

**29 September 2021**

**ASX ANNOUNCEMENT**

**Extraordinary General Meeting – Chairman and CEO Addresses**

In accordance with ASX Listing Rule 3.13 attached are the Chairman’s and CEO’s addresses which will accompany the presentation slides delivered at the IMEXHS Limited Extraordinary General Meeting commencing at 10.00am (AEST) today.

Authorised for release by the Board of IMEXHS Limited.

**-ENDS-**

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**About IMEXHS**

*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. For more information, visit [www.imexhs.com](http://www.imexhs.com)*



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# IMEXHS Limited

## Extraordinary General Meeting

### 29 September 2021

#### Chairman's Address

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We have had the first anniversary of the launch of the Aquila-in-the-Cloud SaaS model for small to medium sized radiology clients. And we have learnt a huge amount along the way. Although the learnings and improvements continue, I am very pleased to say we believe we have validated that model. Not just as an outstanding technical solution but as a viable business model.

We have achieved significant progress over the last six months in improving processes with our partners, clients and internally to implement remotely more easily and more swiftly. Nevertheless, there remains significant improvement available to us in terms of time from sale to implementation to billing to cash and this is a key priority for management.

Working closely with end clients our product development programme continues to deliver new features and new products that add to the productivity of clients and better outcomes for patients. The product development roadmap receives great attention as the opportunities are vast and our resources must be applied strategically and carefully.

And finally on general matters we are pleased with the way the pipeline of prospects is developing across the board - in Enterprise Imaging Solutions, SaaS and in radiology services.

#### Proposed Acquisition of RIMAB

Let me turn then to the proposal before us.

There are a range of strategic benefits that German can talk to. As to the financial and business logic the board considered the following:

Everyone likes pure play investments. However, we were already in the radiology business in IMEXHS.

We have several shared clients between IMEXHS and RIMAB and it is a complex structure and arrangement. This together with the related party nature of the arrangement also meant a complicated reporting of performance.

Radiology businesses in Australia have been trading at strong multiples. There is of course not a direct read across to Colombia on price. But we do have some comparator pricing in the market.

The purchase price is based on 2020 results at 6.6 times EBITDA for that year but is being settled hopefully around 1 October 2021. It has shown good growth at the revenue and EBITDA lines at the half year and continues to win new and profitable business since the end of the first half. So, we are paying on a 2020 basis but buying it with 2021 growth metrics.

Your board and management are very focussed on performance and shareholder value, and we are also determined to resolve matters of governance which need improvement. We see these two approaches as entirely compatible.

### **About RIMAB SAS**

There are a range of business models in the sector and RIMAB is skewed towards more teleradiology reporting delivery, somewhat less capital, and more wholesale contracts than most of the Australian businesses that you may be familiar with. It does not operate its own radiology clinics separate to the contracting hospitals. RIMAB is also growing faster than most businesses in Australia in the space.

The business is currently providing radiology services to hospitals in Colombia and teleradiology in Spain.

The board has done extensive due diligence on the company and undertook a major commercial due diligence study which covered Colombia, Latin America and teleradiology services both across Latin America and access to the USA market and elsewhere.

### **Acquisition Considerations**

We have removed a somewhat complex related party conflict situation, simplified our structure, improved internal accountabilities and will be in a position to provide better reporting and greater transparency.

We expect this business will contribute positive earnings which will help fund growth in our imaging technology business.

With this acquisition nothing has changed in our focus on building and growing out a world class medical software imaging enterprise.

I will now invite our CEO Dr German Arango to address the meeting and provide a business update.

### **CEO's Address**

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Thank you, Doug, and good morning everyone. Before I provide you with a business update on both RIMAB and IMEXHS, I would like to add some acquisition considerations of my own.

### **Expanded Customer Offering**

Turning to slide 11, the RIMAB acquisition broadens our customer offering in radiology service provision and strengthens our software-as-a-service offerings which are predominantly in radiology.

### **Benefits of a Combined Group**

We believe the combined group improves our competitive position. The role of technology in radiology, in particular Artificial Intelligence (AI), will increase in the future and benefit both

IMEXHS and RIMAB and their customers. Penetration of technology into clinical practice will grow and eventually become a single practice.

### **RIMAB Update**

Since the end of Q2, RIMAB continues to demonstrate solid growth in both revenue and EBITDA. This is a result of new contract wins, including with the University Hospital of Santander, and increasing imaging volumes with existing customers such as HealthTime, our Spanish customer.

### **AiC Update**

I would also like to provide you with an update on IMEXHS, starting with Aquila in the Cloud which launched in May 2020 and signed up its first customer not long after.

As Doug highlighted earlier, there is strong demand for our standardised radiology offering by small to medium sized radiology clients in Latin America, and importantly in the US and Australia.

We have had implementation delays in our first year but have been working closely with both our partners and customers to smooth these out.

When a contract goes live, we report ARR based on the contracted amount. Once it is live for three months, we report ARR using the average of the last three months' actual revenue.

As of this week, ARR from Aquila in the Cloud has reached \$2.1 million based on 93 active contracts.

Lastly, there are now 28 partners distributing our standardised radiology solution across 13 countries.

### **Aquila Custom Update**

My final slide is on Aquila Custom, which is our customised solution for radiology that currently forms the majority of our revenue and ARR. Aquila Custom is targeted to large customers that require highly complex solutions with contracts over much longer periods, typically five years. COVID has impacted our ability to win new large contracts, but we are seeing a reactivation of projects under discussion in Latin America which is encouraging and are still seeing an increase in imaging volumes.

Aquila Custom and RIMAB share a number of significant customers in Colombia, and we hope to win more as well as benefit from the increasing imaging volumes that will be used to further develop our AI tools.