

30 July 2024

## ASX ANNOUNCEMENT

# 2024 Q2 Activity Report and Appendix 4C

### Financial Highlights<sup>1</sup>

- Q2 FY24 revenue of \$6.8m, up 40% vs pcp; up 26% on a constant currency basis<sup>2</sup>.
- 1H FY24 revenue of \$13.8m, up 57% vs pcp; up 32% on a constant currency basis.
- Q2 FY24 Underlying EBITDA of \$0.3; down \$0.1m vs pcp.
- 1H FY24 Underlying EBITDA<sup>3</sup> of \$0.5m; flat vs pcp.
- ARR<sup>4</sup> of \$29.6m, up 21% vs pcp; up 21% on a constant currency basis.
- Debt of \$0.9m at 30 June 2024, down from \$1.2m at 31 March 2024.
- Cash of \$1.9m at 30 June 2024, up from \$1.4m at 31 March 2024.

### Operational Highlights

- New radiology services contract with an existing customer secured in Colombia is expected to contribute \$564,000 in ARR, adopting the new and improved margins goals.
- IMEXHS Enterprise and IMEXHS Cloud finished the quarter with a total of 518 installations worldwide, a 12% increase on Q2 FY23.
- Sales pipeline for both IMEXHS Software and Radiology services remains strong with a broad range of opportunities. Both software and radiology sales are in line with plan for the quarter and the half year.
- Software sales added \$0.7m in the quarter and \$1.2m in the half in ARR.
- Software development program of the Enterprise New Value Proposition remains on time and on budget and trials of the early-stage product are underway. As an early consequence of the New Value Proposition project over the last six months service levels as measured by service resilience (uptime) and response times is showing steady and ongoing improvement.

**IMEXHS Limited (ASX: IME)** (“IMEXHS” or “the Company”) today provides its quarterly cash flow and activities summary for the quarter ended 30 June 2024. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 18 countries.

IMEXHS CEO Dr. German Arango said, “I am pleased to share with our investors this quarterly report, which confirms the strong sales momentum and traction our software business is experiencing, along with early steps of margin improvement in our radiology services division.

<sup>1</sup> All financial information for FY24 in this announcement is preliminary, unaudited financial information and may be subject to adjustment following audit review.

<sup>2</sup> Constant currency basis assumes Q2 FY24 results are converted at the average foreign exchange rate for Q2 FY23. This removes the impact of changes in currency rates and allows comparison of IMEXHS’s underlying operating performance.

<sup>3</sup> Underlying EBITDA excludes the impact of FX and share based payments. 1H FY24 Underlying EBITDA of \$0.5m is after adjusting \$0.2m of FY23 costs identified in FY24.

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

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The solid fundamentals provided by our growing recurring revenue and robust sales momentum, combined with our new value proposition, create the perfect platform for accelerating our sales and expanding our footprint.

The improvements in radiology service pricing, cost control, and recurring revenue growth are delivering the expected results. While this is an ongoing process, we anticipate margin improvement in the second half and continued progress ahead."

The company provided guidance for 2024 as follows:

- Revenue between \$24.0m – \$27.0m (22% – 37% up vs pcp);
- Underlying EBITDA \$1.5m – \$3.5m (up significantly vs \$0.4m in pcp)
- Operating cashflow further improved for FY24

Based on year-to-date performance and looking forward to our expectations for the second half, the Company expects to achieve the revenue guidance and to be within the lower half of the EBITDA range.

## Financial Summary

The Colombian Peso (COP) strengthened significantly against both the USD and AUD in the first six months of 2024 vs pcp, but on 30 June 2024 was trading back at 30 June 2023 levels.

Q2 FY24 revenue of \$6.8m was up 40% vs pcp and up 26% on a constant currency basis.

