

ASX ANNOUNCEMENT

IMEXHS LIMITED – APPENDIX 4C

FY19 Q4 Cash Flow and Summary of Activities

Key Points

- Annual Revenue of \$7.7m, up 33% over 2018; Recurring Revenue of \$6.6m up 133%
- Annualised Recurring Revenue of \$8.5m, up 94% over 2018 from \$4.4m
- Successful \$10m capital raise completed strengthening balance sheet
- Debut exhibitor at RSNA, raising IMEXHS's profile on an international stage
- Entry into Australian market, signing a ten-year SaaS contract with CMU Holdings Pty Ltd
- First European customer signed, Tecnicas Medicas Milenium S.L
- Cash flow from operating activities not as strong as expected – remedial actions taken

SYDNEY – 31 January 2019 – Australian medical imaging company **IMEXHS Limited** (“**IMEXHS**” or “**the Company**”) announces its quarterly cash flow and activities summary for the period ended 31 December 2019.

IMEXHS CEO, Dr German Arango said “This was a significant quarter for IMEXHS. We signed key contracts in Australia and Spain growing our Annual Recurring Revenue to \$8.5m an increase of 94% compared to the same period in December 2018. We also successfully completed an important capital raise, strengthening the Company’s balance sheet and as a result we are well positioned to expand the distribution of our software solutions into new emerging and developed markets, including the US. The quarter also presented several challenges and we learned important lessons on cash flow management as we manage a fast growing, international business. We are working diligently to improve our internal controls and processes so that we can capitalise on the strong recurring revenue base we are building.”

Successful Capital raise

In December, the Company completed a successful capital raise. The two-tranche placement raised \$10m through the issue of 250,000,000 shares at an issue price of \$0.04 per share. The capital raise was well supported by both existing and new shareholders. Funds raised will be used to bring forward the development of target markets, accelerate research and development and for general working capital requirements.

Entry into Australian Market

In early October, the Company announced that its Australian distributor CrossPoint Telecommunications had signed its first Australian client, NSW Central Coast-based CMU Holdings Pty Ltd “CMU”, a mobile radiology service, covering Newcastle and the Hunter Valley region. The contract provides for the HIRUKO-AQUILA RIS/PACS platform to be provided for ten years on a pay per study basis and is not expected to materially impact the Company’s revenue. The contract validates the localisation of the HIRUKO software for the domestic Australian market and initial results have been positive with the implementation of HIRUKO allowing the Company to demonstrate the end to end capabilities, replacing four systems previously used by CMU.

New contract with AI-RAD

In November IMEXHS improved its existing relationship with AI-RAD SAS, with the announcement of a new 7-year PaaS contract involving all major modalities. The contract validates the benefits of the HIRUKO Solutions and reinforces the strong working relationship the Company has built with AI-RAD to date. The contract has a Total Contract Value (TCV) of US\$2.4m and will generate Annual Recurring Revenue of A\$506k.

First European Customer

In December IMEXHS signed its first SaaS contract with a Tecnicas Medicas Milenium S.L., a European based company that is part of the Health Time Group, a radiology firm based in Jaén, Spain. The contract is for IME's Teleradiology solution and HIRUKO's integrated Nuance Voice Recognition solution. The SaaS contract has a TCV of EUR 122,400 (~A\$200,000) over five years and Annual Recurring Revenue of A\$40k.

Radiological Society of North America (RSNA)

