

ASX ANNOUNCEMENT

IMEXHS LIMITED - APPENDIX 4E – PRELIMINARY FINAL REPORT

Recurring Revenue up 136%, Driven by Strong SaaS Sales

Sydney, 28 February 2020 – Australian medical imaging company IMEXHS Limited (“IMEXHS” or “the Company”) today announces its Preliminary Final Report for the year ended 31 December 2019.

Highlights

- Full Year Sales Revenues of \$7.7m, up 34% on prior corresponding period (pcp)
- Recurring Revenue of \$6.6m, up 136% on pcp
- Annualised Recurring Revenue (ARR)¹ of \$8.5m, up 94% on pcp. CAGR of 124% since 2013
- Trade Receivables of \$2.7m, down 20% on pcp, with 89% current
- Strong balance sheet post \$10m capital raise, net assets now \$10.3m
- Cash and cash equivalents of \$7.1m, up 192% on pcp
- Net Tangible Assets of \$9.8m, up 85% on pcp
- Total Contracted Value (TCV)² of \$24.5m (up 22.5%)
- Strong weighted sales pipeline of \$63m

IMEXHS CEO, Dr German Arango said “2019 was a year of significant growth for IMEXHS. We successfully expanded the distribution of our imaging software solutions throughout Colombia and new international markets. Our strong recurring revenue growth was driven by a combination of new client wins and contract extensions from existing clients, demonstrating both the competitive advantages of our solutions and the low-turnover profile of our customer base. We also made significant investment in our software solutions, rolling out a number of important new web tools, our first Artificial Intelligence products and launching our multi-tenant architecture with our first implementation in Australia.”

“Importantly we maintained momentum in our sales pipeline which now stands at \$63m. We will continue to work hard over the year ahead to convert this pipeline into contracts, while also developing our suite of software solutions and AI capabilities, to ensure we remain at the leading edge of imaging software solutions.”

¹ ARR represents the minimum value of the current month billings, annualised. ARR Not Yet Billing represents the value of annualised billings for contracts that have been signed but implementation is yet to complete. The value is translated into Australian dollars at the spot rate prevailing at the end of the month.

² TCV represents the minimum remaining value in its recurring revenue contracts. It will reduce each month as the remaining months on a contract reduces. The value is translated into Australian dollars at the spot rate prevailing at the end of the month.

Business Models

IMEXHS has two distinct revenue models, recurring revenue from ‘as a service’ contracts and revenue from one off sales.

The Company is primarily focused on growing its recurring revenue base. Recurring revenue contracts include provision of software, support and in some instances associated hardware and maintenance.

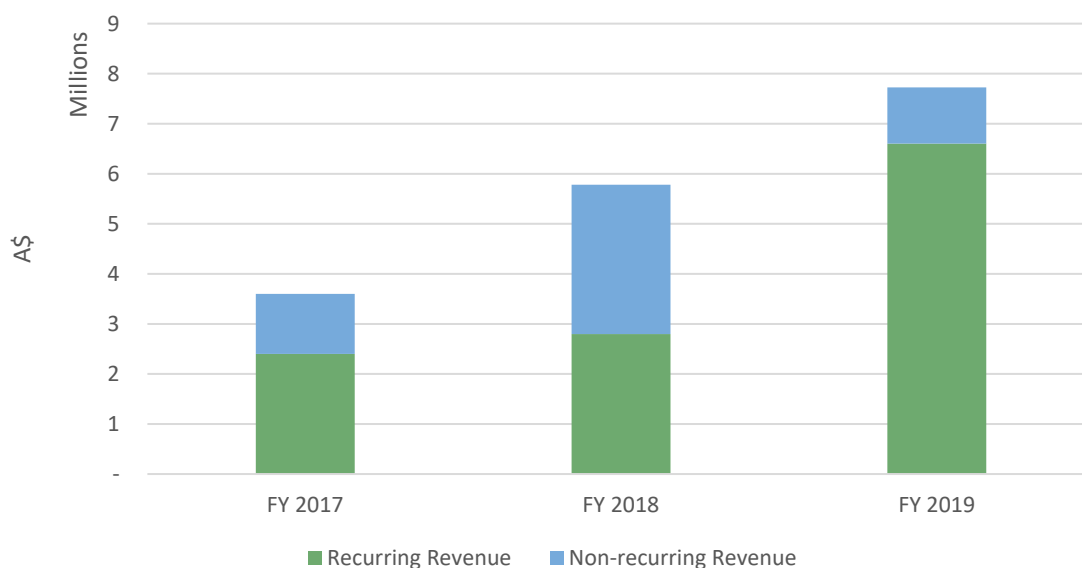
The Company’s average revenue mix for ‘as a service solutions’ is approximately 76% for software and the remaining 24% for hardware. These revenues are typically secured on 5-year contracts with monthly subscription fees.

