# ImExHS Limited - Appendix 4C

## Quarterly Cash Flow and Summary of Activities

**HIGHLIGHTS**

- Receipts from customers of $1.4m, an increase of 81% on prior quarter.
- Total Contracted Value (TCV) A$20.6m, with new signed contracts.
- Annualized Recurring Revenue (ARR) reaches A$4.5m.
- Cash at seasonal low of $886k. With $847k of receivables expected in April/May from remaining 2018 one-off sales, resets cash to $1.7m. Improved collection metrics across $2.8m of trade receivables.
- Further geographic expansion with new distribution agreements into four additional LatAm countries
- Total of $2.25m of growth debt financing being implemented - new working capital facilities have been agreed with Banco de Bogota, and the Company has entered into a Binding Terms Sheet with a syndicate of Australian debt providers. (please see separate ASX Announcement of 30 April 2019)
- Strong growth outlook driven by new product development, SaaS & PaaS sales and broader geographic expansion. Positive net cash flow inflows expected in next quarter.

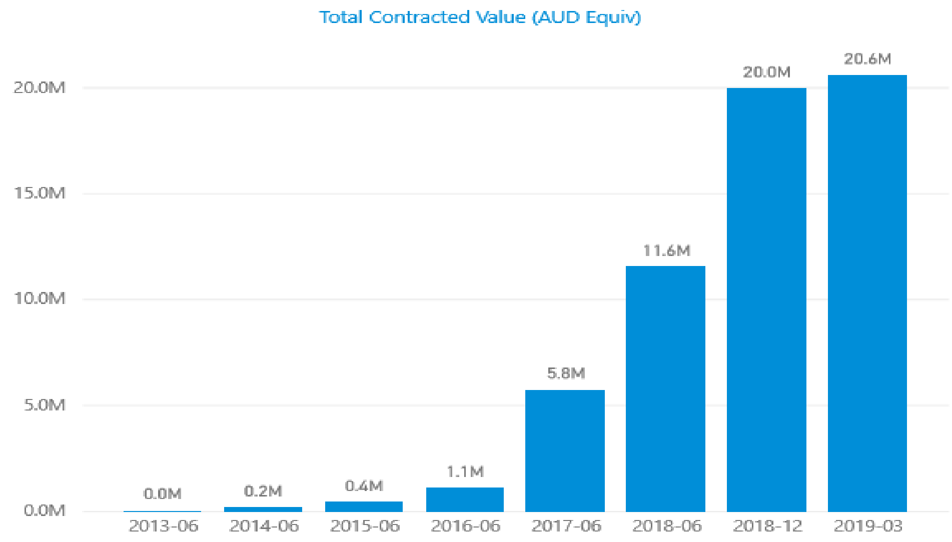
Tuesday, 30 April 2019: Australian medical imaging company **ImExHS Limited (ASX:IME)** ("**ImExHS**" or "**the Company**") is pleased to release its quarterly cash flow and activities summary for the period ended 31 March 2019.

*ImExHS Managing Director Dr German Arango noted, "It is encouraging to report over 80% growth in cash receipts for this quarter. Our SaaS and PaaS offerings lead the market and are enjoying very strong demand. With our new financing arrangements being implemented, we can continue to provide integrated, as well as pure capital light software solutions, to our customers and deliver ongoing strong growth."*

