

1. Company details

Name of entity:	IMEXHS Limited
ABN:	60 096 687 839
Reporting period:	For the half-year ended 30 June 2021
Previous period:	For the half-year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	14.9% to	5,158,811
Loss from ordinary activities after tax attributable to the owners of IMEXHS Limited	up	17.5% to	(2,775,619)
Loss for the half-year attributable to the owners of IMEXHS Limited	up	17.5% to	(2,775,619)

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 \$2,775,619 (30 June 2020: \$2,362,570).

Refer to 'Review of operations' in the Directors' report for further commentary on the results for the half-year ended 30 June 2021.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>39.69</u>	<u>48.56</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

The Group has a 30% share of a joint operation supplying radiology services to the Hospital Central Policía Nacional (National Police Hospital) in Bogotá Colombia. The joint operation contributed a profit after tax of \$35,718 to the Group's loss for the half-year ended 30 June 2021 (half-year ended 30 Jun 2020: \$32,455).

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 2021 is attached.

11. Signed

As authorised by the Board of Directors



Signed _____

Date: 30 August 2021

Doug Flynn
Chairman

IMEXHS Limited

ABN 60 096 687 839

Interim Report - 30 June 2021

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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 2021.

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

IMEXHS Limited (ASX: IME) is a leading imaging Software-as-a-Service ('SaaS') and ancillary solutions provider with 310 sites and distributors in 15 countries. Founded in 2012, IMEXHS is known for its innovation in the imaging services market, offering flexible and scalable imaging solutions via its AQUILA branded suite of solutions for next generation Picture Archiving and Communications System ('PACS') and integrated medical imaging systems (including a Radiology Information System ('RIS'), a Cardiology Information System ('CIS') and an Anatomical Pathology Laboratory Information System ('APLIS')). The AQUILA™ system is 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 is configured for the future and enhances patient outcomes.

Dividends

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

Review of operations

Financial performance

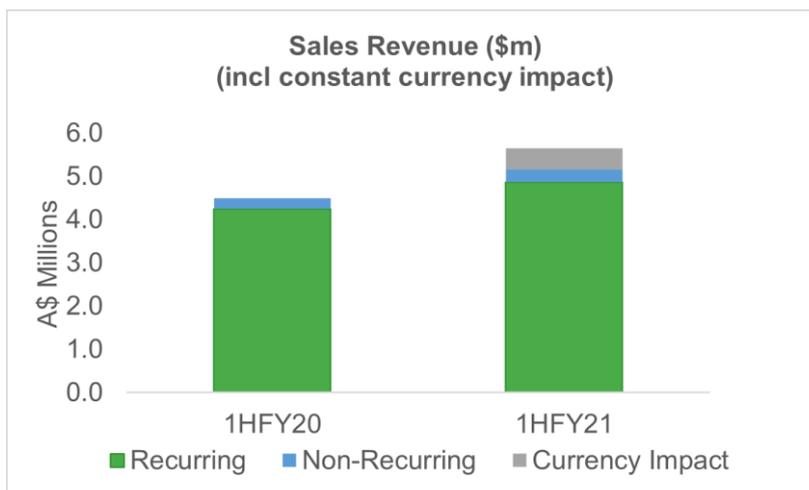
For the half year ended 30 June 2021 ('1H FY21'), the loss for the Group after providing for income tax was \$2,775,619 (30 June 2020 ('1H FY20'): \$2,362,570). The results for the Group were underpinned by revenue growth of 15% (25% on a constant currency basis).

Revenue

The Group reported revenue from operating activities in the period of \$5,158,811 (1H FY20: \$4,491,780), up 15% versus previous corresponding period ('pcp') and 25% higher on a constant currency¹ basis. Recurring revenue contracts accounted for 94% of revenue, consistent with prior year.

Revenue	Reported Currency 1H FY21 \$'000	Constant Currency 1H FY21 \$'000	Reported Currency 1H FY20 \$'000	Reported Currency Change %	Constant Currency Change %
Recurring revenue	4,864	5,319	4,246	15%	25%
Other sales revenue	295	322	246	20%	31%
Total revenue	5,159	5,641	4,492	15%	25%

¹Constant currency basis assumes FY21 results are converted at the average foreign exchange rate for FY20. 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 \$2.1m (1H FY20: EBITDA loss of \$1.3m), representing a 64% or \$0.8m decline versus pcp due to increased investment in sales and marketing, expanding operations in Australia and the US, and acquisition-related costs of \$0.4m. Underlying EBITDA was a loss of \$1.4m versus EBITDA loss of \$0.8m in 1H FY20 and excludes the impact of foreign exchange, share based payments expense and one-off costs in relation to the RIMAB acquisition.

