

30 October 2023

ASX ANNOUNCEMENT

2023 Q3 Activity Report and Appendix 4C

Financial Highlights¹

- Q3 FY23 revenue of \$5.2m, up 36% vs pcp; up 19% on a constant currency basis².
- Q3 FY23 Underlying EBITDA³ was a loss of \$0.1m; down \$0.1m vs break-even in pcp.
- YTD FY23 Underlying EBITDA was a profit of \$0.4m; up \$0.7m vs pcp.
- Q3 FY23 recurring revenue of \$5.1m represented 97% of total revenue.
- Annualised Recurring Revenue (ARR)⁴ of \$24.9m, up 20% vs pcp; up 6% on a constant currency basis.
- Debt of \$0.8m at 30 Sept-23, down from \$1.1m at 31 Dec-22.
- Cash of \$0.9m at 30 Sept-23, down from \$1.9m at 31 Dec 22 due to a delay in September receipts.

Operational Highlights

- New 5-year SaaS contract worth A\$2.1m with Organizacion Clinica General del Norte, the first group of hospitals of Grupo Avidanti - Zentria in Colombia. The current contract, priced in USD, is expected to contribute circa A\$430,000 in Annual Recurring Revenue (ARR).
- Two new radiology services contracts signed after quarter end.
- Continued sales momentum for IMEXHS Cloud standardised radiology solution.
- IMEXHS Enterprise and IMEXHS Cloud finished the quarter with a total of 471 installations worldwide.

IMEXHS Limited (ASX: IME) (“IMEXHS” or “the Company”) today provides its quarterly cash flow and activities summary for the period ended 30 September 2023. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 18 countries.

IMEXHS CEO Dr German Arango said, “During the quarter we completed the design of the new value proposition for the company and commenced the software development required. This programme will enhance our market approach and sales results, to accelerate growth, while maintaining the cost structure. We are confident this will be a significant catalyst for accelerated growth.

We are taking additional measures and procedures for protecting cash and working capital, given the growth in radiology contracts”.

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 Q3 FY23 results are converted at the average foreign exchange rate for Q3 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 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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Financial Summary

The Colombian Peso (COP) strengthened significantly against both the USD and AUD in the first nine months of 2023, and as at 30 September 2023 was trading 11% stronger against the AUD compared with 30 September 2022.

Q3 FY23 revenue of \$5.2m was up 36% vs pcp and up 19% on a constant currency basis.

YTD FY23 revenue of \$14.0m was up 5% vs pcp; up 7% on a constant currency basis.

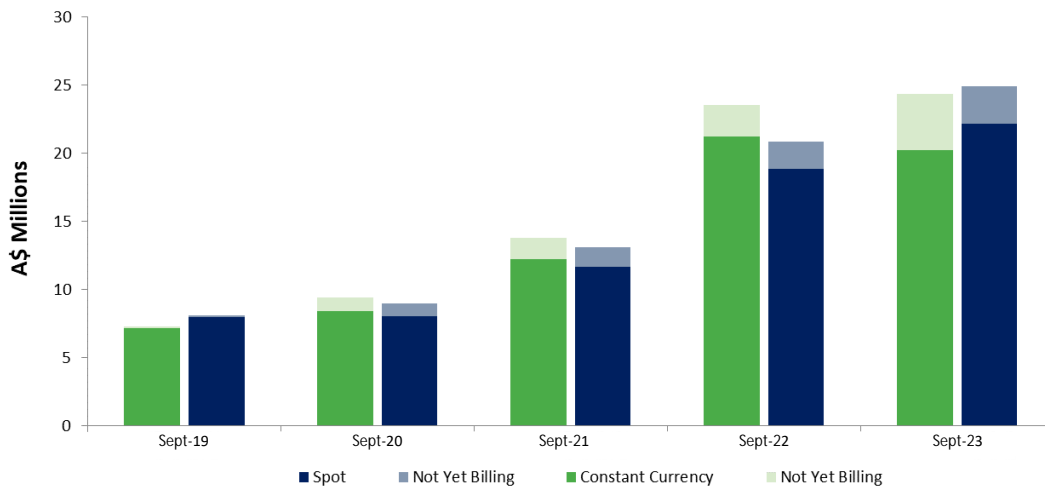
YTD FY23 software revenue of 41% was priced in hard currencies which is translated to COP or local currency at the spot rate (was 31% of FY22 Software Revenue).