The nature of multi-year ‘as a service’ contracts means that The Company incurs the majority of the costs of winning and rolling out a project in the year the contract is won. For an average 5 year contract billing starts half-way through the year and the company recognises 10% of the revenue in the year that these costs are incurred (half a year’s revenue on a 5 year contract). In the remaining years of the contract 20% of the total contract revenue will flow through whilst the majority of costs have already been expensed. This business model generates significant operating leverage and associated bottom line flow through in future years. ‘As a service’ sales represented 85% of total revenue as at 31 December 2019, up from 48% of revenue in 2018.

Financial overview

IMEXHS delivered sales revenue of \$7.7m for the year ended 31 December 2019, up 34% on pcp. The strong revenue growth was driven by a number of new client wins and contract renewals and extensions with existing customers.

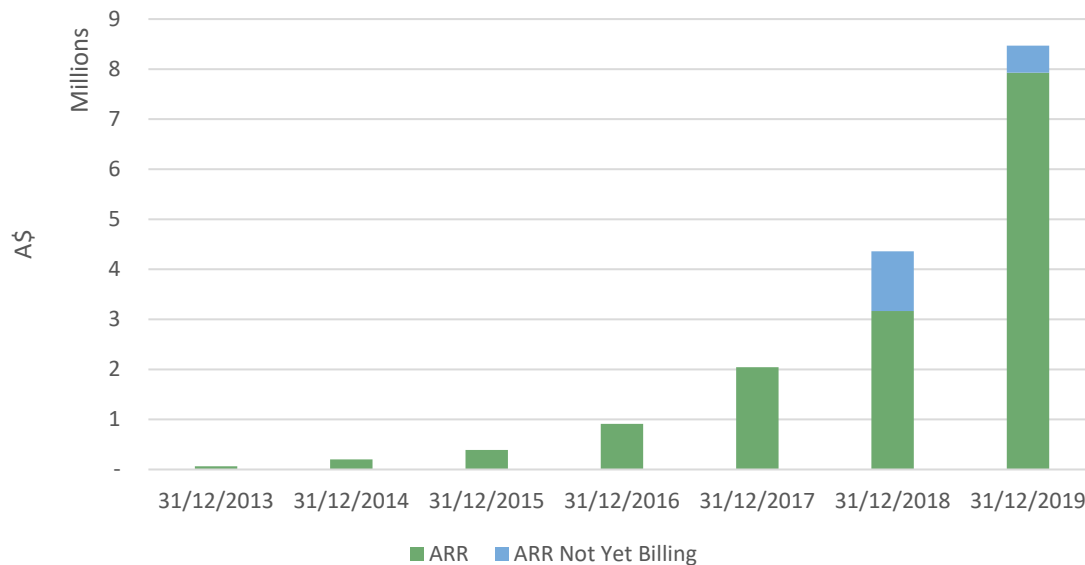
FINANCIAL YEAR REVENUE



Recurring Revenue of \$6.6m was up 136% on pcp, with lower non-core, one-off sales impacting the result. The gross margin³ was 70% at 31 December 2019, consistent with the prior year.

³ Gross Margin is calculated using hardware, licence, platform and product support costs

ANNUALISED RECURRING REVENUE



Annualised Recurring Revenue (ARR) of \$8.5m was up 94% on pcp. The Company's ARR has achieved a Compound Annual Growth Rate (CAGR) of 124% since the Company's inception in 2013. IMEXH's TCW at 31 December 2019 was \$24.5m, up 22.5% on pcp.

The Company reported increases in R&D expenses, radiology services expenses and administration and sales expenses which reflect the Company's efforts to advance its Artificial Intelligence capabilities, broaden its range of software tools and increase its sales and marketing presence. As a result, the Company delivered a net loss before tax of \$6.0m. The result was also impacted by higher non-cash items of depreciation, amortisation and impairment expenses.

The Company takes a conservative approach by expensing both its R&D costs and its 'aaS' contract acquisition costs in the year that they are incurred. This approach means that a larger percentage of future year revenues will flow through to the Company's bottom line.

The Company's balance sheet is well positioned with cash & cash equivalents of A\$7.1m at 31 December 2019 after the completion of a \$10m, two-tranche share placement. The placement was successfully completed at an issue price of \$0.04 per share.

