

31 January 2023

## ASX ANNOUNCEMENT

# 2022 Q4 Activity Report and Appendix 4C

### Financial Highlights

- Q4 FY22 revenue of \$3.8m<sup>1</sup>, down 19% vs pcp<sup>2</sup>; down 7% on a constant currency basis<sup>3</sup>.
- FY22 revenue of \$17.1m, up 28% vs pcp; up 34% on a constant currency basis.
- FY22 Software revenue was up 24% and Radiology revenue was up 41% on a constant currency basis.
- FY22 revenue up 7% on a like-for-like basis excluding the incremental revenue from the RIMAB acquisition.
- Q4 FY22 Underlying EBITDA<sup>4</sup> was \$0.2m; FY22 underlying EBITDA loss of (\$0.1m).
- Revenue in the quarter was entirely recurring revenue.
- Annualised Recurring Revenue (ARR)<sup>5</sup> of \$19.7m, down 4% vs pcp; up 8% on a constant currency basis.
- Debt of \$1.1m at 31 Dec-22, down from \$2.4m at 31 Dec-21.
- 31 Dec-22 cash balance of \$1.9m.

### Operational Highlights

- Successful implementation of a cost reduction plan, decreasing run rate operating and software capex costs by circa \$3m p.a. Results from this program have driven an increase of overall margin with no significant impact on the operations of the Company.
- 3-year contract signed with Mexico's Social Security Institute for Enterprise Imaging Software including both AQUILA (radiology platform) and ALULA (pathology platform). The contract will commence in Q1 2023 and contribute between US\$230,000 and \$300,000 (currently A\$340,000 to A\$440,000) in ARR.
- Continued sales momentum for IMEXHS Cloud (formerly Aquila in the Cloud) standardised radiology solution with an ARR of \$3.5m from 169 active customers at 31 Dec-22.
- IMEXHS Enterprise and IMEXHS Cloud installed in 14 new sites in the quarter with a total of 449 installations worldwide by Q4 FY22.

<sup>1</sup> All financial information for FY22 in this announcement is preliminary, unaudited financial information and may be subject to adjustment following audit review.

<sup>2</sup> Previous corresponding period. Includes RIMAB acquisition from 5 Oct-21 (3 months in FY21 and 12 months in FY22).

<sup>3</sup> Constant currency basis assumes FY22 results are converted at the average foreign exchange rate for FY21 of COP2,823. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

<sup>4</sup> Underlying EBITDA excludes the impact of FX, share based payments, transactions costs for the RIMAB acquisition in FY21 and any one-off costs in relation to the cost-out program.

<sup>5</sup> Annualised Recurring Revenue (ARR) is the value of the monthly recurring contract revenue multiplied by twelve.

#### Headquarter Australia

Sydney  
122 O'Riordan Street MASCOT NSW 2020  
enquiries@imexhs.com.au

#### Offices Latam

Bogotá, Colombia.  
Calle 92 # 11-51, Of 202  
+ 57 (1) 316 48 90  
soporte@imexhs.com

#### Offices USA

Doral, Florida.  
8200 NW 41ST. Ste. 200-41 Doral, FL 33166  
admin.usa@imexhs.com

**IMEXHS Limited (ASX: IME)** (“IMEXHS” or “the Company”) today provides its quarterly cash flow and activities summary for the period ended 31 December 2022. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 15 countries.

IMEXHS CEO Dr German Arango said, “The Company had forecast to reach monthly run-rate underlying cash break-even within the last quarter and whilst that was achieved in the month of October there was \$0.4m collection slippage through to the 5<sup>th</sup> of January which would have made the operating cashflows positive for the quarter. We were also slightly behind the forecast that the company would be underlying EBITDA positive for the year with an underlying EBITDA loss of (\$0.1m).

Despite these narrow misses, the Q4 FY22 report shows the steps towards positive cash flow and profitability in particular the reduction in operating costs and in capital expenditure through the cost-out program undertaken prior to the commencement of this fourth quarter. The company continues to have a robust product and market development program within Latin America but has chosen for the time being, to wind back its operation in the USA as being too cash-consuming.

The pipeline of volume increase from current customers remains strong. There is a high priority to implement ‘contracts not yet billing’ and have them contribute as soon as possible. In our last quarterly update, we noted that negotiations of material contracts had taken longer than expected. One of these, a new software contract with Mexico’s Social Security Institute was announced on 28 December and the other continues to be delayed because of customer infrastructure issues and contract formalisations taking their course.