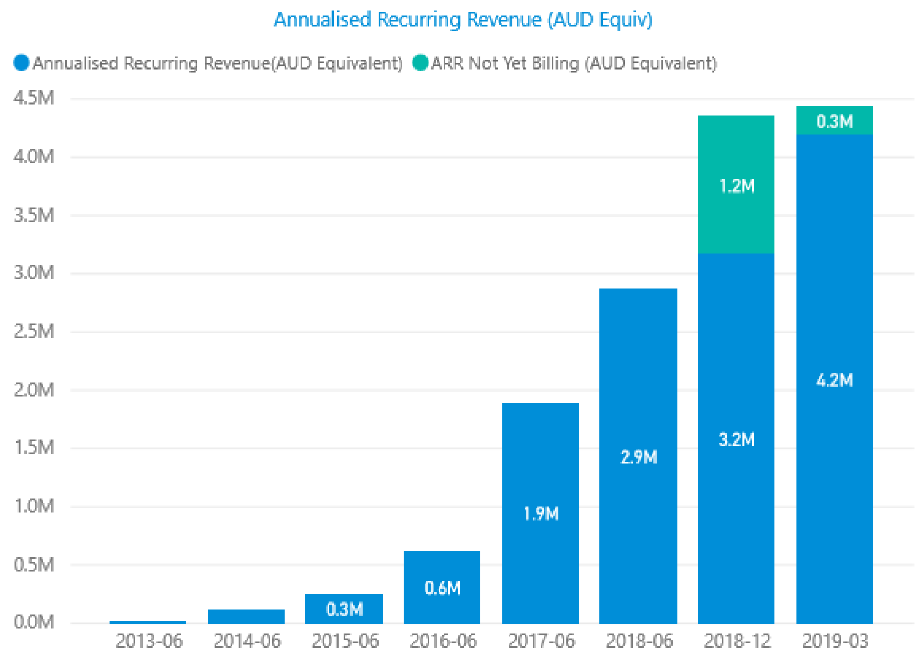
### Performance Metrics

The company's key performance metrics continue to improve during the quarter as illustrated below.

**ImExHS Limited** ACN 096 687 839
122 O'Riordan Street, Mascot NSW 2020
Tel: +61 2 9030 0040




*TCV is the measure of the total future remaining revenues due to ImExHS under existing recurring revenue contracts. It does not include any allowance for assumed contract renewal, growth in study volumes over minimum customer commitments or increases due to inflation.*




*ARR is the value of monthly revenues on recurring revenue contracts multiplied by twelve. The calculation provides a 12 month forward view on revenue; implying all contracts expiring within the next twelve month period will renew at the same rate, and steady FX rates and variable payment receipts (if applicable).*

**New Contracts and Extensions**

On 30 January 2019, ImExHS entered into a new agreement through its Ecuadorian distributor, Mobitelemed, with **Clínica Los Valles** to provide the company's Hiruko RIS-PACS in a five-year solution worth more than A$200,000 for services to its fixed and mobile imaging centres. Hospital de los Valles in Quito is one of the most important private hospitals in Ecuador and is a leading reference and teaching hospital - part of faculty of the Universidad San Francisco de Quito, Ecuador's leading private university.

During January 2019, the Company renegotiated a PaaS and interpretation agreement with **Clínica Nueva** to reflect their increased business volumes, additional modalities and sites. This contract renegotiation increased the monthly expected revenues from the contract by more than 50% and demonstrates Hiruko's ability to be the backbone of a scalable solution and increased the TCV for Clinica Nueva by almost $2.8m.

In March 2019, ImExHS entered into a new five-year SaaS agreement with the prestigious **Fundación Cardiovascular de Colombia** (FCV)**,** representing approximately $260k of TCV. FCV is considered a 'top-ten' hospital in Latin America and was the first Colombian institution to be accredited by the Joint Commission International - a group that provides independent healthcare accreditation.

## Expansion of Distribution

During the quarter, the company continued to increase its geographic footprint in Latin America in-line with the strategy outlined in the Prospectus. New distributors agreements were added to cover Panama, Honduras, Nicaragua and Uruguay.

## Product Development

During the quarter, the company released new tools to further strengthen the Hiruko Product Suite.

*Triangulation Web Tool*
The Triangulation Web Tool allows the navigation of medical images using a 3D cursor, greatly improving productivity for the interpretation of images.

*Multiplanar Reconstruction (MPR) Web Tool*
The new MPR tool allows Hiruko to reconstruct the sagittal and coronal views from the axial slices of a tomography on orthogonal planes – improving the visualization and navigation of the CT volume for radiologists.

*Maximum Intensity Projection (MIP) Web Tool*
The MIP tool allows to create views that highlight certain anatomical structures. In clinical practice it is frequently used to visualize veins and arteries, and to visualize studies that employ contrast agents.

*APLIS – Applied Pathology Laboratory Information System*
The Company has taken the next steps to develop its Pathology suite of solutions with the conclusion of a trial with Clínica de Las Americas based in Medellin. An additional trial will soon commence with a partner in Mexico.
*Australia and United States*

The Australian trial has concluded and delivered it prime objective of localizing Hiruko for the Australian market. The Company now has a RIS/PACS VNA solution tailored to meet the needs of this market and is working on fully developing its business plan for market entry into Australia.

