

28 April 2023

ASX ANNOUNCEMENT

2023 Q1 Activity Report and Appendix 4C

Financial Highlights

- Q1 FY23 revenue of \$4.0m¹, down 15% vs pcp; down 2% on a constant currency basis².
- Q1 FY23 Underlying EBITDA³ was \$0.1m; up \$0.2m vs pcp.
- Revenue in the quarter was entirely recurring revenue.
- Annualised Recurring Revenue (ARR)⁴ of \$20.3m, down 6% vs pcp; up 4% on a constant currency basis.
- Debt of \$0.9m at 31 Mar-23, down from \$1.1m at 31 Dec-22.
- Cash of \$2.0m at 31 Mar-23, positive \$0.1m in Q1 FY23.

Operational Highlights

- New radiology services contract signed with Famisanar in March 2023, Colombia's fifth largest insurance provider. The contract commenced operation during February and is expected to contribute \$1.1m in ARR.
- Continued sales momentum for IMEXHS Cloud (formerly Aquila in the Cloud) standardised radiology solution with an ARR of \$3.6m from 172 active customers at 31 March 2022.
- IMEXHS Enterprise and IMEXHS Cloud finished the quarter with a total of 456 installations worldwide.
- After quarter end, Radiology services contract with estimated ARR of \$750,000 won with Grupo Avidanti and commenced in April 2023.

IMEXHS Limited (ASX: IME) ("IMEXHS" or "the Company") today provides its quarterly cash flow and activities summary for the period ended 31 March 2023. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 18 countries.

IMEXHS CEO Dr German Arango said, "The Company has taken a new definitive direction towards profitability, with the quarterly results showing positive EBITDA and cash flow. The fully implemented cost out program is already delivering consistent results.

Revenue and ARR are modestly down year on year which is essentially related to the customer we decided to exit last June. That revenue has been almost backfilled in Q1 with revenue down 2% on a constant currency basis. With continuing solid sales and the current pace of software project implementation we expect to shortly go past the comparative period from last year.

¹ All financial information for FY23 in this announcement is preliminary, unaudited financial information and may be subject to adjustment following audit review.

² Constant currency basis assumes Q1 FY23 results are converted at the average foreign exchange rate for Q1 FY22. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

³ Underlying EBITDA excludes the impact of FX, share based payments and any one-off costs in relation to the cost-out program in FY22.

⁴ Annualised Recurring Revenue (ARR) is the value of the monthly recurring contract revenue multiplied by twelve.

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The company has become more agile after implementing an automation strategy, improving performance of the help desk, software development, quality assurance, new installations, and some financial procedures.

After our cost out project, software development continues to make good progress in line with our more tightly focussed development road map.

The software development team has successfully completed the development and implementation of a new picture archiving system (PACS) representing a 55% reduction in the cloud storage costs in the order of \$75,000 in the second half and ongoing savings thereafter. A virtual DICOM router has been developed and is now part of our standard IMEXHS Cloud installation process and has the effect of reducing the implementation costs and local human intervention. The team has also delivered improvements for the viewer and patient portal”.

Financial Summary

Revenue

Q1 FY23 revenue of \$4.0m was down 15% vs pcp and down 2% on a constant currency basis.

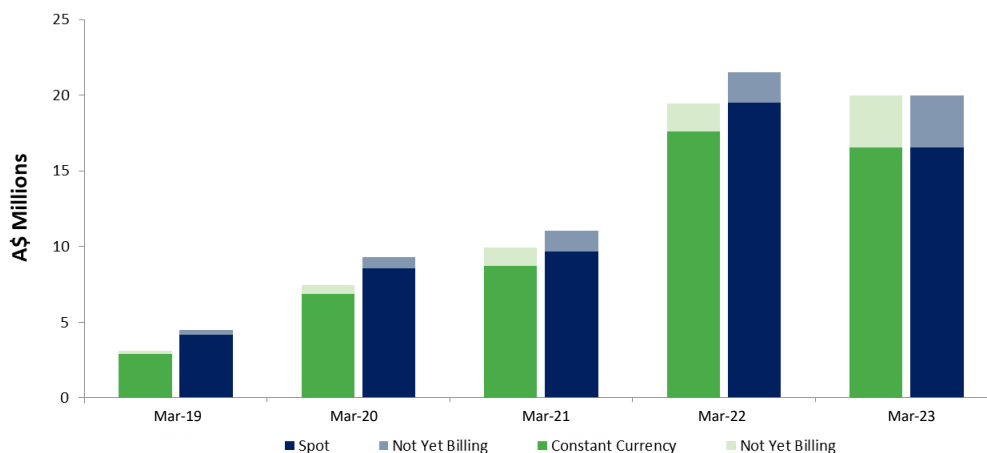
Q1 FY23 Underlying EBITDA was \$0.1m, up \$0.2m vs pcp.

Annualised Recurring Revenue

ARR of \$20.3m as at 31 March 2023 was down 6% vs pcp and up 4% on a constant currency basis.