	1H FY21 \$'000	1H FY20 \$'000	Variance	Variance %
Recurring revenue contracts	5,159	4,492	667	15%
Other revenue	74	79	(5)	(6%)
Total revenue	5,233	4,571	662	14%
Total expenses	(8,008)	(6,933)	(1,075)	16%
Net profit before tax	(2,775)	(2,362)	(413)	17%
Depreciation and amortisation	538	515	23	4%
Net finance expenses	96	545	(449)	(82%)
EBITDA	(2,141)	(1,302)	(839)	64%
Foreign exchange & share based payment expenses	379	476	(97)	(20%)
One-off costs	400	-	400	-
Underlying EBITDA	(1,362)	(826)	(536)	65%

Total expenses of \$8.0m were 16% higher compared to 1H FY20 reflecting an increased investment in sales and marketing, expanding operations in Australia and the US, and acquisition-related costs of \$0.4m. As a result, the EBITDA loss increased by \$0.8m to \$2.1m with an underlying loss of \$1.4m (1H FY20 underlying loss of \$0.8m) and a consolidated loss after tax of \$2.7m.

Financial Position

At 30 June 2021, the Group had net assets of \$13.7m and net tangible assets of \$12.1m.

Cash on hand was \$8.3m and total debt of \$1.0m.

Intangible assets increased by \$0.5m during the six months, primarily reflecting the continued investment in software development of \$0.6m during the period.

Non-current receivables of \$1.1m and non-current payables of \$1.0m reflect a customer contract which has a payment term of 7 years with the payment for equipment over 3 years.

The following table provides a summary of key balances from the Group's Statement of Financial Position at 30 June 2021:

	30 Jun 2021 \$'000	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Cash	8,342	10,796	6,293
Trade and other receivables	4,609	4,059	3,191
Inventories	197	390	470
Current assets	13,148	15,245	9,954
Non-current assets	5,849	5,559	3,704
Total assets	18,997	20,804	13,658
Trade and other payables	1,939	2,383	837
Other current liabilities	1,972	2,076	3,230
Current liabilities	3,911	4,459	4,067
Non-current liabilities	1,431	809	1,061
Total liabilities	5,342	5,268	5,128
Net assets	13,655	15,536	8,530

Operating cash outflows for the half year were \$1.6m versus outflows of \$1.1m in the prior year, reflecting increased investment in sales and marketing, expanding operations in Australia and the US, as well as one-off acquisition costs.

Highlights for the Half Year

Business Highlights

A key highlight in 1H FY20 continues to be the success of Aquila in the Cloud ('AiC') which validates the need for a standardised radiology solution that can be rapidly deployed for small to medium-sized operators. AiC's pay-on-demand model has a significantly shorter sales cycle than customised products.

IMEXHS is using this product offering to expand into new markets such as Australia and the US. The Group has multiple distribution channels to sell the new product offering with its 28 distributors/partners, a direct sales presence in both Australia and the US (mainly Florida), and its addition to the Ingrams Micro Cloud Marketplace in April 2021. Our partners have been key to selling the product (they generated 65% of AiC sales in Q2) as well as helping the end users speed up the implementation process.

Proposed Acquisition of RIMAB SAS

On 26 July 2021, IMEXHS announced the proposed acquisition of radiology service provider, RIMAB SAS, for ~\$8.5m less purchase price adjustments. This proposed acquisition strengthens IMEXHS's customer offering and provides a test bed for developing AI tools. It also removes related party transactions and improves transparency. For the six months ended 30 June 2021, RIMAB reported revenues of ~\$5.3m and an EBITDA of ~\$0.7m (unaudited)¹.

The Extraordinary General Meeting to approve the acquisition is scheduled for the end of September 2021 with completion expected in October 2021.

Sales and Market Update

During the half year IMEXHS continued to focus on key initiatives to develop sales activities in its key markets.

