

29 October 2021

## ASX ANNOUNCEMENT

### 2021 Q3 Activity Report and Appendix 4C

#### Highlights

- Q3 FY21 revenue of \$3.5m<sup>1</sup> (including one-off sale of \$0.5m) up 60% vs pcp<sup>2</sup> and up 74% on constant currency basis<sup>3</sup>; up 49% vs pcp excluding one-off sales
- YTD FY21 revenue of \$8.7m<sup>1</sup>, up 30% vs pcp; up 40% on a constant currency basis
- Annualised Recurring Revenue (ARR)<sup>4</sup> of \$13.1m, up 46% vs pcp; up 56% on a constant currency basis including 93 active Aquila in the Cloud contracts with ARR of \$2.1m
- Closing cash balance of \$6.2m at 30 September 2021
- Renewed interest in larger Aquila Custom solutions and a continued increase in imaging volumes
- Completed the acquisition of RIMAB SAS, one of Colombia's leading radiology services providers on 5 October 2021, the results of which will be included in Q4 FY21

**IMEXHS Limited (ASX: IME) ("IMEXHS" or "the Company")** today provides its quarterly cash flow and activities summary for the period ended 30 September 2021. IMEXHS is an innovative provider of cloud-based medical imaging software across 15 countries.

IMEXHS CEO Dr German Arango said: "Over the last quarter, we have significantly improved the processes around implementing our standardised radiology solution, Aquila in the Cloud. This has involved working with our partners, clients and employees to ensure customers are set up appropriately to install the software remotely. Nevertheless, there remains further scope to decrease the time from sale to implementation to billing to cash, and this remains a key priority.

Although some of our core markets in Latin America continue to be affected by COVID-19, we are experiencing continued interest in Aquila Custom, our customised radiology solution, from larger customers and an increase in imaging volumes. Our imaging technology is now being used by over 2,100 radiologists and around 300,000 referral physicians.

<sup>1</sup> Unaudited financial information.

<sup>2</sup> Previous corresponding period.

<sup>3</sup> Constant currency basis assumes FY21 results are converted at the average foreign exchange rate for FY20. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

<sup>4</sup> Represents the value of monthly recurring contract revenue multiplied by twelve. It provides a 12-month forward view on revenue assuming all contracts expiring within the next 12 months renew at the same rate and at constant exchange rates.



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We are pleased to have completed the RIMAB acquisition just after the end of Q3 and look forward to reporting on their operations in Q4. The acquisition will enhance our competitive position, simplify our management structure, improve profitability and remove any perceived related party conflicts.”

### September Quarter Financial Summary

#### Revenue

Q3 FY21 revenue of \$3.5m was up 60% vs pcp and included a one-off sale of \$0.5m to an existing customer. Recurring revenue of \$2.8m was up 49% vs pcp (63% higher on a constant currency basis), representing 80% of total revenue in the September quarter.

Key operational metrics recorded significant growth in Q3 FY21 compared to Q3 FY20:

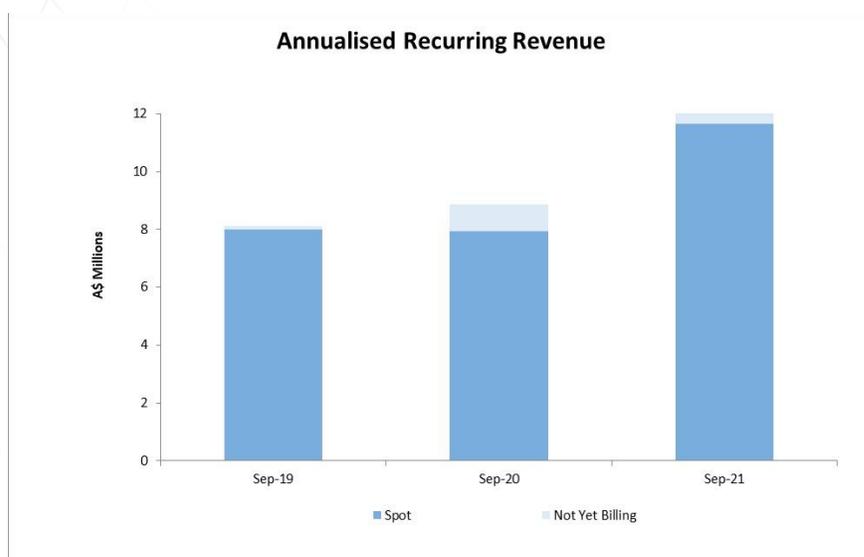
- Aquila Custom was installed in 17 new sites, a 6% increase on Q3 FY20, a total of 357 installations worldwide by quarter-end
- Aquila solutions were actively used by 2,238 radiologists, a 9% increase on Q3 FY20
- IMEXHS’s Enterprise Imaging Platform stored 1.34 petabytes of data in the cloud and processed over 145m images for the quarter (over 2m studies), a 23% increase on Q3 FY20
- 393,321 people entered IMEXHS’s patient portal over 700,000 times for an average of 1.8x visits per user, which was a 142% increase on Q3 FY20