ARR of \$20.3m consisted of \$10.9m (\$10.5m as at 31 Dec-22) from Radiology services and \$9.4m (\$9.2m as at 31 Dec-22) from Software. The software ARR includes \$3.6m from 172 active IMEXHS Cloud contracts and \$5.8m from IMEXHS Enterprise. The increase in Software ARR reflects new contract wins in high margin IMEXHS Cloud and Enterprise software.

Chart 1 shows ARR that is currently billing as well as ARR which is yet to commence billing.



Constant currency basis assumes that historic results are converted at the 31 Mar-23 exchange rate. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

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Cashflow

At 31 March 2023, IMEXHS held cash and cash equivalents of \$2.0m, compared with \$1.9m at 31 December 2022.

Cash receipts for Q1 FY23 were \$4.4m resulting in net cashflow from operating activities of \$0.8m. This quarter included a carry-over receipt of \$0.4 from Q4 FY22 and an annual tax reconciliation credit of \$0.26m.

Q1 cashflows used in investing activities were \$0.4m, with the company adding \$0.1m in capitalised software and \$0.3m in equipment.

Debt of \$0.9m was down by \$0.2m from \$1.1m at 31 December 2022. Debt of \$0.3m was repaid during the quarter and no new debt taken.

Operational Metrics and Project Implementation

Key operational metrics showed strong growth in Q1 FY23 compared to Q1 FY22:

- Software solutions were actively used by 3,126 radiologists, a 21% increase on Q1 FY22 (2,577 radiologists).
- IMEXHS's Enterprise Imaging Platform stored 1.8 petabytes of data in the cloud and processed over 333 million images for the quarter (2 million studies), a 107% increase on Q1 FY22, for a grand total of over 2 billion images since the inception of the Company.
- Over 639,000 people entered IMEXHS's patient portal over 1.6m times for an average of 2.5x visits per user, which was a 144% increase on Q1 FY22
- Radiologist team now totals 167 and the number of reported imaging studies is more than 293,500 for Q1, which was a 7% increase on Q1 FY22.

Sales and Market Update

Both software and radiology achieved planned sales in Q1 FY23.

IMEXHS Enterprise

In March, the Company signed a new support and maintenance contract with Colombia's Navy – an existing IMEXHS Enterprise customer – which is expected to contribute \$80,000 in new ARR.

IMEXHS Cloud

IMEXHS Cloud, the Company's standardised cloud-based radiology solution targeted at small and medium-sized customers, continued to strengthen its global footprint throughout Q1 FY23. The Company now has 172 active customers across 15 countries with ARR of \$3.6m as at 31 March 2023.

During the quarter, the Company signed 11 new customers across Mexico, Colombia, Ecuador, El Salvador, and Honduras. The Company cancelled 8 IMEXHS Cloud customer orders during the quarter largely due to the customer not being ready for implementation.

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IMEXHS Cloud continued to generate new sales and ongoing interest among larger medical institutions because of its comprehensive and affordable cloud solution.

Partners Program

During the March quarter, IMEXHS's Partners Program included 35 Partners across 15 countries.

Radiology services

A major business model in LATAM for radiology services is the outsourcing of imaging facilities. It represents a very attractive offer for hospitals throughout the LATAM region and allows the IMEXHS team an opportunity to deliver a high-quality service through the integration of technology and highly trained Radiologists.

During the first quarter, the Company's radiology services division won its first contract with Famisanar. The deal is expected to contribute \$1.1m in ARR. The Company began operations and billing in February 2023. Famisanar is Colombia's 5th largest insurance provider which currently caters to over 2.4m patients across 16 departments in Colombia.

The Company also signed a new contract with Clínica Cardio neurovascular Pabón in Colombia. The new 1-year contract is expected to contribute an estimated \$110,000 in ARR. Under the terms of the agreement, the Company's Enterprise Imaging Platform has been implemented and the Company will interpret all cardiac imaging studies at the customers hospital.

Product and Software Updates

Progress has been made during the quarter with new product and software releases as follows:

Components of IMEXHS Cloud and Enterprise

All products have been upgraded with enhanced security measures thanks to a significant update in the technology backend, improved cookie handling, authentication, and more efficient administration for user and password recovery.

Quality assurance (QA) was enhanced both for test coverage and test automation for all products. Q1 FY23 ended with 100% of test coverage for over 7,500 test use cases and 92.81% of total tests fully automated.

AQUILA v4.0

During the quarter, IMEXHS released new features and performed several improvements on its core radiology product – AQUILA:

- The integration between AQUILA, Patient Portal, and the new PACS has been adjusted to enable the modification of the image storage arrangement.
- Adaptation of AQUILA for Instituto Mexicano del Seguro Social (IMSS), integrating with Mexico's standard medical history system by coupling the appointment scheduling and reception module.
- Implementation of a new pathology module within AQUILA RIS, thus achieving the radiology and pathology workflow on a single platform.

