

1. Company details

Name of entity:	IMEXHS Limited
ABN:	60 096 687 839
Reporting period:	For the half-year ended 30 June 2022
Previous period:	For the half-year ended 30 June 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	83.4% to	9,461,648
Loss from ordinary activities after tax attributable to the owners of IMEXHS Limited	down	37.2% to	(1,744,063)
Loss for the half-year attributable to the owners of IMEXHS Limited	down	37.2% to	(1,744,063)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$1,744,063 (30 June 2021: \$2,775,619).

Refer to 'Review of operations' in the Directors' report for further commentary on the results for the half-year ended 30 June 2022.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>19.07</u>	<u>25.02</u>

The net tangible assets per ordinary security presented above excludes right-of-use assets and lease liabilities.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates, joint venture entities and joint operations

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of IMEXHS Limited for the half-year ended 30 June 2022 is attached.

11. Signed

As authorised by the Board of Directors

Signed _____



Doug Flynn
Chairman

Date: 30 August 2022

IMEXHS Limited

ABN 60 096 687 839

Interim Report - 30 June 2022

Directors' report	2
Auditor's independence declaration	6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	20
Independent auditor's review report to the members of IMEXHS Limited	21

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of IMEXHS Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons were directors of IMEXHS Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Douglas Flynn	Chairman
Dr German Arango	Chief Executive Officer
Dr Douglas Lingard	Non-Executive Director
Mr Carlos Palacio	Non-Executive Director
Mr Damian Banks	Non-Executive Director

Principal activities

The Group operates two businesses - medical imaging software and radiology services.

- The medical imaging software business is focused on the development and sale of modular cloud based imaging systems that include information systems for Radiology, Pathology and other 'ologies'. The main component of this is a modern and robust Picture Archiving and Communications System (PACS), with a very efficient web viewer. The information systems combine a workflow management system (RIS) with a patient data and image distribution system (Patient Portal), and the PACS allows a healthcare organisation to capture, store, view and share radiology images.
- The radiology services business provides radiological diagnostic services to hospitals and medical facilities in Colombia and Spain using IMEXHS medical imaging software. The radiology services business also provides the Group with medical images and radiologists interpretation and reports to develop artificial intelligence (AI) tools.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

Financial performance

For the half-year ended 30 June 2022 ('1H FY22'), the loss for the Group after providing for income tax was \$1,744,063 (30 June 2021 ('1H FY21'): \$2,775,619). The results for the Group were underpinned by revenue growth of 83% (82% on a constant currency basis).

Revenue

The Group reported revenue from operating activities in the period of \$9,461,648 (1H FY21: \$5,158,811), up 83% versus previous corresponding period ('pcp') and 82% higher on a constant currency¹ basis. Recurring revenue contracts accounted for 98% of revenue.

	Reported Currency 1H FY22 \$'000	Constant Currency 1H FY22 \$'000	Reported Currency 1H FY21 \$'000	Reported Currency Change %	Constant Currency Change %
Revenue					
Recurring revenue	9,298	9,226	4,864	91%	90%
Other sales revenue	164	162	295	45%	45%
Total revenue	9,462	9,388	5,159	83%	82%

¹Constant currency basis assumes FY22 results are converted at the average foreign exchange rate for FY21. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

EBITDA

The Group's EBITDA was a loss of \$0.5m (1H FY21: EBITDA loss of \$2.1m), representing a \$1.6m improvement versus pcp. Underlying EBITDA was a loss of \$0.4m versus an EBITDA loss of \$1.4m in 1H FY21 and excludes the impact of foreign exchange, share based payments expense, one-off costs in relation to the RIMAB acquisition (FY21). The \$1.0m improvement confirms the direction the Group is taking towards becoming underlying EBITDA positive in 2022.

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') and underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards and represents the Group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items that are non-cash or non-operating in nature. The directors consider EBITDA and underlying EBITDA to represent the core earnings of the Group. The table below provides a reconciliation between net profit after tax, EBITDA and underlying EBITDA.