#### Annualised Recurring Revenue

ARR of \$13.1m, was up 46% vs pcp and 56% higher on a constant currency basis. This consisted of \$11.0m from Aquila Custom and \$2.1m from Aquila in the Cloud.

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

**Chart 1: Strong sales momentum delivers ARR growth**



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## Q3 FY21 Cashflow Summary

At 30 September 2021, IMEXHS held cash and cash equivalents of \$6.2m, compared with \$8.3m at 30 June 2021.

Cash receipts for Q3 FY21 were \$2.3m, with year-to-date receipts of \$6.7m up 15% on a constant currency basis.

YTD FY21 administration and corporate costs include \$0.5m one-off payments in relation to transaction costs for the acquisition of RIMAB SAS announced on 26 July 2021 and completed on 5 October 2021.

## Sales and Market Update

### Aquila in the Cloud (AiC)

Aquila in the Cloud (AiC), the Company's standardised radiology solution created to provide small and medium-sized customers with a comprehensive, affordable, and accessible Enterprise Imaging solution that is hosted in the cloud, continued to generate significant interest in the market. The Company has 93 active AiC customers since the product launched in May 2020 with an expected Annual Recurring Revenue (ARR) of \$2.1m as at 30 September 2021. This is an increase of only \$0.1m compared to the AiC ARR at 30 June 2021 despite strong growth in Q3 due to one-off adjustments made as part of the process to improve the order-to-cash performance.

During the September quarter, five significant AiC contracts were signed across Latin America, four of which originated from partners:

- Subred Integrada de Servicio de Salud Sur ESE, Colombia – expected to generate ~\$86,000 in ARR
- Omni Hospital, Ecuador – expected to generate ~\$73,000 in ARR
- Hospital Nacional Catarino Rivas, Honduras – expected to generate ~\$63,000 in ARR
- Hospital de Niños Benjamin Blooms's, El Salvador – expected to generate ~\$57,000 in ARR
- Clínica Cruz Jiminian, The Dominican Republic – expected to generate ~\$57,000 in ARR

The pace of implementation for AiC projects improved during the September quarter with 17 implementations being completed, a 55% increase on Q1 FY21.

### Outlook

The pipeline of opportunities for both Aquila Custom and Aquila in the Cloud remains strong and progress continues to be made in sales and implementation improvements of Aquila in the Cloud.

Based on YTD numbers and the healthy pipeline, management re-affirms the FY21 revenue guidance of between \$11.5m and \$13.0m. This guidance excludes RIMAB's contribution in Q4. Excluding one-offs, management expects the Q4 FY21 contribution from RIMAB for both revenue and EBITDA to be above the prior year's Q4 results of \$2.0m and \$0.3m, respectively.



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## Partners Program

During the quarter, the IMEXHS Partners Program continued to add value by originating over 68% of all AiC contracts received. As of 30 September, the IMEXHS's Partners Program consisted of 30 distributors across 13 countries, including a new partner in Australia and a new partner in Mexico.

## Key Markets

### *United States*

Two new AiC contracts were signed during the quarter in South Florida, resulting in eight customers in the US since the Company began operating in the US in November 2020. Both customers are multi-modality medical imaging centers and will go live with the Aquila in the Cloud solution alongside its patient portal during the fourth quarter.

### *Mexico*

During Q3, AiC continued to generate significant demand in Mexico. In addition, Sincronia Medica Aplicada (SIMA), an important distributor of comprehensive medical services across Mexico became a new partner of the IMEXHS Partners Program. SIMA counts with an extensive portfolio of biomedical equipment and AQUILA will be the first Enterprise Imaging Solution they include in their commercial offering.