The Company is awaiting FDA approval letter regarding its 510(k) application. The pending letter from the FDA then 'clears' our device for commercial distribution within the US. Concurrent with this application process, the Company has initiated discussions with several potential trial partners which is an important next step to localize its product capabilities, similarly to what has already been achieved in Australia.

## Cash & Receivables

As discussed in previous 4Cs, the Company does have a seasonal aspect to its one-off sales which occur mostly at the end of the calendar year. This results in a timing difference between cash paid out for inventory (scanning and computer equipment) and receipt of payments.

Accordingly, the cash level of $886k reflects this timing gap, with $847k of receivables expected in April/May remaining from 2018 one-off sales, to reset a cash balance of ~$1.7m. To help close this gap with all our capex requirements, the Company is in regular dialogue with the various equipment vendors to improve its vendor financing and terms of trade alternatives.

Section 9 of the 4C indicates Estimated cash outflows for next quarter of $2.2m. Against this, the Company estimates cash inflows of $2.6m. The Company's liquidity position is expected to be further bolstered by its announced debt facilities and ongoing management of its trade receivables.

## New Debt Financing Arrangements to Support Growth Alternatives

During the quarter the Company made significant progress with its strategy of having three-tiers of debt financing available to help fund various parts of its operations:

1) <u>Colombian based working capital facilities</u>: Banco de Bogota has provided an initial commitment of ~A$225k in unsecured working capital facilities (overdraft, revolver, FX lines). This is the company's first 'stand-alone' credit approval and is from Colombia's oldest banking organization with over US$50b in assets. The bank has indicated they will increase credit facilities in line with the growth of ImExHS and their knowledge of our operations.

2) <u>Colombian based structured financing for new PaaS contracts</u>: The Company continues to speak with multiple banking organizations and private credit funds about making available structured debt financings tailored for each new PaaS contracts in Colombia, Mexico and other key markets. The Company is awaiting a pro forma term sheet from a private credit fund in relation to a potential opportunity. The objective here is for these financiers to fund directly to our clients.

3) <u>Australian based debt facilities</u>: The Company has entered into a Binding Terms Sheet with a syndicate of financiers arranged by Forrest Capital and CVC Limited. The A$2m facility has a maturity date of 31 December 2020 with a structure reflective of those provided to high-growth, SaaS based business models. The facility is not a convertible note structure.

The Binding Terms Sheet is subject to completion of due diligence and final documentation. (Please see the separate ASX Announcement for further details on the debt facility).

This inaugural debt facility will be used to recycle some of the equity proceeds from the listing into additional growth opportunities. The Company believes that the profile of its PaaS contracts (medium and long term monthly recurring revenue, 20% cost of capital hurdle, strong counterparties) are suitable for a level of structured debt financing. For example, supporting this proposed debt facility are two main PaaS contracts announced last year with **AI-Rad** and **Colsubsidio** which have 7 and 5 year maturities respectively, and a combined TCV of $9.3m (22% advance rate).

**Outlook – Ongoing strong growth**

As anticipated, revenue from recently implemented PaaS contracts has steadily grown over the quarter with $300k of ARR Not Yet Billing, down from a level of $1.2m last quarter. The Sales team continues to build momentum with direct sales efforts, and importantly, constant engagement with our distributors currently covering 11 countries. By nature for complex medical equipment, the lead time for closing new sales can be quite long in certain countries, but the team continues to strengthen its technical sales co-ordination with distributors and build our sales funnel with qualified opportunities.

The implementation of the three tiers of available debt facilities is a major milestone for the Company for both general working capital purposes and it increases capabilities with our Sales team and distributors to more effectively accommodate appropriate PaaS contracts when they arise. We believe the trend will continue to grow as healthcare providers seek to outsource certain services with total bundled solutions (which include procurement, operations & maintenance of hardware, software, and financing). Lately, the Company has developed conversations which include Radiologists and diagnostic services (and related healthcare professionals) to bundled solutions.