	1H FY22 \$'000	1H FY21 \$'000	Variance	Variance %
Recurring revenue contracts	9,462	5,159	4,303	83%
Other revenue	133	74	59	81%
Total revenue	9,595	5,233	4,362	83%
Total expenses	(11,244)	(8,008)	(3,236)	40%
Net profit before tax	(1,649)	(2,775)	1,126	(41%)
Depreciation and amortisation	922	538	384	71%
Net finance expenses	181	96	85	89%
EBITDA	(546)	(2,141)	1,595	(74%)
Foreign exchange & share based payment expenses	166	379	(213)	(56%)
Transaction costs	-	400	(400)	(100%)
Underlying EBITDA	(380)	(1,362)	982	(72%)

The following table provides a summary of key balances from the Group's Statement of Financial Position at 30 June 2022:

	30 Jun 2022 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Cash	856	4,186	8,342
Trade and other receivables	7,286	6,412	4,609
Inventories	78	84	197
Current assets	8,220	10,682	13,148
Non-current assets	14,868	14,326	5,849
Total assets	23,088	25,009	18,997
Trade and other payables	3,401	3,018	1,939
Other current liabilities	2,963	3,331	1,972
Current liabilities	6,364	6,349	3,911
Non-current liabilities	1,302	2,007	1,431
Total liabilities	7,666	8,356	5,342
Net assets	15,422	16,653	13,655

Highlights for the Half Year

Business Highlights

During the half-year, the Group began a program to take a definitive pathway to achieve profitability on the basis of a cost reduction plan, maintaining existing recurrent revenues and signing new customers.

The improvements in the software onboarding process plus the optimization of the post-sales support have been key objectives for the Group during the half-year, including the automation of the most time-consuming activities.

IMEXHS Cloud, the Group's standardised cloud-based radiology solution targeted at small and medium sized customers, continued to expand its global footprint and to generate significant interest during 1H FY22. IMEXHS now has 140 active IMEXHS Cloud customers since the product launched in May 2020 for an expected contribution of \$2.8m in Annual Recurring Revenue ('ARR'). This included customers in the US and Australia.

Since this product was launched this product offering has been used to expand into new markets such as Australia and the US. During the half-year, the Group entered the Thai market with FDA registration, a distribution agreement with BJC and its first IMEXHS Cloud Order.

The Group continued to focus on strengthening its existing Partners network with multiple training sessions being carried out throughout the half year. Our partners have been key to selling the product (generating 85% of IMEXHS Cloud Sales in 1H FY22) as well as helping the end users speed up the implementation process.

IMEXHS Enterprise continues to perform well and to strengthen its market share in Colombia after signing its first contract with Grupo Empresarial Salud Total during the 1H FY22. Salud Total is one of Colombia's largest medical institutions which caters for over 5 million people every year. The Group has a variety of clinics and hospitals in over 200 municipalities across 17 main cities in Colombia. During the second quarter, the Group signed its first Software as a Service ('SaaS') contract with the medical group to replace the current Archiving and Communication System PACS system at two of Salud Total's medium-sized hospitals in Bogotá with IMEXHS's Enterprise Imaging Platform which will integrate with the customers hospital information system ('HIS').

In April, the Group signed its second ophthalmology customer. Clínica Oftalmología Sandiego, is a highly specialized eye care center in Medellín, Colombia. IMEXHS Enterprise will allow this customer to digitalise its operations.

The main business model for radiology services is the outsourcing of the end-to-end radiology capability, which represents a very attractive offer to hospitals in the LATAM region and allows the IMEXHS team to deliver a high-quality service through the integration of technology and highly trained Radiologists.

The attractiveness of the outsourcing model was once again confirmed after the renewal of two of the largest contracts with Colsubsidio and Colombia's National Police Force (Radiology and Enterprise Software) during 1HFY22.