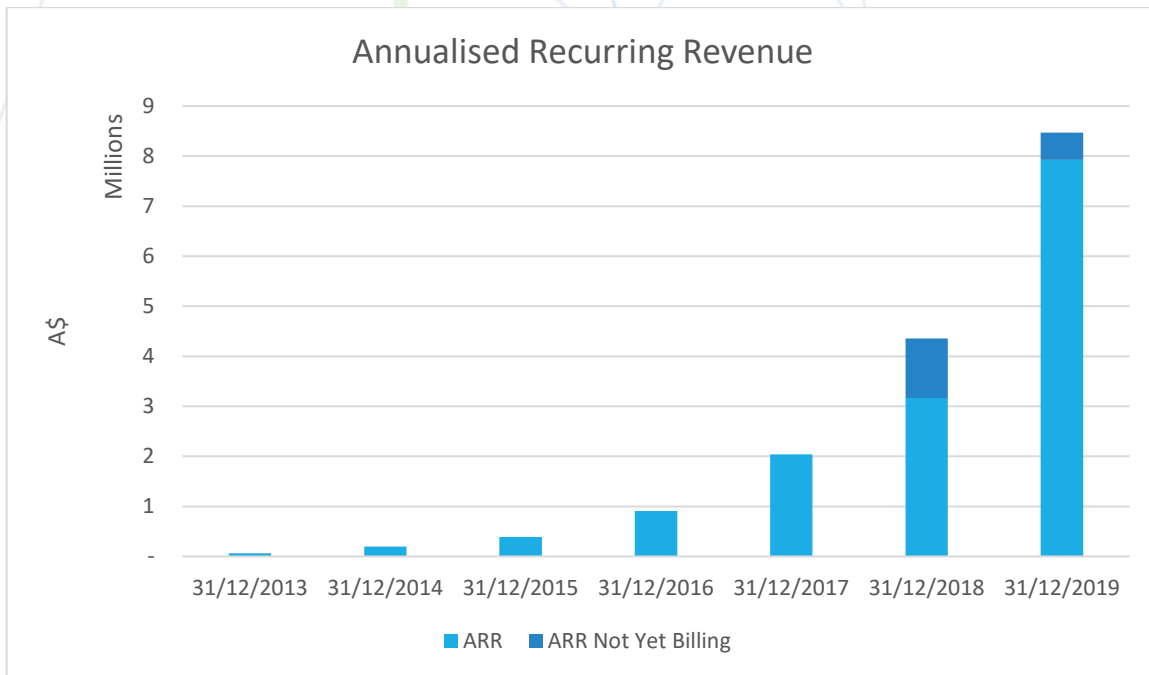
RSNA is an international society of radiologists and other medical professionals with more than 54,000 members across the globe. IMEXHS was pleased to participate in RSNA's annual conference for the first time. Their annual conference is one of the world's largest medical meetings with over 53,000 attendees. The Company's booth was very successful, attracting a lot of attention from over the world on the back of the recent attention at "the Minnies" as a semi-finalist in the category of "Best New Radiology Vendor".

Key Metrics

Annualised Recurring Revenue (ARR)

As at 31 December 2019, the Company's ARR was \$8.5m, representing an increase of 94% on December 2018, and a 4% increase on the quarter ending 30 September 2019.

The Company's preferred business model is securing contracted revenues over 5 to 7 years. The Company's historical contract renewal rate is over 95%, assuming this is maintained the ARR metric provides a good indication of the minimum revenues that the Company can expect over the next 12 months. The metric does not account for new business opportunities not yet converted.

