

30 January 2024

## ASX ANNOUNCEMENT

# 2023 Q4 Activity Report and Appendix 4C

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

- Q4 FY23 Revenue of \$5.7m, up 48% vs pcp; up 22% on a constant currency basis<sup>2</sup>.
- Q4 FY23 Underlying EBITDA<sup>3</sup> break-even.
- FY23 Revenue of \$19.7m in line with guidance, up 15% vs pcp; up 11% on a constant currency basis.
- 2H FY23 Revenue up 23% vs 1H FY23 and 42% vs pcp.
- FY23 Underlying EBITDA was a profit of \$0.4m; up \$0.5m vs pcp loss of (\$0.1m).
- Annualised Recurring Revenue (ARR)<sup>4</sup> of \$25.0m, up 27% vs pcp; up 1% on a constant currency basis.
- Cash of \$2.4m at 31 Dec-23, up from \$1.9m at 31 Dec 22.
- Debt of \$1.3m at 31 Dec-23, up from \$1.1m at 31 Dec-22.

### Operational Highlights

- Software implementation completed for Organización General del Norte's 11 sites throughout Colombia, being the first of the 5-year SaaS contract announced on August 16, 2023.
- Two new radiology services contracts signed: The first, a 15-month contract with Colombia's National Police Force which will contribute circa A\$1.6m in ARR. The second, a 3-year contract with San Carlos Hospital Foundation is expected to contribute circa A\$530,000 in ARR.
- Sales pipeline for both IMEXHS Cloud and Enterprise radiology solutions remains robust.
- IMEXHS Enterprise and IMEXHS Cloud finished the quarter with a total of 485 installations worldwide.
- Software development program of Enterprise new value proposition remains on time and on budget.

**IMEXHS Limited (ASX: IME)** ("IMEXHS" or "the Company") today provides its quarterly cash flow and activities summary for the period ended 31 December 2023. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 18 countries.

IMEXHS CEO Dr German Arango said, "In the final quarter of 2023 we achieved most of our sales, financial and operational goals. The results of the quarter support the overall outcome for the year, where we have reached positive cashflow and underlying EBITDA, while achieving a growth of 15% in revenue."

"Importantly we have made strong progress on the software development front with the new value

<sup>1</sup> All financial information for FY23 in this announcement is preliminary, unaudited financial information and may be subject to adjustment following audit review.

<sup>2</sup> Constant currency basis assumes FY23 results are converted at the average foreign exchange rate for FY22 across the same period. 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, share based payments, impairment charge and one-off costs in relation to the cost-out program (FY22 only).

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

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proposition directed towards large scale enterprise customers.

Our new value proposition is to empower radiology departments to elevate their operations, ensuring 24/7 productivity, with our cutting-edge radiology software blending modernity and security with a lightning-fast implementation process.

We expect to be in trials of the early-stage iterations of this software in the coming quarter. The future is very promising with an opportunity to accelerate profitable growth.

## Financial Summary

The Colombian Peso (COP) strengthened significantly against both the USD and AUD during 2023, and as at 31 December 2023 was trading 20% stronger against the AUD compared with 31 December 2022.

Q4 FY23 revenue of \$5.7m was up 48% vs pcp and up 22% on a constant currency basis.

FY23 revenue of \$19.7m was up 15% vs pcp; up 11% on a constant currency basis.

FY23 software revenue of 45% was priced in hard currencies which is translated to COP or local currency at the spot rate (was 31% of FY22 Software Revenue). While this policy was intended to reduce currency volatility the somewhat perverse outcome, at least in the short term, has been to reduce reported revenue, effectively local price and reported ARR. Notwithstanding this FY23 outcome we believe the policy of using USD pricing is both accepted by customers and appropriate for our company.

## Cashflow

As at 31 December 2023, IMEXHS held cash and cash equivalents of \$2.4m, up from \$0.9m at 30 September 2023.