The tender won in 2019 with Caja Colombiana De Subsidio Familiar Colsubsidio ("Colsubsidio") is being renewed for another 3-years and will contribute an increase of circa 20% to \$7.0m in Annual Recurring Revenue ('ARR') through increased prices, additional services and volume through new sites IMEXHS will operate Colsubsidio's radiology department across its network of sites which will rise from 23 to 28. The contract will require 100 specialised radiologists who will use IMEXHS Enterprise to read and interpret over 720,000 diagnostic images per year.

Additionally, during the quarter, Colombia's National Police Hospital in Bogota renewed the contract for their radiology (CT and MRI) department, a contract originally won by the Group in 2019. The renewal includes a 15% increase to the current prices. As is the practice with this client the extension is for a six month period with an automatic three-month renewal. The contract is expected to contribute \$1.3m in Annual Recurring Revenue ('ARR'). Both purchase orders for the tender extensions for Colsubsidio and Colombia's National Police Hospital were received during the first week of July.

The Group has demonstrated the scalability of the business across different geographies with an attractive product and disruptive business model and now if focused in generating positive numbers with a 'Path to Profit'.

The strategic refocus to profit includes a number of initiatives:

- Cost out program aimed at getting to cash positive at the Group level with both divisions profitable.
- Sales capability focused on near term profitable pipeline.
- Product development directed to those areas with a clear line to profit.
- Maintaining current high medical and customer service standards.

Whilst some of the longer-term product development projects have been deferred the strategic vision and direction of the Group is on course to be realised.

Capital Raising

The Group announced to the ASX on 3 August 2022 that it had received binding commitments for \$2 million via a placement to sophisticated and institutional investors (Placement) and is undertaking a non-renounceable pro-rata entitlement offer to raise approximately a further \$2 million (Entitlement Offer). Both the Placement and Entitlement Offer are fully underwritten.

The first tranche of the fully underwritten placement to institutional and sophisticated investors was successfully completed on 9 August 2022 having issued 1,946,208 new fully paid ordinary shares (New Shares) at an issue price of \$0.48 per New Share.

The Directors have agreed to subscribe for an aggregate of 2,220,458 (\$1.07 million) New Shares under the Placement, subject to shareholder approval (Conditional Placement). The Conditional Placement will be subject to shareholder approval under ASX Listing Rule 10.11 at a general meeting of shareholders expected to be held on 27 September 2022.

The Entitlement Offer is a pro rata non-renounceable entitlement offer under which eligible shareholders will be entitled to subscribe for 1 new share for every 8 shares held at the record date for the Entitlement Offer at the Offer Price. The Entitlement Offer Booklet and Entitlement and Acceptance forms were dispatched to shareholders on 11 August and the Entitlement Offer closed on 25 August. Approximately 4,114,816 new shares are being issued under the Entitlement Offer and will rank equally with existing shares from their date of issue.

FY22 Outlook

The Group has a strong and growing pipeline of business in front of it and is in advanced negotiation on two material contracts expected to be concluded within Q3 FY22.

The Group provides the following guidance for FY22:

- **Revenue** between \$18.0m to \$20.5m (vs \$13.4m in FY21)
- **Underlying EBITDA** is expected to be positive for 2022 (vs loss of \$1.4m in FY21)
- **Monthly run-rate underlying cash** breakeven during 2H FY22

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Douglas Flynn
Chairman

30 August 2022

The Board of Directors
IMEXHS Limited
122 O'Riordan Street
MASCOT NSW 2020

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of the condensed consolidated financial statements of IMEXHS Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there has been no contravention of:

- a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Yours faithfully,



Nexia Sydney Audit Pty Limited



Andrew Hoffmann
Director

Dated: 30 August 2022

		Consolidated	
	Note	6 months to 30 Jun 2022 \$	6 months to 30 Jun 2021 \$
Revenue	4	9,461,648	5,158,811
Other income		113,785	67,465
Interest revenue calculated using the effective interest method		19,238	6,175
Expenses			
Hardware and licence expenses		(267,046)	(431,166)
Research and development and support expenses		(854,337)	(482,400)
Platform as a service expense		(216,728)	(230,021)
Clinical services expenses		(5,094,339)	(2,829,951)
Administration and sales expenses	5	(3,460,512)	(3,037,186)
Share-based payments expenses	5	(133,076)	(341,619)
Depreciation and amortisation expense		(922,209)	(537,589)
Write-down of inventories		-	(12,688)
(Expected)/reversal of credit losses		(2,148)	88,475
Net foreign exchange losses		(32,818)	(37,739)
Other expenses		(61,234)	(53,533)
Finance costs	5	(199,986)	(102,653)
Loss before income tax expense		(1,649,762)	(2,775,619)
Income tax expense		(94,301)	-
Loss after income tax expense for the half-year attributable to the owners of IMEXHS Limited		(1,744,063)	(2,775,619)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		380,560	(407,106)
Other comprehensive loss for the half-year, net of tax		380,560	(407,106)
Total comprehensive loss for the half-year attributable to the owners of IMEXHS Limited		(1,363,503)	(3,182,725)
		Cents	Cents
Basic earnings per share	18	(5.31)	(9.20)
Diluted earnings per share	18	(5.31)	(9.20)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 30 Jun 2022 \$	31 Dec 2021 \$
Assets			
Current assets			
Cash and cash equivalents		856,065	4,186,428
Trade and other receivables	6	5,726,705	5,283,576
Contract assets		1,307,918	869,932
Inventories		77,664	84,432
Other		251,631	258,117
Total current assets		<u>8,219,983</u>	<u>10,682,485</u>
Non-current assets			
Trade receivables		1,068,154	1,396,237
Property, plant and equipment	7	4,584,565	4,467,909
Right-of-use assets		58,496	30,158
Intangibles	8	9,157,044	8,431,889
Total non-current assets		<u>14,868,259</u>	<u>14,326,193</u>
Total assets		<u>23,088,242</u>	<u>25,008,678</u>
Liabilities			
Current liabilities			
Trade and other payables		3,401,455	3,018,485
Contract liabilities		37,752	32,812
Borrowings	9	913,107	1,082,241
Lease liabilities		58,496	30,157
Income tax		20,885	207,589
Employee benefits		1,840,359	1,685,408
Contingent consideration		92,242	292,454
Total current liabilities		<u>6,364,296</u>	<u>6,349,146</u>
Non-current liabilities			
Payables	10	176,079	580,214
Contract liabilities		43,189	68,911
Borrowings	11	1,007,758	1,285,200
Deferred tax liabilities		74,588	72,448
Total non-current liabilities		<u>1,301,614</u>	<u>2,006,773</u>
Total liabilities		<u>7,665,910</u>	<u>8,355,919</u>
Net assets		<u>15,422,332</u>	<u>16,652,759</u>
Equity			
Issued capital	12	34,765,453	34,765,453
Reserves		2,614,769	2,101,133
Accumulated losses		(21,957,890)	(20,213,827)
Total equity		<u>15,422,332</u>	<u>16,652,759</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2021	28,461,991	2,588,050	(15,514,055)	15,535,986
Loss after income tax expense for the half-year	-	-	(2,775,619)	(2,775,619)
Other comprehensive loss for the half-year, net of tax	-	(407,106)	-	(407,106)
Total comprehensive loss for the half-year	-	(407,106)	(2,775,619)	(3,182,725)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	959,827	-	-	959,827
Share-based payments (note 5)	-	341,619	-	341,619
Balance at 30 June 2021	<u>29,421,818</u>	<u>2,522,563</u>	<u>(18,289,674)</u>	<u>13,654,707</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2022	34,765,453	2,101,133	(20,213,827)	16,652,759
Loss after income tax expense for the half-year	-	-	(1,744,063)	(1,744,063)
Other comprehensive income for the half-year, net of tax	-	380,560	-	380,560
Total comprehensive loss for the half-year	-	380,560	(1,744,063)	(1,363,503)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 5)	-	133,076	-	133,076
Balance at 30 June 2022	<u>34,765,453</u>	<u>2,614,769</u>	<u>(21,957,890)</u>	<u>15,422,332</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Note	Consolidated	
	6 months to 30 Jun 2022 \$	6 months to 30 Jun 2021 \$
Cash flows from operating activities		
	(1,649,762)	(2,775,619)
Loss before income tax expense for the half-year		
Adjustments for:		
	922,209	537,589
	-	173,664
	133,076	341,619
	(1,244)	(97,603)
	2,148	(88,475)
	-	12,688
	(19,238)	(6,175)
	199,986	102,653
	(412,825)	(1,799,659)
Change in operating assets and liabilities:		
	(548,693)	(539,756)
	6,768	180,377
	(21,165)	518,286
	(20,783)	(13,796)
	154,952	196,590
	(841,746)	(1,457,958)
	19,238	6,175
	(199,986)	(102,653)
	(278,865)	(11,535)
	(1,301,359)	(1,565,971)
Net cash used in operating activities		
Cash flows from investing activities		
	(200,212)	-
	(456,790)	(514,998)
	(890,327)	(692,199)
	3,006	-
	(1,544,323)	(1,207,197)
Net cash used in investing activities		
Cash flows from financing activities		
	-	968,750
	(446,577)	(571,116)
	-	(8,923)
	(38,104)	(27,941)
	(484,681)	360,770
Net cash from/(used in) financing activities		
	(3,330,363)	(2,412,398)
	4,186,428	10,796,484
	-	(41,749)
Net decrease in cash and cash equivalents		
	4,186,428	10,796,484
	-	(41,749)
Effects of exchange rate changes on cash and cash equivalents		
	856,065	8,342,337
Cash and cash equivalents at the end of the financial half-year		