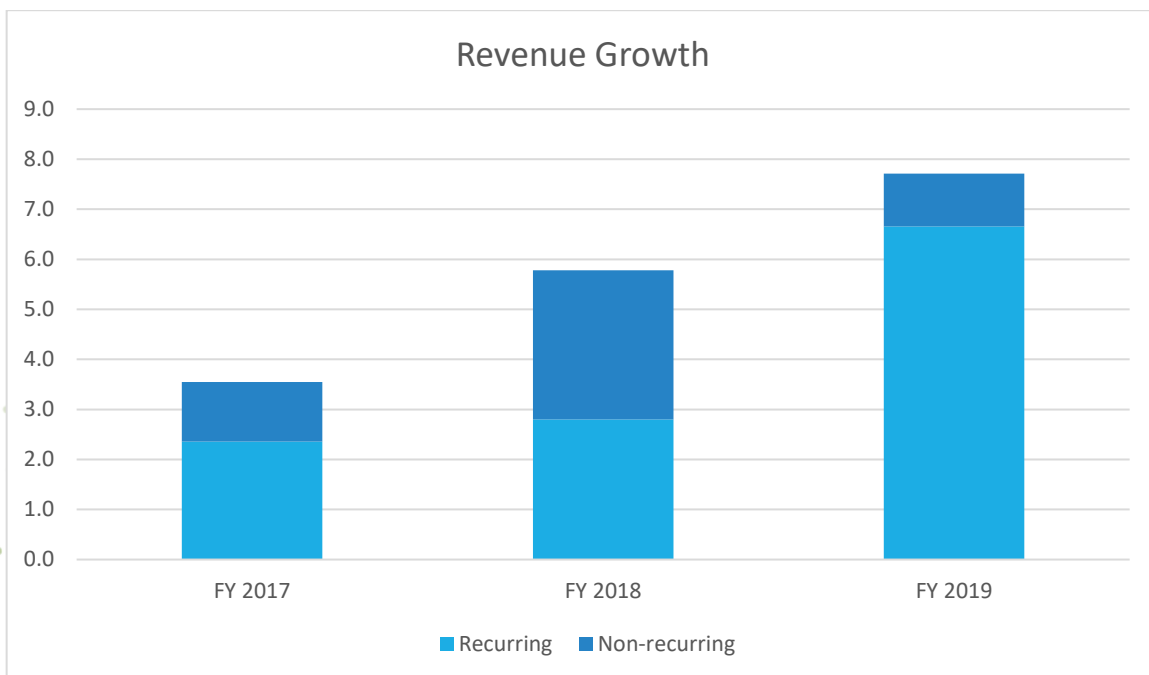


Total Contract Value (TCV)

TCV at the end of 2019 was \$24.5m, which was 8% higher than the prior quarter (\$22.6m) and 22.5% higher compared to the prior corresponding period of \$20.0m.

Revenues

We have seen an increase of 33% in revenue to over \$7.7m for the financial year. The Company has turned its focus to recurring revenue which has increased by 139% over 2019.



Cash Flows

Inflows

The Company's cash flows from Operating Activities were not as strong as had been expected for the quarter. Receipts from customers, of \$1.9m, were lower than the expected \$2.7m. The result was driven by lower than expected one-off sales of \$270k and a timing issue related to the settlement of invoices of \$440k by a large client. These invoices which were expected to be settled in this quarter were instead settled in January 2020. The Company continues to work with our clients to improve the timeliness of their payments.

The Company expects future inflows from one-off sales to be lower than the past, as the Company focuses on recurring revenue contracts.

Outflows from Operating Activities

The total cash outflows from operating activities were \$4.2m in the quarter, against our original forecast of \$2.6m.

The Company incurred additional general working capital payments for inventory from one off sales from previous quarters (\$577k) and administration and corporate expenses (\$650k) - these payments were not fully included in the forecast in the previous 4C.

Also included in the difference was the settlement of some outstanding payments for payroll and social security payments of \$424k which are only paid six monthly, which were not forecast, and some payments that were brought forward into the December quarter instead of being paid in Q1 2020 (\$154k).

Outflows from Investing & Financing Activities

The Company also used the funds to purchase some items to assist with the early implementation of various PaaS contracts which have been included in the outflows for Property, Plant and Equipment of \$860k, which had originally been anticipated in this quarter. The Company has signed formal loan documents and expects to receive financing for this in Q1 2020.

The Company also saw Financing Inflows of \$9.2m (after transaction costs) during the period as a result of the capital raise. The Company's cash balance increased to \$7.1m at the end of the period.

ENDS-



Authorised for release by Mr Carlos Palacio, Non-Executive Chairman of ImExHS Limited

For more information, please contact:

Australian Media and Investor Relations

Tom Kohlen

Citadel-MAGNUS

E: tkohlen@citadelmagnus.com

T: +61 (0) 2-8234-0108

M: +61 (0) 419-953-526

Business Inquiries

Tony Thomas - CFO

IMEXHS Limited

E: enquiries@imexhs.com.au

T: +61 (0)2-9030-0040

ABOUT IMEXHS

IMEXHS Limited [ASX: IME] is a leading imaging Software as a Service (SaaS) and ancillary solutions provider. Founded in 2012, IMEXHS is known for its innovation in the 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

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

60 096 687 839

Quarter ended ("current quarter")