Annualised Recurring Revenue

ARR of \$24.9m as at 30 September 2023 was up 20% vs pcp and up 6% on a constant currency basis.

ARR of \$24.9m consisted of \$13.8m (\$10.5m as at 31 Dec-22) from Radiology services and \$11.1m (\$9.2m as at 31 Dec-22) from 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 30 Sept-23 exchange rate. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

Cashflow

At 30 September 2023, IMEXHS held cash and cash equivalents of \$0.9m, down from \$2.0m at 30 Jun-23.

Cash receipts for Q3 FY23 were \$4.8m and lower than expected with some collection slippage through to October from major customers. This resulted in net cash used in operating activities of (\$0.5m). Two payments totalling \$955,000, that were due in September, were received in early October. Had these late payments been received when due in September, net operating cashflows would have been positive.

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Q2 cashflows used in investing activities were \$0.5m, with the company adding \$0.2m in capitalised software and \$0.3m in equipment.

Debt of \$0.2m was repaid during the quarter and no new debt taken.

Operational Metrics and Project Implementation

Key operational metrics showed strong growth in Q3 FY23 compared to Q3 FY22:

- Software solutions were used by 3,251 radiologists, a 14% increase on Q3 FY22 (2,845 radiologists).
- IMEXHS's Enterprise Imaging Platform stored 2 petabytes of data in the cloud and processed over 398 million images for the quarter (2.1 million studies), a 138% increase on Q3 FY22, for a grand total of over 2.8 billion images since the inception of the Company.
- Over 719,000 people entered IMEXHS's patient portal over 1.7m times for an average of 2.4x visits per user, which was an 86% increase on Q3 FY22.
- Radiologist team now totals 168 and the number of reported imaging studies is more than 301,000 for Q3, which was a 7.5% increase on Q3 FY22.

Sales Update

During Q3 FY23, the Company's software business unit successfully met its New Annual Recurring Revenue (NARR) target, while the radiology division, although falling short in the same period, has built a robust pipeline for the upcoming fourth quarter, and sales are on plan for the quarter.

The Company has made the decision to revamp the way it reports sales metrics for its software division. This updated framework is more closely aligned with the Company's daily operations, cost structure, and conforms with IMEXHS's preferred customer profile.

IMEXHS Software

During the September quarter, the Company has processed over 2.1m studies across its medical imaging platforms across 471 sites in 18 countries with ARR of \$11.1m as at 30 September 2023.

IMEXHS Cloud, the Company's standardised cloud-based radiology solution continues to generate substantial attention from large medical establishments, leading to the successful execution of three noteworthy multi-year contracts for IMEXHS Cloud. These agreements collectively contribute ARR of A\$324,775.

During the September quarter, the Company also signed a new 5-year SaaS contract worth A\$2.1m with Organización Clínica General del Norte, the first group of hospitals of Grupo Avidanti - Zentria in Colombia. The current contract, priced in USD, is expected to contribute circa A\$430,000 in Annual Recurring Revenue (ARR).

The Company will implement IMEXHS Enterprise Software across Grupo Avidanti – Zentria's network of hospitals and clinics, initially at Organización Clínica General del Norte's 12 sites. Up to the quarter end, the largest five sites were completely deployed, accounting for more than 50% of the volume of activities.

There are a further six groups of hospitals within the Grupo Avidante (17 sites) under negotiation across Colombia.

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Partners Program

IMEXHS's Partners Program included 31 Partners across 14 countries by 30 September FY23. During the quarter, the Company has opted to terminate one partner distribution contract.

Radiology services

During Q3 the sales focus was on the procurement and execution of two new contracts which were signed and announced after the quarter-end, in October.

A new \$2.0m contract was won with Colombia's National Police Force, IMEXHS's largest contract to date with this institution. The initial agreement is for 15 months and is expected to contribute A\$1.6m in Annualised Recurring Revenue.

Secondly, the company won a new A\$1.6m, 3-year contract with the San Carlos Hospital Foundation in the southern region of Bogota. The 3-year contract is expected to contribute A\$530,000 in Annual Recurring Revenue (ARR).

The San Carlos Hospital Foundation was founded in 1948 and focuses on providing comprehensive high-complexity healthcare services, offering a comprehensive portfolio of services in surgical specialties.

Under both new contracts, IMEXHS's cloud-based Enterprise Software will be installed at the Hospitals.

Product and Software Updates during Q3 FY23

The design of the "new value proposition" software package was completed during the quarter and will be completely delivered within 18 months, with partial releases in between.