Aquila in the Cloud ('AiC')

During 1H FY21, Aquila in the Cloud ('AiC'), IMEXHS's standardised radiology solution, continued to generate strong momentum for its innovative product offering, with 43 new deals in the half. Since launching in May 2020, a total of 84 AiC deals have been signed (as at 30 June 2021) with an expected Annual Recurring Revenue ('ARR') of \$2.0m. During Q2 FY21, a new AiC contract was signed on average every 3.75 days.

During the half year, AiC continued to generate strong interest across key markets, especially among small and medium-sized enterprises ('SMEs') which are largely unattended by legacy Enterprise Imaging providers. New orders were received in South Florida for a total of six AiC customers in the USA and further deals were also signed in Australia of which two were generated by one of IMEXHS's AiC partners. By 30 June 2021, there were a total of four AiC customers in Australia.

¹As noted in the ASX Announcement on 26 July 2021, there are significant transactions that occur between IMEXHS and RIMAB that will be eliminated from revenue in the consolidated results going forward.

Despite the interest in and sales of AiC, the pace of implementation and consequently generation of revenue and cash has been slower than planned. A program to improve that situation is underway.

Enterprise Imaging

Aquila Custom, IMEXHS's customised medical imaging offering aimed at the high end of the market, is also showing strong demand although decision-making among larger operators has been slower-than-normal as a result of the pandemic. Although some of the core markets such as Brazil continue to be significantly affected by COVID-19, we are experiencing renewed interest in the Aquila customised solution from larger customers and an increase in imaging volumes.

During 1H FY21, two notable contracts were signed in Colombia:

- Colsubsidio – IMEXHS received its first order for its Ophthalmology offering from its existing customer. The new contract is for a Beta site for its new Ophthalmology product which is in line with the Group's Enterprise Imaging platform strategy. The contract is expected to generate \$36,000 in ARR.
- Clinica Medical – IMEXHS will implement its Enterprise Imaging platform across Clinica Medical's three hospitals. The contract is expected to generate \$122,000 in ARR.

Our imaging technology is now being used by over 2,100 radiologists and almost 300,000 referral physicians.

Product and Software Update

Good progress has been made during the half year on software developments:

Universal Viewer

During the half, IMEXHS released v5.0 of its Viewer with several new features including:

- PET-CT fusion support to extend IMEXHS's Viewer within the nuclear medicine field
- Multiplanar Reconstruction (MPR) for coloured images
- The improved MPR provides speedier selections, enhanced interoperability and scalability and a better user experience
- Modern and improved user interface (UI) to enhance the overall user experience (UX)
- Multi-frame DICOM support. IMEXHS's v.5.0 Viewer supports and stores the newest radiological images, such as molecular imaging by using the multi-frame DICOM standard. This new feature maximises the interoperability capacity of IMEXHS's Viewer

The Group's latest Viewer is also multi-monitor and web-based supporting up to three monitors.

Further new features were added to the viewer during Q2 FY21 including:

- DICOM Uploader & Downloader*
Physicians and radiology department staff can upload the images stored on CDs to the Group's Enterprise Imaging platform thanks to this latest product development providing patients and physicians with a more user-friendly experience.
- Hanging Protocols v.1.0*
The first version for hanging protocols was released during the June quarter. Hanging protocols aim to present specific types of studies consistently and reduce the number of manual image ordering adjustments performed by the radiologist.
- Drag and Drop support*
The Group's Universal Viewer now supports Drag and Drop from thumbnails to viewer layout. This new feature will improve the user experience for physicians using AQUILA.

Lung Segmentation Artificial Intelligence (AI) Algorithm

During the half year, IMEXHS released the first version of the Group's Lung Segmentation algorithm. This new feature will allow physicians to identify and quantify the area of the lung within a chest CT scan. This new algorithm will be used as an input in the Lung Infection AI Algorithm.

Aquila in the Cloud

V3.5 of Aquila in the Cloud was released which included improvements in the user experience with the booking system allowing users to have a more holistic view of the operation when scheduling a patient. Administrative users will be able to see the schedules of multiple sites and diagnostic rooms immediately improving the efficiency of administrative tasks.

Additionally, a seamless integration with the DICOM Uploader & Downloader mentioned above is included in this version of the product.