Revenue in the fourth quarter of FY22 was \$3.8m, down 7% on a constant currency basis and underlying EBITDA was positive \$0.2m for the quarter. Revenue is down largely due to the company choosing to exit a customer on 1 July 2022. The company is confident the revenue slippage will be rectified based on the current pipeline and recently signed contracts.

## Financial Summary

### Revenue

Q4 FY22 revenue of \$3.8m was down 19% vs pcp and down 7% on a constant currency basis.

FY22 revenue of \$17.1m was up 28% vs pcp, up 34% on a constant currency basis. The Revenue result was at the lower end of our revenue guidance of \$17.0m to \$19.0m. The 9% deterioration in the exchange rate since the guidance was provided in the last quarterly report negatively impacted the Q4 result.

Q4 FY22 Underlying EBITDA was \$0.2m; FY22 underlying EBITDA loss of (\$0.1m).

### Annualised Recurring Revenue

ARR of \$19.7m as at 31 December 2022 was down 4% vs pcp but 8% higher on a constant currency basis.

ARR of \$19.7m consisted of \$10.5m (\$13.3m as at 31 Dec-21) from Radiology services and \$9.2m (\$7.1m as at 31 Dec-21) from Software. The software ARR includes \$3.5m from 169 active IMEXHS Cloud contracts and \$5.7m from IMEXHS Enterprise. The increase in Software ARR reflects new contract wins in high margin IMEXHS Cloud and Enterprise software.

#### Headquarter Australia

Sydney  
122 O’Riordan Street MASCOT NSW 2020  
enquiries@imexhs.com.au

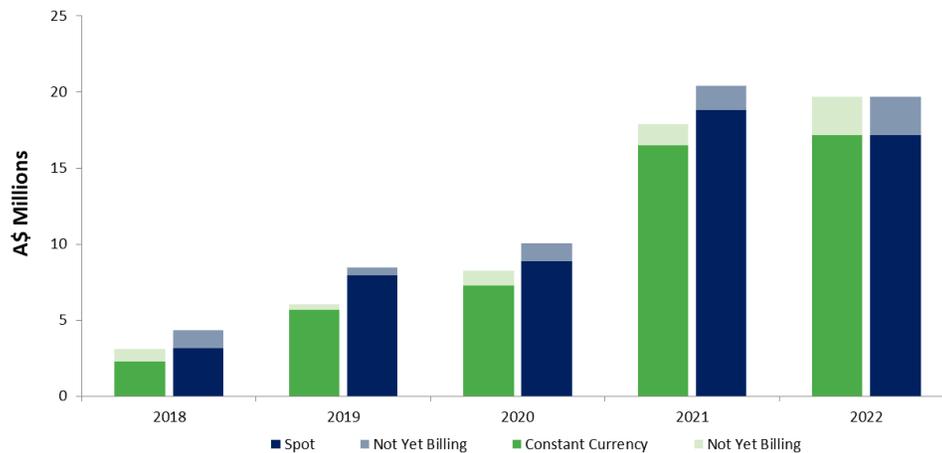
#### Offices Latam

Bogotá, Colombia.  
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+ 57 (1) 316 48 90  
soporte@imexhs.com

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Doral, Florida.  
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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 31 Dec-22 exchange rate. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

## Cashflow

At 31 December 2022, IMEXHS held cash and cash equivalents of \$1.9m, compared with \$2.7m at 30 September 2022 and \$4.2m at 31 December 2021.

Cash receipts for Q4 FY22 were \$3.8m and lower than expected with some collection slippage through to January. This resulted in net cash used in operating activities of \$0.1m. Had cash receipts in the first week of January from those late payments been received when due in December, net operating cashflows would have been positive.

Q4 cashflows used in investing activities were \$0.3m, the company added \$0.1m in capitalised software and \$0.2m in equipment.

Transaction costs of \$0.1m in relation to the capital raising were paid during Q4 with total transaction cost outflows of \$0.4m in FY22.

Debt of \$1.1m was down by \$1.3m from \$2.4m at 31 December 2021. Debt of \$0.2m was repaid during the quarter and no new debt taken.

Guidance provided at the last quarterly reporting anticipated monthly run-rate underlying cash break-even within the last quarter, however due to the collection slippage in December this was not achieved. Net cash outflows in Q4 were \$0.8m and underlying cash outflows (excluding one off cashflows in relation to the cost-out project and capital raise) were \$0.5m after the re-payment of \$0.2m of debt.