It will create enhancements in cybersecurity, post sales service, AI workflow and visualization tools, collaborative work and deployment times. The resulting portfolio will mainly address the market high-end, while improving the low to mid-end proposition.

Components of IMEXHS Cloud and Enterprise

During the September quarter, two main goals were achieved for the product portfolio: first, new features and functionalities that improved our offering were developed and implemented; second, a detailed diagnosis of the current technological stack and product architecture was performed. This will guide the future roadmap for Q4 FY23 and FY24.

AQUILA v4.0

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

- Significant enhancements to AQUILA ENTERPRISE, including resolving software issues and ensuring seamless compatibility with various older versions of PACS. This means that we can now accommodate customers using older or legacy PACS technologies.
- New version of the critical cases module to enable easier identification for specific use cases developed. This new version will speed up the process, increase technologists' and radiologists' productivity, and fulfill legal requirements in several jurisdictions in Latam.

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Universal-Viewer v6.1.2

During the quarter, IMEXHS released new features and performed several improvements on its Universal Viewer which offers radiology professionals a better user experience:

- New video support feature available. It will enable the upload of videos (MP4 format) to be visualized, easing diagnosis for radiologists with endoscopy equipment that creates images only with this format.
- Released version includes fixes and improvements in security and compatibility with PACS versions before v5.29. Thus, enabling the update of Viewer with older customers and new customers using older versions of their own PACS.

IMEXHS Portal v3.1.0

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

- New release, version 3.1.0, includes important security improvements and fixes, as well as the new patient terms and conditions component enabled by default.

IMEXHS PACS v5.9

During the quarter, IMEXHS released new features and performed several improvements on its PACS system:

- Automation of the migration of studies and images has been deployed successfully, enabling a faster and more robust process so customers with older versions or new customers with other PACS technologies can migrate their data with minimal disruption to their operations.

Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, cash payments to Related Parties of \$53,000 comprises of remuneration to executive directors.

Authorised for release by the Board of IMEXHS Limited.

-ENDS-

For more information, please contact:

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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	30 Sep 2023	
Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	4,840	13,676
1.2 Payments for		
(a) research and development	(224)	(730)
(b) product manufacturing and operating costs	(1,962)	(4,565)
(c) advertising and marketing	(17)	(60)
(d) leased assets	-	(22)
(e) staff costs	(2,563)	(6,229)
(f) administration and corporate costs	(464)	(1,285)
1.3 Dividends received	-	-
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid	(26)	(69)
1.6 Income taxes paid / received	(107)	(177)
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	5	26
1.9 Net cash from / (used in) operating activities	(516)	571
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(288)	(646)
(d) investments	-	-
(e) intellectual property	(204)	(490)
(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	(492)	(1,136)

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	(164)	(616)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	8	12
3.10	Net cash from / (used in) financing activities	(156)	(604)

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,966	1,912
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(516)	571
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(492)	(1,136)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(156)	(604)
4.5	Effect of movement in exchange rates on cash held	80	139
	Other (provide details if material)	-	-
4.6	Cash and cash equivalents at end of period	882	882

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	882	2,041
5.2	Call deposits	-	-
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)	882	2,041

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	53
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		Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7	<i>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.</i>		
7.1	Loan facilities	815	815
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	815	815
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.		
	<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
	<u>Unsecured</u>		
	Banco Davivienda	20.2	Dec-24
	Banco Itau	18.6	Apr-24
	Banco Davivienda	17.6	Oct-24
	PHV Group S.A.S	28.5	Aug-25
	Banco Davivienda	20.7	Nov-25
			<u>Total facility</u>
			<u>Amount drawn</u>
			143
			75
			109
			33
			455
Weighted average interest rate of 20.3% on borrowings. Interest rates reviewed and updated for all-in costs.			
8	Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)		(516)
8.2	Cash and cash equivalents at quarter end (item 4.6)		882
8.3	Unused finance facilities available at quarter end (item 7.5)		-
8.4	Total available funding (item 8.2 + item 8.3)		882
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)		1.7
	<i>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.</i>		
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?		
	No. Please refer commentary in Q3 Activity Report on delayed payments and working capital.		
	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?		
	Yes. During October the company has entered into a new financing arrangement for \$550K.		
	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?		
	Yes. Please refer item 8.6.1 and 8.6.2.		
	<i>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</i>		

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: 30 October 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.