Alula in the Cloud

During 1H FY21, v3.0 of Alula in the Cloud was released which included a redefinition of the user interface (UI) of the workflow with the aim of improving the overall user experience ('UX').

IMEXHS Portal 2.0

During the June quarter, the Group released v2.0 of its patient portal which includes more robust security features such as multi-factor authentication and further encrypted features strengthening the transition and storage of patient data.

FY21 Outlook

The operating performance year to date is in line with the Group's expectations as a result of strong demand for Aquila Custom's large customised solutions, and building momentum for Aquila in the Cloud.

The Group will continue to expand its software development to create the world's first pathology marketplace and will further enhance its Aquila radiology platform. In addition, it will further build its AI capabilities and develop other medical verticals.

The Group is continuing to invest in its capability and growth and is recruiting some senior executives together with an expansion in the numbers of software development and operational engineers. The cost of which will impact the second half.

For FY21, management expects revenue to be in the range of between \$11.5m and \$13.0m. The Group guided towards achieving monthly run rate EBITDA breakeven by December 2021. Given the continued investment in growth there is a risk that run rate EBITDA breakeven may not be achieved in 2021. This guidance excludes RIMAB's contribution in Q4. Excluding one-offs, management expects the Q4 FY21 contribution from RIMAB for both revenue and EBITDA to be above the prior year's Q4 results of \$2.0m and \$0.3m, respectively.

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 2021

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 2021, 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 2021

		Consolidated	
	Note	6 months to 30 Jun 2021 \$	6 months to 30 Jun 2020 \$
Revenue	4	5,158,811	4,491,780
Other income		67,465	65,012
Interest revenue calculated using the effective interest method		6,175	13,846
Expenses			
Hardware and licence expenses		(431,166)	(278,439)
Research and development and support expenses		(482,400)	(435,632)
Platform as a service expense		(230,021)	(332,473)
Clinical services expenses		(2,829,951)	(2,472,157)
Administration and sales expenses	5	(3,037,186)	(1,959,157)
Share-based payments expenses	5	(341,619)	(476,123)
Depreciation and amortisation expense		(537,589)	(515,303)
Write-back/(write-down) of inventories		(12,688)	91,960
Reversal of expected credit losses		88,475	66,634
Net foreign exchange losses		(37,739)	-
Other expenses		(53,533)	(63,968)
Finance costs	5	(102,653)	(558,550)
Loss before income tax expense		(2,775,619)	(2,362,570)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of IMEXHS Limited		(2,775,619)	(2,362,570)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(407,106)	(426,579)
Other comprehensive loss for the half-year, net of tax		(407,106)	(426,579)
Total comprehensive loss for the half-year attributable to the owners of IMEXHS Limited		(3,182,725)	(2,789,149)
		Cents	Cents
Basic earnings per share	17	(9.20)	(10.01)
Diluted earnings per share	17	(9.20)	(10.01)

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

	Note	Consolidated 30 Jun 2021 \$	31 Dec 2020 \$
Assets			
Current assets			
Cash and cash equivalents		8,342,337	10,796,484
Trade and other receivables	6	4,216,093	3,756,525
Inventories		196,603	389,668
Other		392,855	302,187
Total current assets		<u>13,147,888</u>	<u>15,244,864</u>
Non-current assets			
Trade receivables		1,075,683	997,688
Property, plant and equipment	7	3,148,167	3,346,293
Right-of-use assets		57,334	102,046
Intangibles	8	1,568,090	1,113,256
Total non-current assets		<u>5,849,274</u>	<u>5,559,283</u>
Total assets		<u>18,997,162</u>	<u>20,804,147</u>
Liabilities			
Current liabilities			
Trade and other payables		1,939,518	2,382,531
Contract liabilities		39,752	53,548
Borrowings	9	632,223	868,777
Lease liabilities		57,334	101,469
Income tax		-	6,611
Employee benefits		1,242,587	1,045,997
Total current liabilities		<u>3,911,414</u>	<u>4,458,933</u>
Non-current liabilities			
Payables	10	961,299	-
Borrowings	11	393,389	727,951
Deferred tax		76,353	81,277
Total non-current liabilities		<u>1,431,041</u>	<u>809,228</u>
Total liabilities		<u>5,342,455</u>	<u>5,268,161</u>
Net assets		<u>13,654,707</u>	<u>15,535,986</u>
Equity			
Issued capital	12	29,421,818	28,461,991
Reserves		2,522,563	2,588,050
Accumulated losses		(18,289,674)	(15,514,055)
Total equity		<u>13,654,707</u>	<u>15,535,986</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 2020	19,757,466	2,457,248	(11,898,078)	10,316,636
Loss after income tax expense for the half-year	-	-	(2,362,570)	(2,362,570)
Other comprehensive loss for the half-year, net of tax	-	(426,579)	-	(426,579)
Total comprehensive loss for the half-year	-	(426,579)	(2,362,570)	(2,789,149)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	495,777	-	-	495,777
Share-based payments	-	506,563	-	506,563
Balance at 30 June 2020	<u>20,253,243</u>	<u>2,537,232</u>	<u>(14,260,648)</u>	<u>8,529,827</u>
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 (note 12)	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>