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover IMEXHS Limited as a Group consisting of IMEXHS Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is IMEXHS Limited's functional and presentation currency.

IMEXHS Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

122 O'Riordan Street
Mascot NSW 2020

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Comparatives

Certain comparatives have been reclassified to conform with current year presentation. Trade receivables have been restated from \$7,006,321 to \$5,283,576 and trade payables have been restated from \$3,768,825 to \$3,018,485. In addition, following finalisation of the acquisition of RIMAB SAS, certain comparatives have been restated (refer to note 17). This has not had any impact on the financial position of the Group at 31 December 2021 or the results for the year then ended.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Group has prepared the financial statements for the half-year ended 30 June 2022 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the half-year ended 30 June 2022, the Group generated a consolidated loss of \$1,744,063 (2021: loss of \$2,775,619) and incurred operating cash outflows of \$1,301,359 (2021: outflows of \$1,565,971). As at 30 June 2022, the Group had cash and cash equivalents of \$856,065 (2021: \$4,186,428), a surplus of net current assets of \$1,855,687 (2021: \$4,333,339) and surplus net assets of \$15,422,332 (2021: \$16,652,759).

On 3 August 2022, the Group announced a fully underwritten capital raising of approximately \$4 million, comprising of a Placement of \$2 million and a 1 for 8 non-renounceable Entitlement Offer to raise approximately a further \$2 million. Both the Placement and Entitlement Offer (Offer) are fully underwritten. The funds raised under the Offer will be used for paying down existing debt, working capital funding and general corporate purposes.

Note 2. Significant accounting policies (continued)

The Directors believe that the Group has sufficient funding to meet its minimum expenditure commitments and support its planned level of expenditures and therefore it is appropriate to prepare the financial statements on the going concern basis.