Net cash from operating activities was \$1.4m with cash receipts of \$7.2m in the quarter. Two payments totalling \$955,000 that were due in September were received in early October contributing to the Q4 receipts.

Cash used in investing activities was \$0.3m for the quarter, with the company adding \$0.2m in capitalised software and \$0.1m in equipment.

There was a net cash inflow from financing activities of \$0.4m with a new debt facility of \$0.6m taken and debt of \$0.2m repaid in the quarter.

## Operational Metrics and Project Implementation

Key operational metrics showed strong growth in Q4 FY23 compared to Q4 FY22:

- Software solutions were used by 3,462 radiologists, a 12% increase on Q4 FY22 (3,077 radiologists).
- IMEXHS's Enterprise Imaging Platform stored 1.8 petabytes of data in the cloud and processed over 413 million images for the quarter (2.1 million studies), a 110% increase on Q4 FY22, for a grand total of over 3.2 billion images since the inception of the Company.
- Over 564,000 people entered IMEXHS's patient portal over 1.3m times for an average of 2.3x visits per user, which was an 10% increase on Q4 FY22.
- Radiologist team now totals 166 and the number of reported imaging studies is more than 298,000 for Q4, which was a 5% increase on Q4 FY22.

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## Sales Update

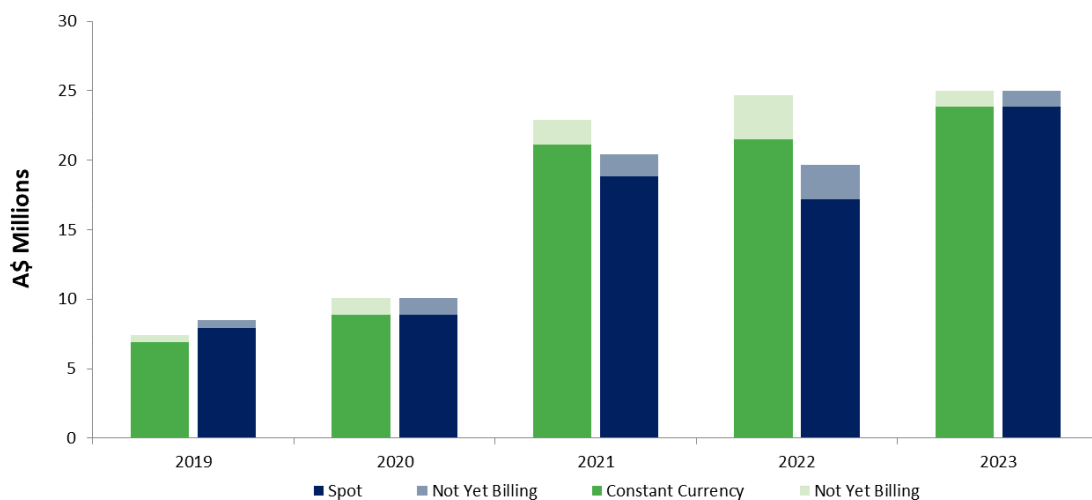
### Annualised Recurring Revenue

ARR of \$25.0m as at 31 December 2023 was up 27% vs pcp and up 1% on a constant currency basis.

ARR of \$25.0m consisted of \$14.5m (\$10.5m as at 31 Dec-22) from Radiology services and \$10.5m (\$9.2m as at 31 Dec-22) from Software.

ARR is flat on 30 Sept-23 as adjustments to ARR are made as contracts move from estimates to actual volumes and as estimates are removed for any older contracts which are assessed as unlikely to proceed. Further there has been a reporting impact through exchange rate for the rising share of USD denominated billing for software as noted above.

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 at each year end are converted at the 31 Dec-23 exchange rate. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.*

Software contracts written in the second half that have only recently commenced billing, or yet to commence billing or in process of being implemented will drive contracted revenue growth for 2024.