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## Operational Metrics and Project Implementation

Key operational metrics showed strong growth in Q4 FY22 compared to Q4 FY21:

- Software solutions were actively used by 3,077 radiologists, a 28% increase on Q4 FY21 (2,412 radiologists).
- IMEXHS's Enterprise Imaging Platform stored 2.9 petabytes of data in the cloud and processed over 197 million images for the quarter (over 3.2 million studies), a 36% increase on Q4 FY21, for a grand total of over 2 billion images since the inception of the Company.
- Over 786,000 people entered IMEXHS's patient portal over 1.2m times for an average of 1.5x visits per user, which was a 59% increase on Q4 FY21
- Radiologist team now totals 159 and the number of reported imaging studies is more than 280,000 for Q4.

During the quarter noteworthy progress was made across the project implementation process. Using a combination of automation, standardisation, DevOps, and new implementation policies the average installation time (man-hour effort) for IMEXHS Cloud projects has been reduced by 70%, thus increasing the efficiency of the project implementation team and reducing time to market significantly. These improvements will also have a positive impact on Enterprise projects.

## Sales and Market Update

### *IMEXHS Enterprise*

In December, the Company entered into a contract with its partner and Mexico's Social Security Institute, the IMSS, for enterprise software. The 3-year tender will be worth between US\$690,000 and \$900,000 and will contribute between US\$230,000 and \$300,000 in ARR.

The Company will provide its Enterprise Imaging solutions - AQUILA (radiology platform) and ALULA (pathology platform) - to two main hospitals which are part of the IMSS network. The IMSS is Mexico's public healthcare system which covers 80 million Mexicans and carries out over 420,000 medical consultations per day. The project will go live in the first quarter of 2023.

### *IMEXHS Cloud*

IMEXHS Cloud, the Company's standardised cloud-based radiology solution targeted at small and medium-sized customers, continued to strengthen its global footprint throughout Q4 FY22. The Company now has 169 active customers across 15 countries with an expected Annual Recurring Revenue (ARR) of \$3.5m as at 31 December 2022.

IMEXHS Cloud continued to generate interest among larger medical institutions because of its comprehensive and affordable cloud solution. A notable customer was signed in Guadalajara, Mexico which will contribute US\$136,000 (AUD\$190,000) in ARR.

During the quarter, the Company signed new customers in Mexico, Australia, Colombia, Ecuador, and Honduras.

### *Partners Program*

By year-end, IMEXHS's Partners Program included 35 Partners across 15 countries.

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### *United States*

In line with the Company's Cost Reduction Program announced in Q2 FY22, the Company has for the time being wound back direct sales and administration costs in the USA. We continue to support existing customers and will hold under review the opportunity to restart direct sales as appropriate.

### *Radiology services*

A major business model in LATAM for radiology services is the outsourcing of imaging facilities. It represents a very attractive offer for hospitals throughout the LATAM region and allows the IMEXHS team an opportunity to deliver a high-quality service through the integration of technology and highly trained Radiologists.

During the fourth quarter, the Company renewed its radiology services contract for the Colombian National Police Hospital with ARR of \$1.1m p.a.

In addition, IMEXHS received an additional order from Colsubsidio, an existing customer, to provide nuclear medicine services at two of Colsubsidio's sites.

The Company's radiology services business unit continues to strengthen its pipeline.

### *Product and Software Updates during Q4 FY22:*

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

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

In response to commercial activity in Brazil, all products within the portfolio have been translated and localized to Brazilian Portuguese. These are now available for use by Brazilian partners, physicians, and patients.

To continue improving user experience, a web knowledge base with 900+ articles about all components of the IMEXHS ecosystem was created that allows partners and customers to search for the most common issues, download manuals, and receive training on demand.

For all product portfolios since Q3 FY22 and during Q4 FY22, NPS - CSAT (Hotjar) and Analytics (Microsoft Clarity & Google Analytics) continued to be used and are currently tracking 51% of the customer base.

#### *AQUILA v4.0*

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

- Optimisation of database queries to improve up to 70% system response times in the reading module.
- Option implemented to edit details of the procedure from the technologists' listing, and double confirmation disabled when validating a study to optimize radiologists' time.
- New fields for field homologation are implemented in the integrations, completion of the patients' data privacy policy field is mandatory, and a help button is created that redirects to the knowledge base.
- New integration with Invox Medical Voice Recognition, for the Brazilian market.
- New link for receiving support on the home screen.

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### *Universal Viewer v6.1*

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

- Released Version 6.1.2, with fixed functionality for MPR and MIP reconstructions for some CT images.
- Improvements made on integration with IMEXHS Patient Portal and authentication methods.
- Fixed an issue regarding visualization when DICOM information was not complete.