Momentum in Colombia, key contract extensions & new client wins

IMEXHS's strong revenue result was driven by a number of key contract wins including a 1-year contract (with two automatic annual renewals) with Colsubsidio, a leading Family Welfare Fund in Colombia. The contract has a TCW of \$3.9m. The Company also won a new 7-year contract with existing customer AI-RAD (TCW \$3.5m). IMEXHS also announced the 6-year extension of an existing contract with Clínica Las Americas, one of the leading private hospitals in Colombia. The contract extension has a TCW of \$1.6m and demonstrates the recurring nature of our contracts.

IMEXHS also won contracts with Fundación Cardiovascular de Colombia (TCV \$0.3m), RadOne (TCV \$0.2m) and Los Valles Hospital (TCV \$0.2m). IMEXHS continues to see positive momentum in its sales pipeline with customers across LATAM increasingly choosing the HIRUKO™ software to meet their evolving imaging software needs.

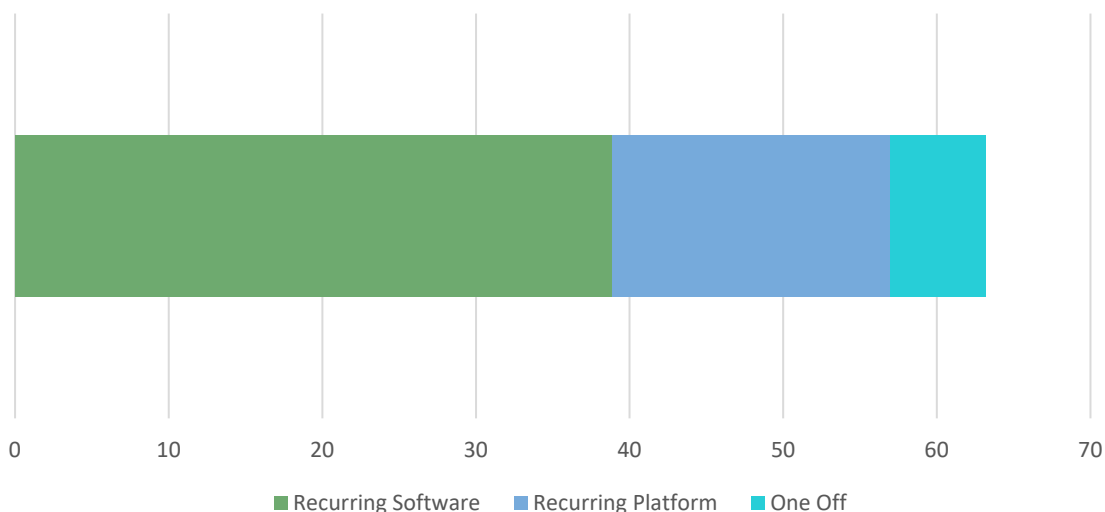
Geographic expansion gaining traction, sales pipeline increasing

IMEXHS received clearance from the US Food and Drug Administration (FDA) throughout the year. The clearance was an important milestone for the Company as it enables IMEXHS to distribute its suite of imaging software solutions to customers in the US. IMEXHS marked its entry into the US market with a first-time appearance at Radiological Society of North America (RSNA), one of the leading international industry events. The conference played a key role in helping IMEXHS raise its profile among important industry stakeholders.

IMEXHS also expanded the distribution of its imaging solutions in Panama, Honduras, Nicaragua, Uruguay and Brazil and won its first contracts in Spain, Australia and Puerto Rico. The Company also improved its brand awareness winning a number of internationally recognised awards including first place at SIM Hackathon and ANDICOM; fourth place in the Ingram Micro Cloud Comet Competition and reaching the semi-finals at “The Minnies” in the category of “Best New Radiology Vendor”.

With the global Radiology Information Systems (RIS) and Picture Archiving Communication System (PACS) market forecast to reach U\$5b by 2027, a CAGR of 7.4%. IMEXHS has a significant opportunity to grow its revenue base by winning contracts in a large and highly fragmented global market.