The company has established a subsidiary for Software sales and support in Mexico to more formally develop that market following good progress over the last couple of years.

Sales in Radiology services was ahead of plan for the quarter and the year. The out-sourced Radiology services model for large hospitals remains an attractive growth segment. The key sales and management task in 2024 will be to improve client profitability and working capital. This project is now well underway. There are no current plans to operate outside Colombia in this business.

### IMEXHS Software

In the December quarter, the software development team primarily focused on launching the first phase of the

Company's New Value Proposition, anchored by three key pillars. Firstly, we've introduced the most advanced, contemporary, and secure radiology software solution. Secondly, we have elevated our commitment to providing unparalleled customer support, setting a new industry standard. Lastly, we will deliver the most efficient, user-friendly, and swiftly implementable product in the market. User trials are under deployment in Q1 2024.

During Q4, the Company has processed over 2.1m studies across its medical imaging platforms across 485 sites in 18 countries with Software ARR of \$10.5m as at 31 December 2023.

IMEXHS Cloud, the Company's standardised cloud-based radiology solution, continues to attract considerable interest from important medical institutions. In the December quarter, the Company further strengthened its presence in Colombia by renewing and upgrading the contract with a current client, Cedicafe, a significant player in Colombia's medical imaging sector. While Cedicafe previously operated on-premise, the renewed agreement entails the complete migration of their operations to the cloud. This new multi-year contract is anticipated to add more than \$236,000 in Annual Recurring Revenue (ARR).

Software was deployed in Organización General del Norte's 11 sites across Colombia, completing the entire process within a contracted three-month timeframe. This represents the initial phase of the 5-year Software as a Service (SaaS) contract disclosed on August 16, 2023.

#### *Partners Program*

IMEXHS's Partners Program included 28 Partners across 15 countries by 31 December FY23. During the quarter, the Company signed its first partner in Bolivia. Additionally, the decision was made to conclude four partner distribution contracts due to inadequate sales activity throughout FY23.

#### *Radiology services*

In the quarter, a detailed examination of cost centres was conducted, thoroughly assessing each customer individually. Profitability analysis was carried out for each customer, and minimum contribution margins established. Profitability issues have mostly arisen through inflationary cost drag. Operational refinements and, subsequently, pricing renegotiations have commenced and will continue in the first quarter of fiscal year 2024.

With high interest rates in Colombia working capital has been a systemic issue. A strategy to reduce receivables outstanding in the services business has been put in place and actions against this will be applied over the coming six months. Improvements in contract provisions, pricing and client management processes have also been put in place for all new and recent contracts.

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 TCV, 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).

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

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## Product and Software Updates during Q4 FY23

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

### *Components of IMEXHS Cloud and Enterprise*

During the quarter a significant milestone was accomplished in our product portfolio as we successfully formulated a novel architecture, technology stack, value proposition, and roadmap for an enhanced iteration of AQUILA (the RIS-PACS system). The initial Minimum Viable Prototype (MVP) has been developed and is set to be implemented at selected test sites during Q1 FY24.

### *New Radiology Information System (RIS)*

IMEXHS released the MVP for a new RIS (initial minimum viable prototype v0.1), which is set to evolve into the core radiology product for specific segments in the future. The features developed and integrated into this MVP include:

- Login and registration screen of new users, with the highest security standards in web applications, using Google Identity.
- List of studies showing the information stored in our PACS version 5, so the new RIS is entirely compatible with older versions of AQUILA and fully optimized for the most recent version of our PACS.
- Complete integration with the Universal Viewer v6.2. and IMEXHS Patient Portal v 3.1.0. These integrations enable the new RIS to work as a complete product in the initial test sites.
- Module with a text editor to read the images and record the diagnosis and generation of the reading report in PDF format, which are basic tools needed by radiologists in any RIS.
- Assignment of radiologist to the studies.
- Enhanced efficiency in editing patient demographic data is achieved through a streamlined process, reducing the number of clicks from 7 to 3. This improvement accelerates the workflow, contributing to heightened speed and productivity for radiologists, technicians, and administrative personnel.
- Creation and editing of roles and permissions for users, initially for two roles: administrator and radiologist.
- Light and dark theme selection in one click.
- Complete implementation and coverage of UI/UX usage metrics using Clarity.
- Help button to report bugs or suggestions.