Note 3. Operating segments

The Group is organised into one main operating segment. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Note 4. Revenue

	Consolidated 6 months to 30 Jun 2022 \$	Consolidated 6 months to 30 Jun 2021 \$
Medical equipment and licences	82,198	213,044
Leasing equipment and software and services	9,150,875	4,775,162
Sale of inputs	29,922	54,960
Service and maintenance of equipment and software	198,653	115,645
Revenue	<u>9,461,648</u>	<u>5,158,811</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 6 months to 30 Jun 2022 \$	Consolidated 6 months to 30 Jun 2021 \$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	100,793	249,761
Services transferred over time	9,360,855	4,909,050
	<u>9,461,648</u>	<u>5,158,811</u>

The majority of the Group's revenue is derived from one geographic region, Latin America.

Note 5. Expenses

	Consolidated 6 months to 30 Jun 2022 \$	Consolidated 6 months to 30 Jun 2021 \$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	197,900	100,582
Interest and finance charges paid/payable on lease liabilities	2,086	2,071
	<u>199,986</u>	<u>102,653</u>

Note 5. Expenses (continued)

	Consolidated	
	6 months to 30 Jun 2022	6 months to 30 Jun 2021
	\$	\$
<i>Administration expenses</i>		
Employee and Director benefits expense	1,966,844	1,456,253
Professional and consultancy fees	186,410	244,364
Taxes	180,757	96,079
Office expenses	269,455	128,863
Insurance	88,708	53,939
Advertising and marketing	118,033	50,160
Corporate expenses	153,489	579,332
Maintenance	7,633	5,086
Travel expenses	94,758	33,425
Other	394,425	389,685
	<u>3,460,512</u>	<u>3,037,186</u>
<i>Leases</i>		
Short-term lease payments	<u>89,292</u>	<u>19,250</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>369,071</u>	<u>237,377</u>
<i>Share-based payments expense</i>		
Share-based payments expense on issue of Director options	20,070	273,736
Share-based payments expense on issue of Employee options	113,006	67,883
	<u>133,076</u>	<u>341,619</u>

Note 6. Current assets - trade and other receivables

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
Trade receivables	4,665,720	3,936,103
Less: Allowance for expected credit losses	(168,734)	(214,497)
	<u>4,496,986</u>	<u>3,721,606</u>
Other receivables	6,009	6,941
Indirect taxes receivable	1,223,710	1,555,029
	<u>5,726,705</u>	<u>5,283,576</u>

Note 7. Non-current assets - property, plant and equipment

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
Leasehold improvements - at cost	109,564	96,090
Less: Accumulated depreciation	<u>(8,851)</u>	<u>(3,200)</u>
	<u>100,713</u>	<u>92,890</u>
Furniture and fittings - at cost	35,660	18,540
Less: Accumulated depreciation	<u>(7,531)</u>	<u>(5,161)</u>
	<u>28,129</u>	<u>13,379</u>
Motor vehicles - at cost	1,905	1,850
Less: Accumulated depreciation	<u>(225)</u>	<u>(126)</u>
	<u>1,680</u>	<u>1,724</u>
Computer equipment - at cost	2,045,896	1,964,331
Less: Accumulated depreciation	<u>(1,228,215)</u>	<u>(1,010,610)</u>
	<u>817,681</u>	<u>953,721</u>
Medical equipment - at cost	4,699,927	4,185,890
Less: Accumulated depreciation	<u>(1,063,565)</u>	<u>(779,695)</u>
	<u>3,636,362</u>	<u>3,406,195</u>
	<u><u>4,584,565</u></u>	<u><u>4,467,909</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold improvements \$	Furniture and fittings \$	Motor vehicles \$	Computer equipment \$	Medical equipment \$	Total \$
Balance at 1 January 2022	92,890	13,379	1,724	953,721	3,406,195	4,467,909
Additions	7,261	16,587	-	42,543	390,399	456,790
Disposals	-	-	-	(3,006)	-	(3,006)
Exchange differences	6,133	1,169	54	31,203	106,850	145,409
Depreciation expense	<u>(5,571)</u>	<u>(3,006)</u>	<u>(98)</u>	<u>(206,780)</u>	<u>(267,082)</u>	<u>(482,537)</u>
Balance at 30 June 2022	<u><u>100,713</u></u>	<u><u>28,129</u></u>	<u><u>1,680</u></u>	<u><u>817,681</u></u>	<u><u>3,636,362</u></u>	<u><u>4,584,565</u></u>

