

31 August 2023

## ASX ANNOUNCEMENT

# IMEXHS Reports 1H FY23 Results

### Financial Highlights

- 1H FY23 revenue of \$8.8m, down 7% vs pcp; down 2% on a constant currency basis.
- 1H FY23 recurring revenue of \$8.6m represented 97% of total revenue.
- 1H FY23 Underlying EBITDA was \$0.5m; up \$0.9m versus pcp loss of (\$0.4m).
- Annualised Recurring Revenue (ARR)<sup>4</sup> of \$24.4m, up 19% vs pcp; up 15% on a constant currency basis.
- Debt of \$0.9m at 30 Jun-23, down from \$1.1m at 31 Dec-22.
- Cash of \$2.0m at 30 Jun-23, up from \$1.9m at 31 Dec 22.
- Non-cash goodwill impairment of \$1.3m taken at 30 Jun-23 for the Radiology Services segment.
- Net operating cashflow of \$1.4m before capex of \$0.5m, investment in intellectual property of \$0.5m and financing cashflows of \$0.4m.

### Operational Highlights

- New radiology services contract signed with Famisanar in March 2023, Colombia's fifth largest insurance provider. The contract commenced operation during February with expected ARR of \$1.1m.
- New radiology services contract signed with Grupo Avidanti's newest hospital in Soacha, Colombia. The contract commenced operation during April and is expected to contribute \$750,000 of revenue during the first year. IMEXHS Enterprise Software has been installed at the hospital.
- Second radiology services contract signed with Famisanar, Colombia's 5<sup>th</sup> largest insurance provider, in June 2023. New contract is expected to contribute between \$350,000 and \$600,000 in ARR during the first year.
- IMEXHS Enterprise and IMEXHS Cloud finished the quarter with a total of 461 installations worldwide.

**IMEXHS Limited (ASX: IME)** ("IMEXHS" or "the Company") today released its financial results for the six months ended 30 June 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 half we have continued to focus on generating positive earnings and cashflow, with H1 FY23 seeing the company achieve planned sales in both software and in radiology and achieving positive underlying EBITDA and positive cash flow before paying down some debt.

Nevertheless, working capital remains tight and will continue to be so as we bring on several larger radiology contracts which will absorb further working capital.

Revenue is modestly down year on year which is essentially related to the customer we decided to exit last June. That revenue has already been almost backfilled with higher margin software deals in H1 FY23 with revenue down 2% on a constant currency basis.

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The pipeline of prospective business from both existing and new customers remains robust.

In the remainder of 2023, we will continue to prioritize high impact software development, implementation of new projects secured in the first half, and focus on cashflow.”

## Financial Performance

1H FY23 revenue of \$8.8m was down 7% vs pcp due to a customer the company decided to exit last July on the back of a poor payment record.

1H FY23 revenue was down 2% on a constant currency basis. The software and radiology services split of Revenue is \$3.5m and \$5.3m respectively versus \$2.8m and \$6.7m in 1H FY22 (software up 25%, radiology down 21%).

The Colombian Peso (COP) strengthened significantly against both the USD and AUD in the first half of 2023, and as at 30 June 2023 was trading marginally stronger against the AUD compared with 30 June 2022.

While the company cannot control exchange rates there is a policy to price software in USD wherever possible and for H1 FY23 that represented 41% of total software revenue.

ARR of \$24.4m at 30 June 2023 was up 19% vs pcp and up 15% on a constant currency basis. ARR of \$24.4m consisted of \$14.0m (\$10.5m as at 31 Dec-22) from Radiology services and \$10.4m (\$9.2m as at 31 Dec-22) from Software.

An impairment charge of \$1.3m has been taken at 30 June 2023 in respect of goodwill for the acquisition of RIMAB. This is principally as a result of the company choosing to exit a poor paying customer in 2022. This is a non-cash charge, and the Board remains highly confident of the future for its radiology business.