## Software Updates during Q3

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

### *Universal Viewer*

During the quarter, IMEXHS released several features in its Viewer including:

#### *V.5.2 Mobile Phone Viewer*

The latest version of IMEXHS's Mobile Phone web viewer was released in response to significant interest from current and potential customers. V.5.2 is the fastest and most intuitive version to date with a significantly improved UX and UI. Other improvement included are:

- DICOM PDF encapsulated support for several mobile browsers
- Previous studies support
- Compatibility with Aquila Custom and Aquila in the Cloud
- Compatibility with the IMEXHS Portal

#### *DICOM PDF encapsulated support*

The Company's Universal Viewer can now interact with encapsulated DICOM PDF's which will allow a seamless integration with postprocessing centres that produce structured reports as PDF documents.



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### *Walk-throughs for the IMEXHS Viewer (Radiology & Pathology)*

A walk-through is an unassisted step-by-step demonstration within the product. This will lead to a better user-experience overall for IMEXHS's Aquila and Alula customers.

### *Key image feature*

The key image tool was launched allowing radiologists to select a key image among a large sequence of images within a study. Once the key image has been selected, the radiologist can store the image and use it for structured reporting at a later date.

### Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately \$520,000 comprises:

- \$106,000 of Director remuneration to executive and non-executive directors;
- \$390,000 for radiology services to RIMAB SAS, a related party of Dr German Arango;
- \$4,000 in expenses for office space and IT services to CrossPoint Telecommunications Pty Ltd, a related party of Mr Carlos Palacio; and
- \$20,000 in payments due to Dr Arango for PaaS Equipment Financing.

The payment to RIMAB SAS was offset by the receipt of \$935,000 for the provision of services by IMEXHS to RIMAB SAS.

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 a leading imaging Software-as-a-Service (SaaS) and ancillary solutions provider with over 120 customers on recurring contracts in over 250 sites, and distributors in 15 countries. 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 medical imaging systems (including a Radiology Information System (RIS), a Cardiology Information System (CIS) and an Anatomical Pathology Laboratory Information System (APLIS)). The HIRUKO™ system is 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 is configured for the future and 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 SEPT 2021	
Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
<b>1</b>	<b>Cash flows from operating activities</b>	
1.1	Receipts from customers	2,260
1.2	Payments for	6,727
	(a) research and development	-
	(b) product manufacturing and operating costs	(91)
	(c) advertising and marketing	(760)
	(d) leased assets	(95)
	(e) staff costs	-
	(f) administration and corporate costs	(1,507)
1.3	Dividends received	(1,084)
1.4	Interest received	-
1.5	Interest and other costs of finance paid	2
1.6	Income taxes paid	(19)
1.7	Government grants and tax incentives	(294)
1.8	Other - indirect taxes	-
1.9	<b>Net cash from / (used in) operating activities</b>	<b>53</b>
		<b>113</b>
		<b>(1,535)</b>
		<b>(3,411)</b>
<b>2</b>	<b>Cash flows from investing activities</b>	
2.1	Payments to acquire or for:	
	(a) entities	-
	(b) businesses	-
	(c) property, plant and equipment	(316)
	(d) investments	-
	(e) intellectual property	(411)
	(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	<b>Net cash from / (used in) investing activities</b>	<b>(411)</b>
		<b>(1,356)</b>

<b>3</b>	<b>Cash flows from financing activities</b>		
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	-	969
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(14)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(191)	(623)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(24)	(83)
3.9	Other (provide details if material)	40	(14)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(175)</b>	<b>235</b>

Notes

3.8 *Dividends of Joint Operation (30% share of operation to provide radiology services for the Hospital Central Policía Nacional in Colombia).*

<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	8,342	10,796
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,535)	(3,412)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(411)	(1,356)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(175)	235
4.5	Effect of movement in exchange rates on cash held	14	(28)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,235</b>	<b>6,235</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	5,178	7,274
5.2	Call deposits	1,057	1,068
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>6,235</b>	<b>8,342</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	520
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:	935

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.

<b>Financing facilities</b>		<b>Total facility amount at quarter</b>	<b>Amount drawn at quarter end</b>
<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>		<b>\$A'000</b>	<b>\$A'000</b>
7.1	Loan facilities	784	784
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>784</b>	<b>784</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
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>		
	Quartz Financial Services	15.7	Sep-22
	Banco Colpatría	17.9	Feb-23
	Credito Progression	16.9	Mar-23
	Banco de Bogota	8.8	May-23
	Banco de Bogota	15.0	N/A
			<u>Total facility</u>
			<u>Amount drawn</u>
			207
			48
			317
			203
			9

<b>8</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,535)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,235
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,235
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>4.06</b>
	<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?	
	Answer: n/a	
	8.6 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: n/a	
	8.6 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: n/a	
	<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: 29 October 2021**

**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.