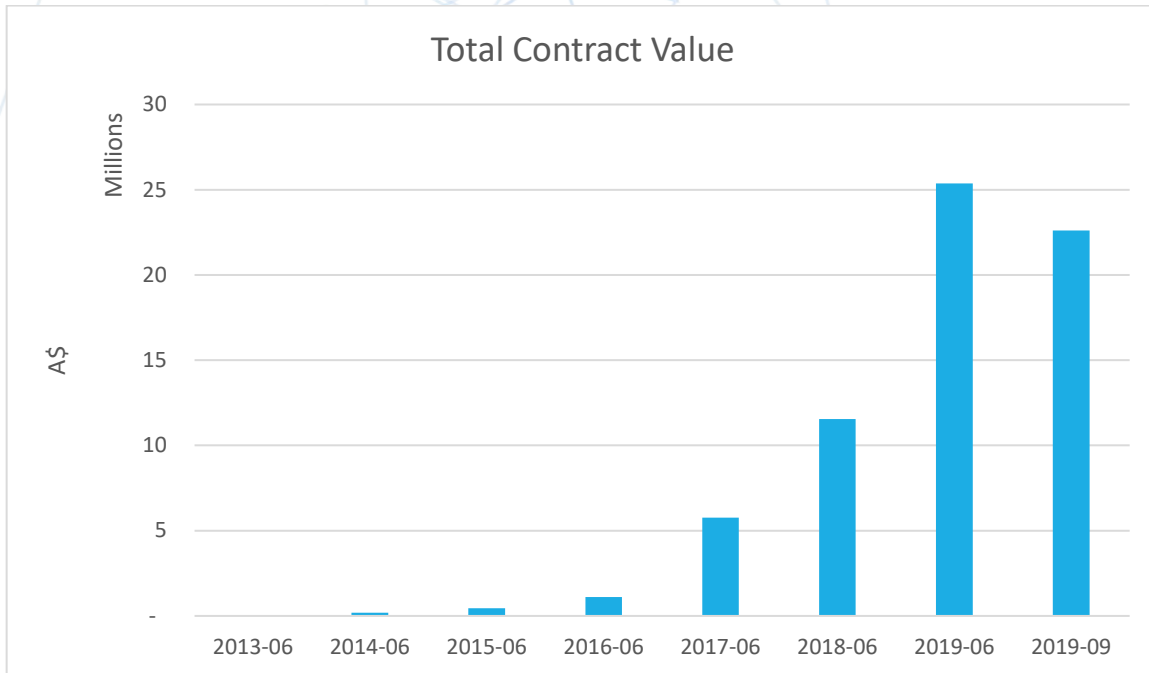
Cash and cash equivalents were \$1,045k at the end of the quarter. The Company has an additional \$1m of undrawn debt facilities.

The Company expects an improved cash flow position in Q4 with cash receipts from customers expected to be around \$2.7million. With cash costs of around \$2.7 million, IME is expecting to be cash flow breakeven in Q4.

Key Metrics



Annualised Recurring Revenue dropped slightly over the quarter to \$8.1m from \$8.2m due to foreign exchange movements.



Total Contract Value has reduced over the quarter to \$22.6m principally as a result of the run-off of contracts in accordance with their contract terms (\$2.0m) and currency fluctuations (\$0.8m).

USA

The Company entered the lucrative US market with the announcement of its agreement with RadOne PSC of Puerto Rico, and with the announcement of the FDA clearance, this contract is expected to start invoicing in the first quarter of 2020.

As part of the Company's soft entry strategy for the US market, the Company also announced that it had signed its first US distributor, IGMC Medical Technology Group, who services Texas and Florida, both growing markets and the 2nd and 3rd largest states by population respectively.

Following this, "AuntMinnie.com" noted on 8th August that IMEXHS had entered the US PACS market.



AuntMinnie.com is the largest and most comprehensive community web site for medical imaging professionals worldwide.

On 28 August Aunt Minnie selected IMEXHS as a semi-finalist in the category of "Best New Radiology Vendor" for "the Minnies" which recognises the best and brightest in medical imaging.

Australia

The Company commenced commercial operations in Australia, with the announcement of its contract with Countrywide Mobile Ultrasound (CMU). Replacing 4 systems with HIRUKO for a mobile radiology service, CMU provides a great opportunity to demonstrate the efficiencies that HIRUKO can bring to practices in Australia.

Technology

IMEXHS was proud to demonstrate the first of its new AI tools at the Colombian Radiology Congress in September. This new tool is focussed on assisting the radiologist with the detection of 14 chest diseases in a chest x-ray. This new tool is currently being integrated into the HIRUKO workflow.

The Company was also recognised by ANDICOM, a LATAM community recognising technological innovation. ANDICOM awarded HIRUKO First Place on the Digital Transformation Awards in the category 'innovative solutions that enable the digital transformation of companies.

The Company continues to work on its multi-tenanted version of HIRUKO, which it is intended will enable smaller clinics access to a RIS/PACS solution that is currently unaffordable to this segment.

Other

IMEXHS is also proud to have been part of the team that won first place in the SIIM Hackathon. SIIM is the Society for Imaging Informatics in Medicine. It is the leading healthcare professional organization for those interested in the current and future use of informatics in medical imaging. The society's mission is to advance medical imaging informatics across the enterprise through education, research, and innovation in a multi-disciplinary community.