IMEXHS reported an EBITDA loss of (\$1.0m) after a \$1.3m impairment of goodwill vs (\$0.5m) in pcp. Underlying EBITDA of \$0.5m was up \$0.9m versus pcp loss of (\$0.4m).

The Company had a closing cash balance of \$2.0m and net assets of \$16.7m on 30 June 2023.

## Business Highlights

Our strategy of narrowing geographic focus and software development ambit is working in terms of reducing costs, improving speed to market of product development, increasing sales cadence, and reducing business distraction. The company is growing and has invested in increased working capital. It has reduced debt and improved margins.

The company has completed a strategic product review and is in the process of a significant upgrade of our value proposition for the software vertical, supported on four key pillars, functionalities, service, deployment times and security. The cost to do so will be modest and we would expect to rollout the features over the next three to eighteen months and advise the market accordingly.

Our high touch and customized enterprise solution, IMEXHS Enterprise, is the main source of our existing software revenues and under the new value proposition, we are expecting to drive growth.

IMEXHS Cloud, the Company's standardised cloud-based radiology solution targeted at small and medium-sized customers, continued to strengthen its global footprint throughout 1H FY23.

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IMEXHS Cloud continued to generate new sales and ongoing interest among larger medical institutions because of its comprehensive and affordable cloud solution.

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.

However, the Company has experienced, from too many small customers, a significant lack of readiness to allow us to implement the software in a timely manner. The reasons are varied but partially a consequence of our channel partner approach. As such a more disciplined approach has been instituted including implementation charges, minimum revenue/volume guarantee, extensive pre-order checklist of client's preparedness and size and nature of the client. As we move to a formal Ideal Client Profile, we may move to cull older orders yet to be implemented and those that fall outside our Ideal Client Profile.

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 half, the Company's radiology services division won its first contract with Famisanar. The deal is expected to contribute \$1.1m in ARR. The Company began operations and billing in February 2023. Famisanar is Colombia's 5th largest insurance provider which currently caters to over 2.4m patients across 16 departments in Colombia.

In April the radiology services division won its first contract with Grupo Avidanti, a wholly owned subsidiary of the Brazilian asset manager, Patria Investments. The Company will provide radiology outsourcing services to Grupo Avidanti's newest hospital in Soacha, Bogota. The first-year contract is for an estimated \$750,000 and once the hospital is in full operation the contract is expected to contribute \$1.0m in ARR. The Company began operations and billing in April 2023.

In June the radiology services division won its second contract with Famisanar. The deal is expected to contribute between \$350,000 and \$600,000 ARR. The Company began operations and billing in July 2023.

Post the end of H1 FY23, the company announced it had signed a 5-year Software as a Service (SaaS) contract with Grupo Avidanti - Zentria in Colombia, for one group of their hospitals. The first contract, priced in USD, has a TCV of A\$2.1m and is expected to contribute circa A\$430,000 in Annual Recurring Revenue (ARR). Negotiations are underway for a further Group of six hospitals which would be expected to contribute a further A\$360,000 in ARR.

The Group has demonstrated again in the first half the scalability of the business with an attractive product and disruptive business model, and now is focused on implementation of major projects and delivering positive numbers in the second half.

## Outlook

The company has a strong and growing pipeline. FY23 revenue is expected to be between \$19.0m to \$20.5m (vs \$17.1m in FY22). This implies:

- 2H FY23 expected Revenue growth of 16% - 33% versus 1H FY23; and
- 2H FY23 expected Revenue growth of 33% - 53% versus 2H FY22.

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## Investor Conference Call

IMEXHS Co-Founder & CEO Dr German Arango and CFO Reena Minhas will host a conference call with the investment community including a Q&A session at 10am AEST on 1 September 2023.

To listen to the conference call, please register at:

<https://s1.c-conf.com/diamondpass/10033066-q1g6a3.html>

Upon registration, the dial in details will be sent to participants via email.

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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