Note 8. Non-current assets - intangibles

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
Goodwill - at cost	5,578,952	5,418,893
Internally developed software - at cost	2,921,050	2,082,518
Less: Accumulated amortisation	(479,097)	(269,984)
	<u>2,441,953</u>	<u>1,812,534</u>
Customer contracts - at cost	974,636	946,674
Less: Accumulated amortisation	(48,732)	-
	<u>925,904</u>	<u>946,674</u>
Copyright - at cost	22,277	23,745
Less: Accumulated amortisation	(20,877)	(21,033)
	<u>1,400</u>	<u>2,712</u>
Licenses - at cost	570,419	998,942
Less: Accumulated amortisation	(361,584)	(747,866)
	<u>208,835</u>	<u>251,076</u>
	<u><u>9,157,044</u></u>	<u><u>8,431,889</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$	Internally developed software \$	Customer contracts \$	Copyright \$	Licences \$	Total \$
Balance at 1 January 2022	5,418,893	1,812,534	946,674	2,712	251,076	8,431,889
Additions	-	809,432	-	-	80,895	890,327
Exchange differences	160,059	38,987	28,808	117	8,424	236,395
Amortisation expense	-	(219,000)	(49,578)	(1,429)	(131,560)	(401,567)
Balance at 30 June 2022	<u><u>5,578,952</u></u>	<u><u>2,441,953</u></u>	<u><u>925,904</u></u>	<u><u>1,400</u></u>	<u><u>208,835</u></u>	<u><u>9,157,044</u></u>

Note 9. Current liabilities - borrowings

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
Credit cards	13,674	11,012
Unsecured Revolving Credit Loans	17,366	22,310
Unsecured Fixed term loans	873,366	1,040,467
PaaS equipment financing loan*	8,701	8,452
	<u><u>913,107</u></u>	<u><u>1,082,241</u></u>

* Relates to various loans provided to the Company for PaaS contracts where the equipment is repaid at a 200% rate of return on their loan which is paid in monthly instalments over the initial term of the PaaS contract.

Note 10. Non-current liabilities - payables

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
Trade payables	176,079	580,214

Non-current trade payables represent payments for equipment over 3 years in relation to a 7 year customer contract.

Note 11. Non-current liabilities - borrowings

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
Unsecured revolving credit loans	24,216	27,248
Unsecured fixed term loans	983,542	1,257,952
	<u>1,007,758</u>	<u>1,285,200</u>

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$	\$
Total facilities		
Unsecured revolving credit loans	41,582	63,096
Unsecured fixed term loans	1,856,908	934,398
	<u>1,898,490</u>	<u>997,494</u>
Used at the reporting date		
Unsecured revolving credit loans	41,582	63,096
Unsecured fixed term loans	1,856,908	934,398
	<u>1,898,490</u>	<u>997,494</u>
Unused at the reporting date		
Unsecured revolving credit loans	-	-
Unsecured fixed term loans	-	-
	<u>-</u>	<u>-</u>

Note 12. Equity - issued capital

	Consolidated			
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>32,860,889</u>	<u>32,860,889</u>	<u>34,765,453</u>	<u>34,765,453</u>

Note 13. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 14. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 15. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2022 (2021: none)

Note 16. Related party transactions

Parent entity

IMEXHS Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 6 months to 30 Jun 2022 \$	Consolidated 6 months to 30 Jun 2021 \$
Sale of goods and services:		
Sale of goods to key management personnel	641	2,846,094
Payment for goods and services:		
Payment for services from key management personnel	7,756	778,354
Payment for other expenses:		
Interest paid to key management personnel - on PaaS equipment financing loan	-	111,396

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 30 Jun 2022 \$	Consolidated 31 Dec 2021 \$
Current receivables:		
Trade receivables from key management personnel	298	907,152
Current payables:		
Trade payables to key management personnel	1,968	1,177

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 30 Jun 2022 \$	Consolidated 31 Dec 2021 \$
Non-current borrowings:		
Loan from key management personnel - PaaS equipment financing loan	-	6,479

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 16. Related party transactions (continued)

Transactions with related parties have decreased significantly from prior year due to the acquisition of RIMAB SAS on 5 October 2022, a related party of the Chief Executive Officer, Dr German Arango.