WEIGHTED SALES PIPELINE
A\$m

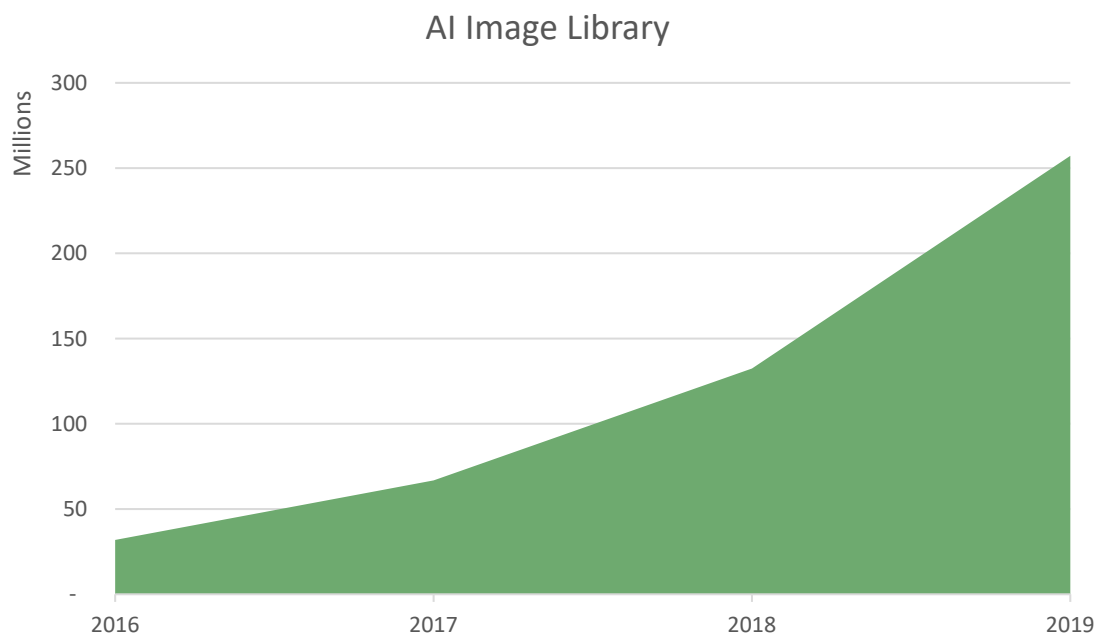


Ongoing investment in software and AI strengthening competitive advantage

IMEXHS continues to invest in Research & Development to enhance the competitive advantage of its software solutions and develop its Artificial Intelligence (AI) capabilities.

The significant investment during the year in R&D has enabled the release of additional web visualisation tools to the HIRUKO™ product suite. Throughout the year the Company released a number of new tools including triangulation, multiplanar reconstruction & maximum intensity projection, AI tools, cardiology and pathology platforms. The Company also released its industry leading multi-tenant architecture, which has the potential to be highly disruptive in the imaging software market.

By providing interpretation services in a number of strategic contracts the Company has developed a test bed for the development and training of its AI tools. The company now has access to over 257 million images from which it can leverage its AI development.



During 2019 the Company released a number of AI tools, the first of which assists radiologists through the analysis of chest x-rays across 14 diseases.

Providing Radiology Services is an important part of the Company's broader strategy as it facilitates the development of industry leading Artificial Intelligence products for the imaging software market.

Outlook for 2020

Sales growth

The Company is focussed on converting its strong LATAM sales pipeline and is continuing to expand the distribution of its imaging software solutions into new markets. In 2020 IMEXHS will focus on expanding its sales activities in LATAM, the US, Australia, Brazil and Spain.

Continued product innovation

We will leverage our expanded R&D resources and build on our competitive advantage by offering higher value tools and AI capabilities to the Medical Imaging industry.

Customer satisfaction

Customer satisfaction is key to renewing 'aaS' contracts at end of term. The Company is proud of its outstanding customer satisfaction and customer retention record and is committed to maintaining this performance. The Company is very proud of our record of never having had HIRUKO™ displaced by a competitor.

ENDS-

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

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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

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

1 Company Details

Name of entity: ImExHS Limited
 ABN: 60 096 687 839
 Reporting period: For the year ended 31 December 2019
 Previous period: For the year ended 31 December 2018

This preliminary report is based on accounts which are in the process of being audited.

2 Results for announcement to the market

		Year ended 31/12/19	Year ended 31/12/18	Change \$	Change %
2.1	Revenues from ordinary activities	7,869,814	6,086,980	1,782,834	29
2.2	Loss from ordinary activities after tax attributable to members	(6,002,288)	(4,887,165)	(1,115,123)	(23)
2.3	Net loss for the period attributable to members	(6,008,128)	(4,845,005)	(1,163,123)	(24)
2.4	<p>A brief explanation of the figures in 2.1 to 2.3</p> <p>In 2018, the company completed an acquisition of Imaging Experts and Healthcare Services Pty Ltd, an Australian based company. This company, had, in turn acquired Imaging Experts and Healthcare Services S.A.S, a Colombian based company earlier in 2018.</p> <p>Accordingly, the 2018 comparatives of ImExHS Limited have been prepared as a continuation of the business and operations of Imaging Experts and Healthcare Services S.A.S. As the deemed acquirer, Imaging Experts and Healthcare Services S.A.S. has accounted for the acquisition of Imaging Experts and Healthcare Services Pty Ltd from 20 April 2018 and has accounted for the acquisition of ImExHS Limited from 28 August 2018.</p>				

3 Statement of Comprehensive Income

Refer to attached preliminary report.