### *IMEXHS Portal v3.0.1*

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

- Backend container versioning changed to improve and stabilise communication protocols among IMEXHS products.
- Further automation of the installation process using Jenkins (DevOps) tools, to eliminate steps, minimise errors, and reduce installation time by 50% vs Q3 FY22 improvement already achieved.
- Improved handling of login and credentials, as well as security improvement in viewer authentication from Portal with cookie handling in Apache requests.
- Consult-studies integration adjustment, for third-party applications, so there is the possibility of sharing images and reports through a shared link with valid-time defined in the administrator form.
- Feature to change the client's logo from the administrator screen (self-service function).

### *IMEXHS DICOM Gateway v1.2*

During the quarter, IMEXHS released new features and performed several improvements on its DICOM Gateway:

- Improved feature resets periodically to avoid queuing images when customer's internet access is unstable.
- Integration with Modality Worklist Gateway developed so both products can work seamlessly.

### *IMEXHS MODALITY WORKLIST (MWL) Gateway v1.0*

During the quarter, IMEXHS released the Modality Worklist Gateway as a new product:

- Integration with IMEXHS DICOM Gateway v1.2 in place.

### *Listing Rule 4.7C3*

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately \$55,000 comprises:

- \$51,000 of Director remuneration to executive and non-executive directors; and
- \$4,000 in expenses for office space and IT services to CrossPoint Telecommunications Pty Ltd, a related party of Mr Carlos Palacio.

Authorised for release by the Board of IMEXHS Limited.

**-ENDS-**

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**For more information, please contact:**

**Business Inquiries**

Reena Minhas, CFO & Company Secretary

E: [enquiries@imexhs.com.au](mailto:enquiries@imexhs.com.au)

T: +61 (0)438 481 139

**About IMEXHS**

*IMEXHS Limited (ASX: IME) is an innovative provider of medical imaging software and radiology services in 15 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		31 Dec 2022
Consolidated statement of cash flows	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers *	3,820	16,304
1.2 Payments for	-	-
(a) research and development	-	(63)
(b) product manufacturing and operating costs	(1,371)	(5,446)
(c) advertising and marketing	(14)	(138)
(d) leased assets	(11)	(18)
(e) staff costs	(1,905)	(9,042)
(f) administration and corporate costs	(368)	(2,227)
1.3 Dividends received	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(19)	(105)
1.6 Income taxes paid	(252)	(1,161)
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	24	110
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(96)</b>	<b>(1,784)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	(323)
(b) businesses	-	-
(c) property, plant and equipment	(154)	(958)
(d) investments	-	-
(e) intellectual property	(134)	(1,268)
(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)	-	1
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(288)</b>	<b>(2,548)</b>

<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,975
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	(94)	(372)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings *	(245)	(1,485)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(5)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(339)</b>	<b>2,113</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	2,713	4,186
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(96)	(1,785)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(288)	(2,548)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(339)	2,113
4.5	Effect of movement in exchange rates on cash held	(79)	(54)
	Other (provide details if material)	1	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,912</b>	<b>1,912</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	1,877	2,674
5.2	Call deposits	35	39
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>1,912</b>	<b>2,713</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		55
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

**7** 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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,071	1,071
-	-
-	-
<b>1,071</b>	<b>1,071</b>
	-

<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Total facility</u>	<u>Amount drawn</u>
<u>Unsecured</u>				
Credito Progression	16.9	Mar-23	43	43
Banco Coomeva	7.2	Mar-23	32	32
Banco Davivienda	9.7	Dec-24	180	180
Banco Itau	6.5	Mar-24	137	137
Banco Davivienda	6.1	Oct-24	146	146
Velez Porto Enrique	28.5	Jun-25	37	37
PHV Group S.A.S	28.5	Aug-25	42	42
Banco Davivienda	9.4	Nov-25	454	454

Weighted average interest rate of 10.3% on borrowings of \$1,071,000.

## **8 Estimated cash available for future operating activities**

8.1 Net cash from / (used in) operating activities (item 1.9)

8.2 Cash and cash equivalents at quarter end (item 4.6)

8.3 Unused finance facilities available at quarter end (item 7.5)

8.4 Total available funding (item 8.2 + item 8.3)

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

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.

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?

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?

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?

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

	<b>\$A'000</b>
8.1	(96)
8.2	1,912
8.3	-
8.4	1,912
8.5	20

## 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: 31 January 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.