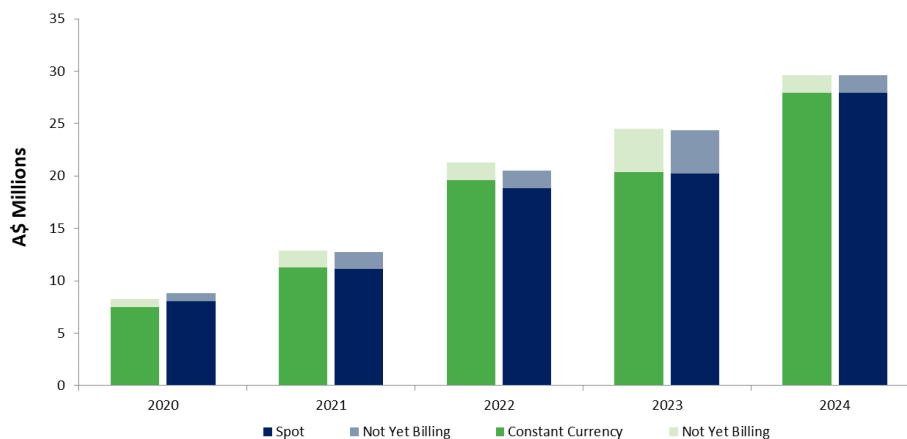
FY24 software revenue of 51% was priced in hard currencies (USD, AUD, EUR) which is translated to COP or local currency at the spot rate (41% of FY23 Software Revenue).

## Annualised Recurring Revenue

ARR of \$29.6m as at 30 June 2024 was up 21% both vs pcp and on a constant currency basis.

ARR of \$29.6m consisted of \$19.7m from Radiology services (\$17.7m as at 31 March 2024) and \$9.9m from Software (\$9.3 as at 31 March 2024).

Chart 1 shows ARR at 30 June 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 Jun-24 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 30 June 2024, IMEXHS held cash and cash equivalents of \$1.9m, up from \$1.4m at 31 March 2024.

Net cash from operating activities was \$0.3m with cash receipts of \$7.1m in the quarter.

Cash from investing activities was \$0.2m for the quarter, with the company adding \$0.2m in capitalised software and \$0.1m in equipment which was offset by the sale of an asset of \$0.5m.

During a review of equipment refresh and recycling a MRI scanner was sold during the period and contributed \$0.5m to proceeds from disposal of PP&E. The scanner that was sold will be replaced by a new third-party scanner at the customer site and RIMAB will provide services (reporting and acquisition of the images) uninterrupted. This follows the strategic decision to reduce new capex expenditure where possible.

Net cash used in financing activities was \$0.1m with the \$0.2m inflow from the conditional placement offset by repayment of borrowings and transactions costs in relation to the placement.

## Operational Metrics and Project Implementation

Key operational metrics demonstrated consistent and steady growth in Q2 FY24 compared to Q2 FY23:

- 14% of our current installed base of software installations was subject to price increases and/or upselling of additional capabilities, with a combined increase of +45%.
- From the beginning of the quarter a price increase for software of 38% has been put in place for all new customers.
- Software solutions were used by 3,326 radiologists, a 4.7% increase on Q2 FY23 (3,184 radiologists).
- IMEXHS's Enterprise Imaging Platform stored 1.91 petabytes of data in the cloud and processed over 407 million images for the quarter (2.2 million studies), a 7% increase on Q2 FY23, for a grand total of over 4 billion images since the inception of the Company.
- Over 617,297 people entered IMEXHS's patient portal over 1.45m times for an average of 2.3x visits per user.
- Radiologist team totals 168 and the number of reported imaging studies is more than 325,000 for Q2, which was a 7% increase on Q2 FY23.

## Sales Update

### IMEXHS Software

During the second quarter of 2024, the Company processed over 2.2m studies across its medical imaging platforms across 518 sites in 18 countries with ARR of \$9.9m as at 30 June 2024. This represents an increase in ARR of 6% in the quarter.