4 Statement of financial position

Refer to attached preliminary report.

5 Statement of cash flows

Refer to attached preliminary report.

6 Statement of changes in equity

Refer to attached preliminary report.

7 Dividend or distributions

There were no dividends paid, recommended or declared during the current financial period.

8 Details of any dividend or distribution reinvestment plans

Not applicable.

9 Net tangible assets per security

Net Tangible Assets (NTA) per share	As at 31/12/2019	As at 31/12/2018
NTA backing per ordinary share	\$0.008	\$0.006

10 Details of entities over which control has been gained or lost

Not applicable.

11 Details of associates and joint venture entities

Not applicable.

12 Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

None.

13 Foreign entities – details of which set of accounting standards is used in compiling the report

Not applicable.

14 A commentary on the results for the period

Refer to attached preliminary report.

15 A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed

This preliminary report is based on accounts which are in the process of being audited.

- 16 **If the accounts have not yet been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of the matter or other matter paragraph.**


Not applicable. The audited accounts are not likely to contain a modified opinion.

- 17 **If the accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph**

This preliminary report is based on accounts which are in the process of being audited.

- 18 **Signed**

On behalf of the directors



Carlos Palacio
Chairman
28 February 2020, Sydney

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2019

	2019	2018
	\$	\$
Sales Revenue	7,727,260	5,779,851
Interest and other revenue	142,554	307,129
Revenue from Ordinary Activities	7,869,814	6,086,980
Hardware & Licence Expenses	(1,090,415)	(1,051,538)
R&D and Support Expenses	(2,121,479)	(1,339,903)
Platform as a Service Expenses	(760,571)	(511,213)
Radiology Services Expenses	(3,120,907)	(498,772)
Administration and Sales Expenses	(4,294,600)	(2,603,171)
Interest, foreign exchange and other expenses	(899,521)	(528,129)
Listing and Share Based Payment Expenses	(65,712)	(3,929,770)
Depreciation and Amortisation	(825,929)	(306,711)
Impairment in inventories	(63,784)	(37,776)
Impairment losses on contract assets	(669,527)	(75,344)
Profit / (Loss) from ordinary activities before income tax	(6,042,631)	(4,795,347)
Income tax benefit / (expense)	40,343	(91,818)
Profit / (Loss) from ordinary activities after income tax	(6,002,288)	(4,887,165)
Other comprehensive income		
Items that may be reclassified to profit and loss		
Foreign currency translation of international subsidiaries	(5,840)	42,160
Total items that may be reclassified to profit and loss	(5,840)	42,160
Other Comprehensive Profit / (Loss) for the year	(5,840)	42,160
Total comprehensive profit / (loss) for the period attributable to the members of ImExHS Limited	(6,008,128)	(4,845,005)
Basic earnings / (loss) per share (cents per share)	(0.006)	(0.007)
Diluted earnings / (loss) per share (cents per share)	(0.006)	(0.007)

Consolidated Statement of Financial Position

As At 31 December 2019

	2019	2018
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	7,149,683	2,445,329
Trade and other receivables	3,653,647	3,880,759
Inventories	107,354	811,310
Total Current Assets	10,910,684	7,137,398
Non-Current Assets		
Property, Plant and Equipment	3,376,006	1,591,111
Intangibles	469,887	527,368
Right of Use Assets	40,805	-
Total Non-Current Assets	3,886,698	2,118,479
TOTAL ASSETS	14,797,382	9,255,877
LIABILITIES		
Current Liabilities		
Trade and other payables	870,151	1,897,472
Contract Liabilities	63,936	91,480
Borrowings	1,542,301	188,491
Lease liabilities	40,574	-
Employee Benefits	850,081	419,152
Other	1,113,703	726,264
Total Current Liabilities	4,480,746	3,322,859
Non-Current Liabilities		
Deferred tax liabilities	-	82,223
Total Non-Current Liabilities	-	82,223
TOTAL LIABILITIES	4,480,746	3,405,082
NET ASSETS	10,316,636	5,850,795
EQUITY		
Issued capital	19,757,466	10,553,259
Share-based payments reserve	2,478,480	1,208,718
Foreign Currency Translation Reserve	(21,232)	(15,392)
Retained profits / (accumulated losses)	(11,898,078)	(5,895,790)
TOTAL EQUITY	10,316,636	5,850,795