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

Note	Consolidated	
	6 months to 30 Jun 2021 \$	6 months to 30 Jun 2020 \$
Cash flows from operating activities		
	(2,775,619)	(2,362,570)
Loss before income tax expense for the half-year		
Adjustments for:		
	537,589	515,303
	173,664	-
	341,619	476,123
	(97,603)	(53,915)
	(88,475)	(66,634)
	12,688	(91,960)
	(6,175)	(13,845)
	102,653	558,550
	(1,799,659)	(1,038,948)
Change in operating assets and liabilities:		
	(539,756)	611,949
	180,377	(270,301)
	518,286	(82,974)
	(13,796)	(21,688)
	196,590	(24,468)
	(1,457,958)	(826,430)
	6,175	13,845
	(102,653)	(249,979)
	(11,535)	-
	(1,565,971)	(1,062,564)
Net cash used in operating activities		
Cash flows from investing activities		
	(514,998)	(619,986)
	(692,199)	(359,782)
	(1,207,197)	(979,768)
Net cash used in investing activities		
Cash flows from financing activities		
	-	500,000
	968,750	30,440
	-	939,825
	(571,116)	(205,087)
	(8,923)	(5,410)
	(27,941)	(40,963)
	360,770	1,218,805
Net cash from financing activities		
	(2,412,398)	(823,527)
	10,796,484	7,149,683
	(41,749)	(32,623)
Net decrease in cash and cash equivalents		
	8,342,337	6,293,533
Cash and cash equivalents at the beginning of the financial half-year		
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 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2021 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 2020 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, unless otherwise stated.

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 2021 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 2021, the Group generated a consolidated loss of \$2,775,619 (2020: loss of \$2,362,570) and incurred operating cash outflows of \$1,565,971 (2020: outflows of \$1,062,564). As at 30 June 2021, the Group had cash and cash equivalents of \$8,342,337 (2020: \$10,796,484), a surplus of net current assets of \$9,236,474 (2020: \$10,785,931) and surplus of net assets of \$13,654,707 (2020: \$15,535,986).

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.

Refer to note 4 for revenue from products and services and geographic information.

Major customers

During the half-year ended 30 June 2021, approximately 54% of the Group's sales to external customers was derived from one customer.

Note 4. Revenue

	Consolidated	
	6 months to 30 Jun 2021	6 months to 30 Jun 2020
	\$	\$
Medical equipment and licences	213,044	116,958
Leasing equipment and software and services	4,775,162	4,188,657
Sale of inputs	54,960	119,380
Service and maintenance of equipment and software	115,645	66,785
Revenue	<u>5,158,811</u>	<u>4,491,780</u>

Disaggregation of revenue

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

	Consolidated	
	6 months to 30 Jun 2021	6 months to 30 Jun 2020
	\$	\$
Goods transferred at a point in time	4,909,050	4,281,100
Services transferred over time	249,761	210,680
	<u>5,158,811</u>	<u>4,491,780</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 2021	6 months to 30 Jun 2020
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings*	100,582	556,394
Interest and finance charges paid/payable on lease liabilities	2,071	2,156
	<u>102,653</u>	<u>558,550</u>

Note 5. Expenses (continued)