During the second quarter, the Company successfully renewed several software contracts, with improved pricing and terms. Additionally, the Company expanded its services to new sites for existing customers, with an overall contribution of over \$0.5m in net ARR.

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During the June quarter, the Company signed two new agreements with existing customers in Colombia to migrate their medical imaging operations to the cloud. The first contract was with Radiofam, which operates across 8 clinics and the second contract was with Medicadiz, which operates across 2 hospitals. Together, these agreements are projected to contribute \$231,958 in ARR, with total ARR from these customers of \$611,000.

In June, the Company secured a 24-month agreement with the Mexican medical imaging group, Laboratorios del Tepeyac. During the third quarter, IMEXHS Cloud will be implemented across the group's 8 clinics. This new agreement is projected to add \$195,660 in Annual Recurring Revenue (ARR).

#### *Partners Program*

IMEXHS's Partners Program included 27 Partners across 16 countries by 30 June 2024. During the quarter, the Company successfully signed and implemented its first IMEXHS Cloud project in Venezuela.

#### *Radiology services*

In the June quarter, the Company secured a second agreement with Someditec, a Colombian healthcare provider. This new radiology services contract, valued at \$564,000, will enhance the Company's relationship with Someditec, following our initial contract signed in March of this year. Under this agreement, IMEXHS will provide comprehensive radiology reporting services for mammography through our AQUILA Enterprise platform.

Price increase for existing and new contracts has been achieved with some customers and is under negotiation with others, to improve overall margins, while maintaining cost control policies.

#### *Product and Software Updates during Q2 FY24*

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

#### *Service Levels*

Over the first half of 2024 service levels as measured by service resilience (uptime) and response times is showing steady and ongoing improvement. This is an early consequence of the New Value Proposition project. Service KPIs and Uptime continued to improve, and all goals related to service for Q2 were well within SLA's. The company has an objective to provide the highest service levels and most resilient software within the sector and regard this as an important differentiator when customers choose software.

#### *Components of IMEXHS Cloud and Enterprise*

During the second quarter, we accomplished two significant milestones within our product portfolio:

##### **1. AQUILA (RIS System) Development:**

- We made important progress in the development and implementation of the roadmap for the new and enhanced version of AQUILA, our Radiology Information System (RIS).
- Special emphasis was placed on the teleradiology use case, enhancing our capabilities in this critical area.

##### **2. Portfolio Enhancements:**

- We introduced several new features and improvements across our entire product portfolio, reinforcing our commitment to continuous innovation and customer satisfaction.

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### *New RIS System – Initial Minimum Viable Prototype v.0.3*

During the June quarter, IMEXHS made significant strides in developing the Minimum Viable Product (MVP) for our new Radiology Information System (RIS). This version is set to become our core radiology product for specific market segments. The enhancements and new features integrated into this MVP, in addition to those from the previous version (v0.2), include:

- Improved side menu visualisation for different devices, ensuring a seamless user experience across all platforms.
- Visible language menu was added to enhance user experience and streamline localisation across menus and sections.
- Introduced a new user profile feature, allowing quick updates to personal information and passwords from an active session.
- Implemented a template locking feature to alert users when another admin is editing report templates, preventing duplication errors.
- Redesigned the radiologist reading module for better display of detailed information about current and previous studies.
- Enabled logo and watermark uploads for PDF reports, allowing easy addition to study reports with a single click.
- **New/Improved Features for Teleradiology:**
  - Automated return of studies from the reading module to the original customer/PACS/storage system upon completion by the radiologist.
  - Redesigned user login to support multiple profiles for a single user and provide clearer initial steps.
  - New feature allowing radiologists to select specific customers (site, source, or multi-site) they want to work on, expanding beyond just location selection.
  - Enhanced visualization of previous studies within the reading module, including attached medical orders, even from different sites, if they belong to the same patient and treatment.
- Improved email-based password recovery feature.
- Enhanced features for DevOps operation, allowing adjustments and daily updates in a production environment without maintenance windows or platform interruptions.
- New configuration panel: Introduced a new configuration panel for applying general filters on radiologists' reading lists, including column selection and filtering by locations and modalities.
- New Automatic Study Assignment: Added a feature for the automatic assignment of studies, enabling integration with legacy PACS and previous IMEXHS systems, ensuring default radiologist assignments are maintained.