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) for the year before tax	(6,042,641)	(4,795,348)
Adjustments for:		
Depreciation and amortisation	825,929	306,711
Impairment in receivables	669,527	81,340
Impairment in inventories	63,784	38,077
Equity settled transactions	65,712	4,357,697
Net borrowing costs	488,645	193,033
Movement in trade and other receivables	(442,411)	(1,142,569)
Movements in inventories	640,172	(552,213)
Movement in trade and other payables	(1,027,322)	924,800
Movement in contract liabilities	(27,545)	(1,087,679)
Movement in employee benefits	430,929	199,001
Movement in other liabilities	387,358	150,681
Cash generated from operations	(3,967,863)	(1,326,469)
Interest received	2,774	2,866
Interest paid	(82,848)	(195,899)
Income Tax Paid	(41,880)	(21,937)
Net cash flow from operating activities	(4,089,817)	(1,541,439)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from acquisitions	-	347,484
Purchase of property, plant and equipment	(2,303,069)	(1,318,182)
Purchase of intangible assets	(157,420)	(352,299)
Net cash flow from investing activities	(2,460,489)	(1,322,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	10,000,000	5,500,000
Proceeds from issue of options	4,050	925
Equity settled convertible notes	-	500,000
Share issue transaction costs	(675,794)	(427,927)
Proceeds from borrowings	2,383,134	220,110
Repayment of borrowings	(338,670)	(530,772)
Principal elements of lease payments	(93,085)	-
Net cash flow from financing activities	11,279,635	5,262,336
Net increase / (decrease) in cash and cash equivalents	4,729,329	2,397,900
Cash and cash equivalents at beginning of year	2,445,329	4,593
Foreign exchange differences	(24,975)	42,836
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7,149,683	2,445,329

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2019

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 January 2018	1,559,756	-	(57,552)	(1,008,625)	493,579
Result for the year	-	-	-	(4,887,165)	(4,887,165)
Other comprehensive income for the year	-	-	42,160	-	42,160
Total comprehensive loss for the year	-	-	42,160	(4,887,165)	(4,845,005)
Transactions with owners in their capacity as owners:					
Issue of Ordinary Shares, net of transaction costs	8,993,503	-	-	-	8,993,503
Share & Options issued	-	1,208,718	-	-	1,208,718
Balance at 31 December 2018	10,553,259	1,208,718	(15,392)	(5,895,790)	5,850,795
Result for the year	-	-	-	(6,002,288)	(6,002,288)
Other comprehensive income for the year	-	-	(5,840)	-	(5,840)
Total comprehensive loss for the year	-	-	(5,840)	(6,002,288)	(6,008,128)
Transactions with owners in their capacity as owners:					
Issue of Ordinary Shares, net of transaction costs	9,204,207	-	-	-	9,204,207
Share & Options issued	-	1,269,762	-	-	1,269,762
Balance at 31 December 2019	19,757,466	2,478,480	(21,232)	(11,898,078)	10,316,636

Results for the Year

Revenue Growth

FY19 sales revenues were \$7.7m (2018: \$5.8m). Of these, revenues from recurring activities were \$6.6m (2018: \$2.8m) representing an increase of 136%.

The company's preference is for recurring revenue contracts, as this underpins our long-term shareholder value and this can be seen in the key metric, Annualised Recurring Revenue.

Annualised Recurring Revenue

Annualised Recurring Revenue (ARR) is a key metric for the company. ARR is the monthly recurring revenue of existing contracts expressed on an annual basis. As at 31 December 2019, ARR was \$8.5m (2018: \$4.3m), an increase of 94%.

The company continues its impressive growth record, with Compound Annual Growth Rate (CAGR) of ARR of 124% since inception.

Strategic Initiatives

During the year the company won an important contract with Colsubsidio (TCV \$3.9m) that included the provision of Radiology services. By providing interpretation services the company has a test bed for the development and testing of its new AI tools. The library of radiological images and diagnosis (increasing by more than 35,000 studies per month) is of immense value to the company in training its new AI tools and algorithms. IMEXHS thereby has access to data to enhance its Artificial Intelligence capabilities in a manner not accessible to many of its competitors.

The significant investment during the year in R&D has enabled the release of additional web visualisation tools, AI tools, cardiology and pathology platforms, and its industry leading multi-tenant architecture which has the potential to be highly disruptive in the marketplace.

Financial Performance

The company's loss for the year ended 31 December 2019 was \$6.0m (2018: loss of \$4.8m).