The Company has a strong growth outlook and is building up a diversified revenue base. Drivers for this are the Company's steadily increasing geographic footprint with experienced distributors, and healthcare organizations are seeing the substantial cost, innovation and productivity benefits of our suite of solutions. As mentioned earlier, Section 9 of the Appendix 4C indicates estimated cash inflows of $2.6m for the upcoming quarter will exceed estimated outflows of $2.2m.

**Investor Call – A call will be scheduled in the upcoming few days via an ASX announcement.**

**ENDS-**

For more information, please contact:

**Australian Media and Business Enquiries**
Tom Pascarella - Chairman
ImExHS Limited
M: +61 (0)407-890-933
E: tom.pascarella@allenpartners.com.au

**Investor Relations**
Michael Brown - CEO
Pegasus Corporate Advisory
M: +61 (0)400-248-080
E: mbrown@pegasusadvisory.com.au

## ABOUT IMEXHS

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

*+Rule 4.7B*

# Appendix 4C

# Quarterly report for entities subject to Listing Rule 4.7B

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

**Name of entity**

IMEXHS LIMITED

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 60 096 687 839 | 31 MARCH 2019 |

| **Consolidated statement of cash flows** (See Note 1a below) | | **Current quarter $A'000** | **Year to date Three months $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 1,434 | 1,434 |
| 1.2 | Payments for | | |
| | (a) research and development | (5) | (5) |
| | (b) product manufacturing and operating costs | (737) | (737) |
| | (c) advertising and marketing | (17) | (17) |
| | (d) leased assets | - | - |
| | (e) staff costs | (591) | (591) |
| | (f) administration and corporate costs | (525) | (525) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 1 |
| 1.5 | Interest and other costs of finance paid | (13) | (13) |
| 1.6 | Income taxes paid | (137) | (137) |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other – GST Received | 10 | 10 |
| **1.9** | **Net cash from / (used in) operating activities** | **(580)** | **(580)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (916) | (916) |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(916)** | **(916)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (32) | (32) |
| 3.7 | Transaction costs related to loans and borrowings (including Joint Venture Costs) | - | - |
| 3.8 | Dividends paid | - | - |

| | | | |
|---|---|---|---|
| 3.9 | Other | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **(32)** | **(32)** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 2,437 | 2,437 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (580) | (580) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (916) | (916) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (32) | (32) |
| 4.5 | Effect of movement in exchange rates on cash held | (23) | (23) |
| **4.6** | **Cash and cash equivalents at end of quarter** | **886** | **886** |

| **5.** | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 894 | 2,445 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (credit cards) | (8) | (8) |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **886** | **2,437** |

| **6.** | **Payments to directors of the entity and their associates** | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 116 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | NIL |

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| |
|---|
| Payment of Director fees to Non-Executive Directors and salary payments to executive director. |

| 7. | **Payments to related entities of the entity and their associates** | Current quarter $A'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | 4 |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | NIL |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Payments for services to Crosspoint Telecommunications for office services.

| 8. | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | Total facility amount at quarter end $A'000 | Amount drawn at quarter end $A'000 |
|---|---|---|---|
| 8.1 | Loan facilities | 121 | 121 |
| 8.2 | Credit standby arrangements | NIL | NIL |
| 8.3 | Other (please specify) | NIL | NIL |

8.4 The loan facilities are all unsecured loans from: 2 x Banco Davivienda ($9k) average 14.6%; and Banco Colpatria ($112k) @ 17.6%

| 9. | **Estimated cash outflows for next quarter** | **$A'000** |
|---|---|---|
| 9.1 | Research and development | 12 |
| 9.2 | Product manufacturing and operating costs | 608 |
| 9.3 | Advertising and marketing | 18 |
| 9.4 | Leased assets | - |
| 9.5 | Staff costs | 801 |
| 9.6 | Administration and corporate costs | 718 |
| 9.7 | Other (Refer note below) | 83 |
| **9.8** | **Total estimated cash outflows** | **2,240** |

*9.2: The second quarter of 2019 contains the settlement of trade payables related to one-off sales from December 2018 and January 2019.This is expected be more than off-set by the settlement of trade receivables associated with these one-off sales.*

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

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2019

Company Secretary

Print name: Peter Webse

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.