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Universal Viewer v6.1.2

IMEXHS released new features and performed several improvements on its Universal Viewer which allows radiology professionals a better user experience:

- Access to tomosynthesis studies and their associated tools is now available.
- Radiologists can now mark certain images as "key" and conveniently locate them in the list of such images, thus improving reading efficiency.
- Hanging protocols allow the radiologist to distribute views within the window according to the DICOM metadata of the study being interpreted. This is performed when the Viewer opens without user intervention using a set of preconfigured templates. This tool optimizes reading times, avoiding manually dividing the window and organizing the studies every time.
- 2 new features developed for the Mexican market: a) new PDF encapsulation; b) improved annotation: arrow with a note, note-only, and spine labelling, that will improve user experience and help the radiologist to optimize reading time.

IMEXHS Portal v3.0.2

IMEXHS released new features and performed several improvements on its Patient Portal:

- Version 3.0.2 has been launched, which separates the Patient Portal from the Viewer, enabling the independent use of the latest versions of each product and facilitating integration with third-party tools for Patient Portal.
- The integration between AQUILA, the Patient Portal, and the new PACS has been modified to permit a modification in the storage structure of images.

IMEXHS PACS v5.9

During the quarter, IMEXHS released new features and performed several improvements on its DICOM Gateway:

- The storage architecture has been revamped to enhance performance and provide greater cost flexibility. The new multi-cloud PACS architecture will reduce cloud storage expenses, increase speed and flexibility, and introduce age-based policies for storing studies and images based on modality and use case.
- Completely new front-end (with new administration and configuration options) and backend developed.
- Decoupling PACS from Viewer so both products can work independently and be integrated with third-party tools.

Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of \$56,000 comprises of Director remuneration to executive directors.

Authorised for release by the Board of IMEXHS Limited.

-ENDS-

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About IMEXHS

IMEXHS Limited (ASX: IME) is an innovative provider of medical imaging software and radiology services in 18 countries including Colombia, the US and Australia. Founded in 2012, IMEXHS develops software as a service (SaaS) imaging solutions that includes a Picture Archiving and Communications System (PACS), a Radiology Information System (RIS), a Cardiology Information System (CIS) and an Anatomical Pathology Laboratory Information System (APLIS). Its solutions are 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 enhances patient outcomes. For more information, [visit www.imexhs.com](http://www.imexhs.com)

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
IMEXHS LIMITED		
ABN		Quarter ended ("current quarter")
60 096 687 839		31 Mar 2023
Consolidated statement of cash flows	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	4,388	4,388
1.2 Payments for	-	-
(a) research and development	(206)	(206)
(b) product manufacturing and operating costs	(1,190)	(1,190)
(c) advertising and marketing	(9)	(9)
(d) leased assets	(21)	(21)
(e) staff costs	(1,929)	(1,929)
(f) administration and corporate costs	(394)	(394)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(21)	(21)
1.6 Income taxes paid / received	158	158
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	14	14
1.9 Net cash from / (used in) operating activities *	791	791
<i>*The current quarter includes a carry-over receipt of \$0.4 from Q4 FY22 of and an annual tax reconciliation credit of \$0.2m.</i>		
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(276)	(276)
(d) investments	-	-
(e) intellectual property	(141)	(141)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(417)	(417)

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(273)	(273)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	6	6
3.10	Net cash from / (used in) financing activities	(267)	(267)
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,912	1,912
4.2	Net cash from / (used in) operating activities (item 1.9 above)	790	790
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(418)	(418)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(267)	(267)
4.5	Effect of movement in exchange rates on cash held	24	24
	Other (provide details if material)	-	-
4.6	Cash and cash equivalents at end of period	2,041	2,041
5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	2,041	1,877
5.2	Call deposits	-	35
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,041	1,912
6	Payments to related parties of the entity and their associates	Current quarter	
		\$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1		56
6.2	Aggregate amount of payments to related parties and their associates included in item 2		-
	Note: payments received from related parties and their associates included in item 1 amounts to:		-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.			

Financing facilities

7 Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

7.5 **Unused financing facilities available at quarter end**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
914	914
-	-
-	-
914	914
	-

<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Total facility</u>	<u>Amount drawn</u>
<u>Unsecured</u>				
Banco Coomeva	7.2	May-23	13	13
Banco Davivienda	9.7	Dec-24	159	159
Banco Itau	6.5	Apr-24	118	118
Banco Davivienda	6.1	Oct-24	134	134
PHV Group S.A.S	28.5	Aug-25	40	40
Banco Davivienda	9.4	Nov-25	450	450

Weighted average interest rate of 9.4% on borrowings.

	\$A'000
8 Estimated cash available for future operating activities	
8.1 Net cash from / (used in) operating activities (item 1.9)	791
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,041
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,041
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

N/A

8.6 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.6 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered

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.

Date: 28 April 2023

Authorised by: The Board of IMEXHS LIMITED

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the *[name of board committee – eg Audit and Risk Committee]*". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.