The loss in the prior year included the costs associated with the reverse take-over of Imaging Experts and Healthcare Services Pty Ltd and subsequent relisting. The total of these costs was \$4.0m, of this \$0.8m represented recurring costs of the holding company for corporate costs associated with being a listed entity that had been incurred prior to the acquisition date.

The following table provides a summary of important balances from the Group's Statement of Profit or Loss for the year ended 31 December 2019:

Consolidated	31 December 2019 \$	31 December 2018 \$	Movement %
Recurring Sales Revenue	6,602,883	2,797,682	136%
One off Sales Revenue	1,124,377	2,982,169	-62%
	<u>7,727,260</u>	<u>5,779,851</u>	34%
Hardware & Licence Expenses	(1,090,415)	(1,051,538)	-4%
R&D and Support Expenses	(2,121,479)	(1,339,903)	-58%
Platform as a Service Expenses	(760,571)	(511,213)	-49%
Radiology Services Expenses	(3,120,907)	(498,772)	-526%
Administration and Sales Expenses	(4,294,600)	(2,603,171)	-65%
Other income/expenses	(2,381,919)	(4,570,601)	48%
Result before tax	<u>(6,042,631)</u>	<u>(4,795,347)</u>	-26%
Adjusted for:			
Net borrowing costs	592,737	193,013	207%
Depreciation and Amortisation	825,929	306,711	169%
EBITDA	<u><u>(4,623,965)</u></u>	<u><u>(4,295,623)</u></u>	-8%

Hardware & Licence Expenses

The company's expenditure on Hardware & Licences for the year was \$1.1m (2018: \$1.1m), a slight increase which was slightly higher than the prior year and reflects the usage of inventory for 'as a service' contracts.

R&D and Support Expenses

R&D and Support Expenses for the year was \$2.1m (2018: \$1.3m), an increase of 58%. This was a strategic decision the company took, to increase its investment in R&D activities, which has been instrumental in the ability for the company to release its new Triangulation Web Tool, Multiplanar Reconstruction Web Tool & Maximum Intensity Projection Web Tools; its first release of AI tools targeted at chest X-rays; and the new multi-tenant architecture of HIRUKO.

Platform as a Service Expenses

Platform as a Service Expenses for the year was \$0.8m (2018: \$0.5m), an increase of 49%. With the success in this business, expenses related to it, including the maintenance of some software licences and the maintenance and repair of machinery and equipment has increased.

Radiology Services Expenses

Radiology Services Expenses for the year were \$3.1m (2018: \$0.5m). The company has three contracts in which it provides Radiology services, i.e. radiological interpretation as part of the whole contract, the largest of which is the recent Colsubsidio contract. IMEXHS has entered into a limited number of these contracts due to the strategic benefit it derives in developing its Artificial Intelligence capabilities. In addition to the increase in our image library for AI mentioned earlier, by using HIRUKO in the real world, IMEXHS has the opportunity

to control the testing of software enhancements in the real world prior to wide release. This ensures that we are able to continually include efficiencies in the platform to the ultimate benefit of our customers.

Administration & Sales Expenses

The company's expenditure on Administration and sales for the year was \$4.3m (2018: \$2.6m), an increase of 65%. It is important to note that the prior year comparatives do not include the expenses for the Australian companies for the whole year, as they are only included from the date of the reverse-takeovers. This had the effect of reducing the 2018 Administration and Sales Expense numbers by \$0.8m.

More detailed information on the components of Administration and Sales Expenses is included below and includes the prior year comparative with the effect of the reverse take-over (RTO) elimination removed to provide a meaningful 12 month comparison of the Australian entities' contribution to costs.

Consolidated	31 December 2019 \$	31 December 2018 \$	31 December 2018 excl RTO \$
Employee and Director Benefit Expenses	1,726,610	1,160,255	1,211,174
Audit, Legal and Tax Advice Fees	403,467	275,213	554,775
Taxes	179,173	83,181	83,181
Office expenses	283,645	239,766	245,862
Insurance	96,560	23,223	73,881
Advertising & Marketing	180,220	42,942	42,942
Corporate expenses	606,901	348,842	726,034
Maintenance	4,090	16,939	18,939
Travel	223,940	189,158	196,441
Other	589,994	223,652	224,717
	4,294,600	2,603,171	3,377,946

Employee and Director Benefit Expenses

The company's expenditure on Employee and Director Benefit was \$1.7m (2018: \$1.1m, adjusted for RTO \$1.2m). The increase represents payment of salaries to the company's original founders, Dr Arango, Dr Marin, Andres Vanegas & Alexander Sanz, to reflect full-time market salaries. This increase adds around \$743k per annum when including salary-related government charges. In 2018 these increased salaries were only from the date of listing, i.e., four months.