### *IMEXHS Portal v3.2.0*

During the quarter, IMEXHS introduced significant improvements to its Patient Portal:

- **WhatsApp Notifications:**
  - Patients can now receive a link via WhatsApp to access their studies and images directly.
  - Studies are automatically available on the patient portal without manual intervention.

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- This feature is configurable based on country and customer type, ensuring compliance with local regulations regarding the sharing of medical information.

### *Universal Viewer v6.3.2*

During the quarter, IMEXHS launched the new 6.3.2 version with new features and performed several improvements on its Universal Viewer which offers radiology professionals a better user experience:

- **New Authentication Service:**
  - Implemented a robust new authentication service, significantly reducing security gaps from previous versions and enhancing the protection of our systems and customer data for future integrations.
- **Log Storage Standardisation:**
  - Introduced a new standard for backend log storage, leading to more efficient and secure log management, improved problem identification and resolution, and higher quality service and customer satisfaction.
- **Viewer Performance Optimisation:**
  - Thoroughly reviewed and revamped the performance architecture, achieving a 90% improvement over previous versions. Focused on faster loading speeds for the first image and optimized request order for previous studies, significantly enhancing user experience.
- **Kubernetes Integration:**
  - Integrated the product with a new Kubernetes architecture, improving system scalability, efficiency, and deployment.
- **Teleradiology Module:**
  - Developed a new module for teleradiology customers, including comprehensive workflow and user interface improvements for both on-premises and cloud clients.
- **DICOM Gateway Redesign:**
  - Redesigned the DICOM Gateway to reduce the costs of purchasing DICOM routers and speed up integration time, benefiting on-premises PACS customers with more efficient and cost-effective integration with IMEXHS' RIS.

### *Listing Rule 4.7C3*

In Item 6 of the Appendix 4C cash flow report for the quarter, cash payments to Related Parties of \$40,000 comprises of 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	30 Jun 2024		
Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	7,119	11,920
1.2	Payments for		
	(a) research and development	(73)	(347)
	(b) product manufacturing and operating costs	(2,934)	(5,628)
	(c) advertising and marketing	(24)	(37)
	(d) leased assets	(12)	(33)
	(e) staff costs	(2,698)	(5,200)
	(f) administration and corporate costs	(483)	(775)
1.3	Dividends received	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(179)	(293)
1.6	Income taxes paid / received	(68)	(102)
1.7	Government grants and tax incentives	-	-
1.8	Other - indirect taxes	(303)	(591)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>346</b>	<b>(1,085)</b>
<i>* Q1 / YTD Item 1.6 Income taxes paid correctly reclassified to 1.2e and 1.8 as appropriate.</i>			
<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	(35)
	(b) businesses	-	-
	(c) property, plant and equipment	(125)	(244)
	(d) investments	-	-
	(e) intellectual property	(240)	(504)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	533	533
	(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)	79	(92)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>247</b>	<b>(342)</b>



<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	200	1,500
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	(36)	(119)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(252)	(445)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(8)	(8)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(96)</b>	<b>928</b>
<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,389	2,362
4.2	Net cash from / (used in) operating activities (item 1.9 above)	346	(1,085)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	247	(342)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(96)	928
4.5	Effect of movement in exchange rates on cash held	6	29
	Other (provide details if material)	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,892</b>	<b>1,892</b>
<b>5</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	1,892	1,389
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,892</b>	<b>1,389</b>
<b>6</b>	<b>Payments to related parties of the entity and their associates</b>		<b>Current quarter</b>
			<b>\$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1		40
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.			



## 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 July 2024**

**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.