Note 17. Business combinations

Acquisition of RIMAB SAS during the financial year ended 31 December 2021

On 5 October 2021, IMEXHS acquired 100% of the ordinary shares of RIMAB SAS for the total consideration transferred of \$6,762,468. RIMAB SAS is a radiology services business and was acquired to strengthen IMEXHS's customer offering with imaging and teleradiology services and provide a test bed for artificial intelligence ('AI') development.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	135,633
Trade and other receivables	3,084,749
Income tax refund due	986,580
Prepayments	760,062
Other current assets	1,343
Property, plant and equipment	1,460,985
Customer contracts	1,015,804
Trade and other payables	(3,962,523)
Provision for income tax	(68,859)
Employee benefits	(338,189)
Financial liabilities	(1,790,180)
Indirect taxes	(263,277)
Other non-financial liabilities	(74,264)
	<hr/>
Net assets acquired	947,864
Goodwill	5,814,604
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>6,762,468</u>
Representing:	
Cash paid or payable to vendor	1,088,361
IMEXHS Limited shares issued to vendor	4,237,993
Contingent consideration - cash	313,811
Contingent consideration - IMEXHS Limited shares	1,122,303
	<hr/>
	<u>6,762,468</u>
	<hr/>
Acquisition costs expensed to profit or loss	<u>701,698</u>

The net assets recognised in the 31 December 2021 financial statements were based on a provisional assessment of their fair value. The fair value assessment of net assets had not been finalised by the date the 2021 financial statements were approved for issue by the Board of Directors.

In August 2022, the valuation of the net assets was finalised and the acquisition date fair value of the trade and other receivables was \$3,084,749, a decrease of \$109,955 under the provisional value. The 2021 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in goodwill of \$109,955, resulting in \$5,814,604 of total goodwill arising on the acquisition.

Note 18. Earnings per share

	Consolidated	
	6 months to 30 Jun 2022 \$	6 months to 30 Jun 2021 \$
Loss after income tax attributable to the owners of IMEXHS Limited	<u>(1,744,063)</u>	<u>(2,775,619)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>32,860,889</u>	<u>30,159,677</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>32,860,889</u>	<u>30,159,677</u>
	Cents	Cents
Basic earnings per share	(5.31)	(9.20)
Diluted earnings per share	(5.31)	(9.20)

Share options on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

Note 19. Events after the reporting period

On 3 August 2022, the Group announced a fully underwritten capital raising of approximately \$4 million, comprising:

- A fully underwritten Placement of \$2 million, consisting of two parts:
 - Tranche 1 – an institutional placement to raise approximately \$1 million ('Institutional Placement'); and
 - Tranche 2 – a placement of approximately \$1 million to directors subject to shareholder approval with an EGM to be held in September 2022 ('Conditional Placement'); and
- A fully underwritten 1 for 8 non-renounceable Entitlement Offer ('Entitlement Offer') to existing shareholders as of the Record Date to raise approximately \$2 million.

The offer price is \$0.48 per share and funds raised under the offer will be used for paying down existing debt, working capital, and general business purposes.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Douglas Flynn
Chairman

30 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of IMEXHS Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of IMEXHS Limited and its subsidiaries ("the Group"), which comprises the consolidated condensed statement of financial position as at 30 June 2022, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Yours faithfully,



Nexia Sydney Audit Pty Limited



Andrew Hoffmann
Director

Dated: 30 August 2022