Audit, Legal and Tax Advice Fees

Audit, Legal and Tax Advice Fees for the year was \$0.4m (2018: \$0.3m, adjusted for RTO \$0.6m). The reduction in fees is primarily related to the additional fees incurred by IMEXHS Limited in 2018 related to the acquisition.

Taxes

Indirect taxes levied on the business are \$0.2m (2018: \$0.1m) and reflect an increase due to the increased business activity by the Colombian entity.

Office Expenses

Office expenses were \$0.3m (2018: \$0.2m, adjusted for RTO: \$0.2m). This number which in the prior year included office rent (which following the adoption of AASB 116 *Leases* would have been expected to fall). However, the growth of the business has seen other general office expenses offset this fall.

Insurance

Insurance expenses were \$0.1m (2018: \$0.0m, adjusted for RTO: \$0.1m). The increase reflects the increase on the renewal of various insurances.

Advertising & Marketing

Advertising & Marketing were \$0.2m (2018: \$0.0m). The increase reflects the increased activity by IMEXHS, particularly in respect of industry conferences, and most notably our first-time as an exhibitor at the Radiological Society of North America conference.

Corporate Expenses

Corporate Expenses were \$0.6m (2018: \$0.3m, adjusted for RTO: \$0.7m). These expenses are comprised mostly of Australian expenses related to costs associated with being a listed entity (ASX, ASIC, Company Secretarial) and corporate advisory costs. This number has reduced from the adjusted RTO figure in 2018 as the figure included advisory costs related to the RTO transaction.

Other Expenses

Other Expenses were \$0.6m (2018: \$0.2m, adjusted for RTO: \$0.2m). The main reason for the increase in 2019 relates to a decision by the Colombian Tax Authorities to deny deduction to IMEXHS for certain withholding taxes taken by foreign suppliers in 2017 and 2018.

Financial Position

The company had net assets of \$10.3m (2018: 5.9m), an increase of 76%; and net tangible assets of \$9.8m (2018: \$5.3m), up by 85% over the year. Cash and cash equivalents increased to \$7.1m (2018: \$2.4m).

The following table provides a summary of important balances from the Group's Statement of Financial Position at 31 December 2019:

Consolidated	31 December 2019 \$	31 December 2018 \$	Movement %
Cash and cash equivalents	7,149,683	2,445,329	192%
Trade and other receivables	3,653,647	3,880,759	-6%
Inventories	107,354	811,310	-87%
Property, Plant and Equipment	3,376,006	1,591,111	112%
Trade and other payables	(870,151)	(1,897,472)	-54%
Borrowings	(1,542,301)	(188,491)	718%
Other Assets/Liabilities	(1,557,602)	(791,751)	97%
Net Assets	<u>10,316,636</u>	<u>5,850,795</u>	76%
<i>Net Tangible Assets</i>	9,846,749	5,323,427	85%

Cash and cash equivalents

IMEXHS had cash balances as at 31 December 2019 of \$7.1m (2018: \$2.4m), which was up 192% over the prior year. The company completed a capital raise during the year that generated \$9.3m (net of fees) of cash for the company.

Trade and other receivables

The level of trade and other receivables has reduced from \$3.9m to \$3.7m. Of this, trade receivables has dropped by 20% to \$2.7m (2018: \$3.4m). The company has improved its cash collections during the year, which has reduced the number of accounts past due less than 180 days. The company increased its provision on long-outstanding debtors. It is important to note that some of these debtors are already on repayment plans and continues to pursue the other long outstanding debts.

Overall, net trade receivables now stand at 89% in current status.

Inventories

The company's inventories has reduced in line with the general strategy of pursuing recurring revenue sales. This has seen inventories fall by 87%.

Property, Plant and Equipment

The investment in Property, Plant and Equipment has increased to \$3.4m (2018: \$1.6m), or 112%. This increase is driven by the success in winning important recurring revenue contracts.

Trade and other payables

Trade and other payables is \$0.8m (2018: \$1.9m), a reduction of 54%. Historically, trade payables has been high in December owing to the one off sales made in the last quarter of the year. As the company reduces its focus on one off sales, trade payables has fallen. This may include equipment that has already been installed and generating revenue for the company.

Borrowings

The company's borrowings are \$1.5m (2018: \$0.2m), this increase has been brought about by the company's preference to obtain financing of the acquisition of property, plant and equipment and software licences necessary for the company's Platform as a Service contracts, to allow for cash flow neutral financing of equipment.