<i>Administration expenses</i>		
Employee and Director benefits expense	1,456,253	953,320
Professional and consultancy fees	244,364	245,684
Taxes	96,079	99,460
Office expenses	128,863	139,096
Insurance	53,939	46,179
Advertising and marketing	50,160	27,246
Corporate expenses	579,332	295,599
Maintenance	5,086	571
Travel expenses	33,425	25,356
Other	389,685	126,646
	<u>3,037,186</u>	<u>1,959,157</u>
<i>Leases</i>		
Short-term lease payments	<u>19,250</u>	<u>12,318</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>237,377</u>	<u>140,724</u>
<i>Share-based payments expense</i>		
Share-based payments expense on issue of Director options	273,736	471,784
Share-based payments expense on issue of Employee options	<u>67,883</u>	<u>4,339</u>
	<u>341,619</u>	<u>476,123</u>

* In the half-year ended 30 June 2020, the interest and finance charges paid/payable on borrowings included the interest expense and amortisation of the cost of the options in relation to a related party loan from Domatorisaro Pty Ltd, a related party of Doug Lingard. The loan was repaid during the financial year ended 31 December 2020.

Note 6. Current assets - trade and other receivables

	Consolidated	
	30 Jun 2021	31 Dec 2020
	\$	\$
Trade receivables	3,883,205	3,603,545
Less: Allowance for expected credit losses	<u>(527,292)</u>	<u>(866,708)</u>
	<u>3,355,913</u>	<u>2,736,837</u>
Other receivables	15,707	6,651
Indirect taxes receivable	<u>844,473</u>	<u>1,013,037</u>
	<u>4,216,093</u>	<u>3,756,525</u>

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

	Consolidated	
	30 Jun 2021	31 Dec 2020
	\$	\$
Leasehold improvements - at cost	30,381	32,340
Less: Accumulated depreciation	(674)	(359)
	<u>29,707</u>	<u>31,981</u>
Furniture and fittings - at cost	12,069	23,117
Less: Accumulated depreciation	(5,033)	(13,922)
	<u>7,036</u>	<u>9,195</u>
Motor vehicles - at cost	1,950	-
Less: Accumulated depreciation	(34)	-
	<u>1,916</u>	<u>-</u>
Computer equipment - at cost	1,385,157	1,435,049
Less: Accumulated depreciation	(864,093)	(773,137)
	<u>521,064</u>	<u>661,912</u>
Medical equipment - at cost	3,334,543	3,259,322
Less: Accumulated depreciation	(746,099)	(616,117)
	<u>2,588,444</u>	<u>2,643,205</u>
	<u><u>3,148,167</u></u>	<u><u>3,346,293</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 2021	31,981	9,195	-	661,912	2,643,205	3,346,293
Additions	-	-	1,942	82,041	431,015	514,998
Disposals	-	-	-	(47,551)	(126,113)	(173,664)
Exchange differences	(1,938)	(529)	8	(40,081)	(159,675)	(202,215)
Transfers in/(out)	-	-	-	1,013	(1,013)	-
Depreciation expense	(336)	(1,630)	(34)	(136,270)	(198,975)	(337,245)
Balance at 30 June 2021	<u><u>29,707</u></u>	<u><u>7,036</u></u>	<u><u>1,916</u></u>	<u><u>521,064</u></u>	<u><u>2,588,444</u></u>	<u><u>3,148,167</u></u>

Note 8. Non-current assets - intangibles

	Consolidated	
	30 Jun 2021	31 Dec 2020
	\$	\$
Internally developed software - at cost	1,388,827	805,629
Less: Accumulated amortisation	(100,511)	-
	<u>1,288,316</u>	<u>805,629</u>
Copyright - at cost	22,805	24,275
Less: Accumulated amortisation	(17,333)	(18,198)
	<u>5,472</u>	<u>6,077</u>
Licenses - at cost	548,386	892,058
Less: Accumulated amortisation	(274,084)	(590,508)
	<u>274,302</u>	<u>301,550</u>
	<u><u>1,568,090</u></u>	<u><u>1,113,256</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	Internally developed software	Copyright	Licences	Total
	\$	\$	\$	\$
Balance at 1 January 2021	805,629	6,077	301,550	1,113,256
Additions	629,704	-	62,495	692,199
Exchange differences	(46,872)	(368)	(18,299)	(65,539)
Amortisation expense	(100,145)	(237)	(71,444)	(171,826)
Balance at 30 June 2021	<u><u>1,288,316</u></u>	<u><u>5,472</u></u>	<u><u>274,302</u></u>	<u><u>1,568,090</u></u>