31 DECEMBER 2019

Consolidated statement of cash flows (See Notes below)	Current quarter \$A'000	Year to date Twelve months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,915	6,947
1.2 Payments for		
(a) research and development	-	(46)
(b) product manufacturing and operating costs	(659)	(1,951)
(c) advertising and marketing	(81)	(158)
(d) leased assets	-	-
(e) staff costs	(1,814)	(3,872)
(f) administration and corporate costs	(1,420)	(3,821)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(50)	(112)
1.6 Income taxes paid	(213)	(795)
1.7 Government grants and tax incentives	-	-
1.8 Other – GST Received	9	51
1.9 Net cash from / (used in) operating activities	(2,311)	(3,754)

Item 1.1 Receipts from customers has increased by \$273k over the prior quarter, this was less than the amount forecast, mostly due to lower one-off sales than anticipated (\$270k) and delayed payments by a large client. They have since paid \$440k in January 2020 that had been forecast.

Item 1.2(b) includes an amount of \$577k related to the payment for inventory of equipment purchases for one-off sales from prior quarters.

Item 1.2(e) includes salaries paid for R&D activities and Sales & Marketing activities, approximately 15% and 12% of the total, respectively. This item also now includes salaries paid for radiologists that had previously been paid as a contracted service to RIMAB in Item 1.2(f). These had also been forecast against Item 1.2(f) in the previous Appendix 4C. Staff costs also included the payment of biannual monthly payroll and social security payments (\$424k) and expenses brought forward from Q1 2020 (\$154k).

Item 1.2(f) includes administration and corporate expenses paid in the current quarter that related to the previous quarter and current quarter (\$650k) and will reduce in the first quarter of 2020.

Item 1.2(f) includes sales related activities for travel of approximately 12% of the total.

Item 1.5 includes \$41k interest paid to Domatorisaro Pty Ltd, a related party of Dr Lingard..

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(860)	(2,659)
	(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	(860)	(2,659)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	10,000	10,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

3.4	Transaction costs related to issues of shares, convertible notes or options	(724)	(724)
3.5	Proceeds from borrowings	231	2,343
3.6	Repayment of borrowings	(186)	(414)
3.7	Transaction costs related to loans and borrowings (including Joint Venture Costs)	-	(10)
3.8	Dividends paid	-	-
3.9	Other	4	4
3.10	Net cash from / (used in) financing activities	9,325	11,199

Item 3.9 represent cash received from the payment for options granted in the period.

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	1,045	2,437
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,311)	(3,754)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(860)	(2,659)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,325	11,199
4.5	Effect of movement in exchange rates on cash held	(56)	(80)
4.6	Cash and cash equivalents at end of quarter	7,143	7,143

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	6,147	53
5.2	Call deposits	1,003	1,000
5.3	Bank overdrafts	-	-
5.4	Other (credit cards)	(7)	(8)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,143	1,045

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	207
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	

Item 6.1 Includes payments 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	13
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	

Item 7.1 Contains payments for services to Crosspoint Telecommunications Pty Ltd for IT & office services (\$9.6k) and payments to RIMAB for interpretation services (\$3k).

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	3,307	2,307
8.2	Credit standby arrangements	NIL	NIL
8.3	Other (please specify)	NIL	NIL

8.4 The loan facilities are unsecured loans from: Banco Colpatria (\$85k); Banco Bogota (\$313k); Finaktiva (\$65k); BBVA (\$216k) and Quartz Financial Services (\$628k).
There is a secured loan facility from Domatorisaro Pty Ltd (\$2m, of which \$1m has not been drawn).

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	11
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	17
9.4	Leased assets	-
9.5	Staff costs	1,485
9.6	Administration and corporate costs	1,201
9.7	Other (Refer note below)	2,367
9.8	Total estimated cash outflows	5,081


Item 9.7 includes payments for Interest (\$18k), Taxes (\$200k), Loan Repayments (\$1,239), and Property, Plant and Equipment (\$910k).

Against the above cash outflows, the company expects to collect \$2.4m in cash from customers and \$2.0m of financial facilities related to PaaS Property, Plant and Equipment.

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: 
Company Secretary

Date: 31 January 2020

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.