### *AQUILA v4.2*

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

- Several stability and performance improvements for the application, such as refining SQL queries to expedite the retrieval of studies and optimise overall performance.

### *Universal Viewer v6.2*

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

- Hanging protocols customisation tool feature, to improve radiologists' experience.

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- Integration and configuration of the Viewer and PACS v5.29 with a pathology focused RIS that opens new opportunities to expand the portfolio on this ology.
- Updated the complete front-end version to Angular 14, so the viewer is ready for the latest improvements in functionality.
- Complete frontend code changes to coding standard (Camel Case) implemented, as well as viewer-backend connection scheme to DB, enabling future developments on the product to be easier to implement.

### *IMEXHS Portal v3.1.0*

During the quarter number of improvements were made on the Patient Portal:

- Design and execution of the integration process with the new RIS.
- Notable modifications have been applied to the Patient Portal to seamlessly incorporate Single Sign-On (SSO) functionality with RIS. This includes the ability to retrieve patient demographic information directly from RIS databases.
- Additionally, backend enhancements have been made to facilitate the provision of a multi-tenant experience.

### *Listing Rule 4.7C3*

In Item 6 of the Appendix 4C cash flow report for the quarter, cash payments to Related Parties of \$46,000 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	31 Dec 2023	
Consolidated statement of cash flows	Current quarter	Year to date (12 months)
	\$'000	\$'000
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	7,223	20,899
1.2 Payments for		
(a) research and development	(594)	(1,324)
(b) product manufacturing and operating costs	(1,989)	(6,554)
(c) advertising and marketing	(7)	(67)
(d) leased assets	-	(22)
(e) staff costs	(2,107)	(8,336)
(f) administration and corporate costs	(414)	(1,698)
1.3 Dividends received	-	-
1.4 Interest received	1	6
1.5 Interest and other costs of finance paid	(30)	(99)
1.6 Income taxes paid / received	(671)	(848)
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	8	34
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,420</b>	<b>1,991</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(117)	(763)
(d) investments	-	-
(e) intellectual property	(226)	(716)
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(343)</b>	<b>(1,479)</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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	560	560
3.6	Repayment of borrowings	(166)	(782)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	12
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>394</b>	<b>(210)</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	882	1,912
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,420	1,991
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(343)	(1,479)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	394	(210)
4.5	Effect of movement in exchange rates on cash held	9	148
	Other (provide details if material)	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,362</b>	<b>2,362</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	2,362	882
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>2,362</b>	<b>882</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		46
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.			



<b>Financing facilities</b>		<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>7</b>	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	1,257	1,257
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>1,257</b>	<b>1,257</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>		
	Banco Davivienda	19.1	Nov-24
	Banco Itau	18.4	Apr-24
	Banco Davivienda	16.5	Oct-24
	PHV Group S.A.S	28.5	Aug-25
	Banco Davivienda	19.6	Nov-25
	Banco ITAU- NEW	16.9	Apr-24
			<u>Total facility</u>
			<u>Amount drawn</u>
			111
			43
			83
			26
			425
			569
	Weighted average interest rate of 18.3% on borrowings.		
<b>8</b>	<b>Estimated cash available for future operating activities</b>		<b>\$'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)		1,420
8.2	Cash and cash equivalents at quarter end (item 4.6)		2,362
8.3	Unused finance facilities available at quarter end (item 7.5)		-
8.4	Total available funding (item 8.2 + item 8.3)		2,362
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>		N/A
	<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? 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?  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? 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: 30 January 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.