Note 9. Current liabilities - borrowings

	Consolidated	
	30 Jun 2021	31 Dec 2020
	\$	\$
Credit cards	12,640	2,759
Unsecured Revolving Credit Loans	37,530	40,833
Unsecured Fixed term loans	566,575	808,588
PaaS equipment financing loan*	15,478	16,597
	<u><u>632,223</u></u>	<u><u>868,777</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 2021	31 Dec 2020
	\$	\$
Trade payables	961,299	-

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 2021	31 Dec 2020
	\$	\$
Unsecured revolving credit loans	25,566	40,056
Unsecured fixed term loans	367,823	687,895
	<u>393,389</u>	<u>727,951</u>

Financing arrangements

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

	Consolidated	
	30 Jun 2021	31 Dec 2020
	\$	\$
Total facilities		
Unsecured revolving credit loans	63,096	80,889
Unsecured fixed term loans	934,398	1,496,483
	<u>997,494</u>	<u>1,577,372</u>
Used at the reporting date		
Unsecured revolving credit loans	63,096	80,889
Unsecured fixed term loans	934,398	1,496,483
	<u>997,494</u>	<u>1,577,372</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 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	30,449,842	29,699,842	29,421,818	28,461,991

Note 12. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2021	29,699,842		28,461,991
Issue of shares on exercise of options	26 February 2021	301,680	\$1.250	377,100
Issue of shares on exercise of options	4 March 2021	193,320	\$1.250	241,650
Issue of shares on exercise of options	30 March 2021	205,000	\$1.250	256,250
Issue of shares on exercise of options	23 April 2021	50,000	\$1.875	93,750
Share issue transaction costs, net of tax		-	\$0.000	(8,923)
Balance	30 June 2021	<u>30,449,842</u>		<u>29,421,818</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 2021 (2020: 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 2021 \$	6 months to 30 Jun 2020 \$
Sale of goods and services:		
Sale of goods to key management personnel	2,846,094	2,176,121
Payment for goods and services:		
Payment for services from key management personnel	778,354	748,217
Payment for other expenses:		
Interest paid to key management personnel - on PaaS equipment financing loan	111,396	122,976

Note 16. Related party transactions (continued)

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 2021	Consolidated 31 Dec 2020
	\$	\$
Current receivables:		
Trade receivables from key management personnel	907,152	739,461
Current payables:		
Trade payables to key management personnel	1,177	1,628

Loans to/from related parties

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

	Consolidated 30 Jun 2021	Consolidated 31 Dec 2020
	\$	\$
Non-current borrowings:		
Loan from key management personnel - PaaS equipment financing loan	6,479	7,115

Terms and conditions

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

Note 17. Earnings per share

	Consolidated 6 months to 30 Jun 2021	Consolidated 6 months to 30 Jun 2020
	\$	\$
Loss after income tax attributable to the owners of IMEXHS Limited	<u>(2,775,619)</u>	<u>(2,362,570)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>30,159,677</u>	<u>23,597,425</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>30,159,677</u>	<u>23,597,425</u>
	Cents	Cents
Basic earnings per share	(9.20)	(10.01)
Diluted earnings per share	(9.20)	(10.01)

The weighted average number of ordinary shares in the comparative period are calculated based on the number of shares that would have been in existence had the capital restructure occurred on 1 January 2019.

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 18. Events after the reporting period

On 26 July 2021, the Group announced that it has entered into an agreement for the acquisition of Colombia-based radiology services provider RIMAB SAS ('RIMAB') for approximately \$8.5 million in a combination of cash and ordinary shares. RIMAB is substantially owned by CEO and Director Dr German Arango and Chief Medical Officer Dr Jorge Martin and the acquisition is expected to strengthen the Group's customer offering with imaging and teleradiology services. The acquisition is subject to shareholder approval at an Extraordinary General Meeting to be held in September 2021 and the expected completion date is in October 2021.

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 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 2021 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 2021

Independent Review Report to the Members of IMEXHS Limited

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 2021, 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 2021 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 2021 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 2021