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ABOUT IMEXHS

IMEXHS Limited [ASX: IME] is a leading imaging Software as a Service (SaaS) and ancillary solutions provider. Founded in 2012, IMEXHS is known for its innovation in the imaging services market, offering flexible and scalable imaging solutions via its Hiruko branded suite of solutions for next generation Picture Archiving and Communications System (PACS) and integrated Radiology Imaging System (RIS). The Hiruko system is completely cloud based, vendor neutral and zero footprint with no need for installed software. Enhanced features such as a fully web-based voice recognition option and a zero footprint DICOM viewer are some of its advanced features. In addition to PACS and RIS, imaging technology and management systems can be provided on a Platform as a Service (PaaS) basis when packaged with equipment. The IMEXHS products are designed to increase productivity and save money for the users, with a scalable platform that is configured for the future, while enhancing patient outcomes. Please see www.imexhs.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

IMEXHS LIMITED

ABN

60 096 687 839

Quarter ended ("current quarter")

30 SEPTEMBER 2019

Consolidated statement of cash flows (See Notes below)	Current quarter \$A'000	Year to date Nine months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,642	5,032
1.2 Payments for		
(a) research and development	(19)	(46)
(b) product manufacturing and operating costs	(82)	(1,292)
(c) advertising and marketing	(49)	(77)
(d) leased assets	-	-
(e) staff costs	(737)	(2,058)
(f) administration and corporate costs	(1,143)	(2,401)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(39)	(62)
1.6 Income taxes paid	(208)	(582)
1.7 Government grants and tax incentives	-	-
1.8 Other – GST Received	22	42
1.9 Net cash from / (used in) operating activities	(613)	(1,443)

Item 1.1 Receipts from customers has increased by \$283k from the Colsubsidio-RIMAB contract – this represents only 1 month of the contract. In the following quarter, the company expects to receive 4 months cash inflows due to the initial timing mismatch on invoices and expenses for this

substantial contract. Revenues from this contract are normally expected to be received approximately 6 weeks after the end of the month to which service relates.

Item 1.2(e) includes salaries paid for R&D activities and Sales & Marketing activities, approximately 15% and 26% of the total, respectively.

Item 1.2(f) has increased over prior quarters and includes payments for related to the provision of services under the Colsubsidio-RIMAB contract. In the previous 4C forecast for the quarter, this outflow was included in Item 9.2.

Item 1.2(f) includes sales related activities for travel of approximately 7% of the total.

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(269)	(1,799)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(269)	(1,799)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	1,855	2,112

3.6	Repayment of borrowings	(129)	(228)
3.7	Transaction costs related to loans and borrowings (including Joint Venture Costs)	(10)	(10)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	1,716	1,874

Item 3.5 Includes \$1m from Domatorisaro Pty Ltd, a related party of Dr Lingard, and item 3.7 Includes \$10k paid to Domatorisaro Pty Ltd as loan arranger fees

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	213	2,437
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(613)	(1,443)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(269)	(1,799)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,716	1,784
4.5	Effect of movement in exchange rates on cash held	(2)	(24)
4.6	Cash and cash equivalents at end of quarter	1,045	1,045

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	53	220
5.2	Call deposits	1,000	-
5.3	Bank overdrafts	-	-
5.4	Other (credit cards)	(8)	(7)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,045	213

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	64
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	NIL
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6.1 Includes payments of Director fees to Non-Executive Directors and salary payments to executive director.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	294
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	NIL
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Item 7.1 Contains payments for services to Crosspoint Telecommunications Pty Ltd for IT & office services (\$1.4k) and payments to RIMAB for interpretation services (\$283k).

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	3,199	2,199
8.2	Credit standby arrangements	NIL	NIL
8.3	Other (please specify)	NIL	NIL
8.4	The loan facilities are unsecured loans from: Banco Colpatria (\$94k); Banco Bogota (\$385k); Finaktiva (\$78k) Qvartz Financial Services (\$641k). In addition there is a secured loan facility from Domatorisaro (\$2m, of which \$1m has not been drawn).		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	19
9.2	Product manufacturing and operating costs	82
9.3	Advertising and marketing	49
9.4	Leased assets	-
9.5	Staff costs	737
9.6	Administration and corporate costs	1,438
9.7	Other (Refer note below)	428
9.8	Total estimated cash outflows	2,753

Item 9.5 includes staff costs associated with R&D and with sales activities, at approximately 15% and 26%, respectively.

Item 9.6 includes costs associated with sales and marketing activities, such as travel at approximately 5% of the total.

Item 9.6: Includes payments to contract radiologists who provide services for the Colsubsidio-RIMAB contract and has increased in line with the expenses associated with the contract.

Item 9.7: Other outflows are chiefly related to the financing costs of loan facilities announced, the purchase of fixed assets and miscellaneous.

Inflows for the quarter are estimated to be in excess of \$2.7m excluding any drawing of loan facilities. This estimate does not include possible one-off sales for the upcoming quarter due to their unpredictable nature.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration	N/A	N/A
10.3	Consideration for acquisition or disposal	N/A	N/A
10.4	Total net assets	N/A	N/A
10.5	Nature of business	N/A	N/A

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.

Sign here:



Date: 18 October 2019

Company Secretary

Print name: Peter Webse

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.