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19 October 2020

ASX Announcement

2020 Q3 Activity Report and Appendix 4C

Highlights

- Year to date revenue of $6.7m, up 21% vs pcp[1]; up 34% on constant currency basis[2]
- Quarterly recurring revenue of $1.9m, down 16% vs pcp; down 1% on constant currency basis due to the impact of COVID-19 on volumes
- Annualised Recurring Revenue (ARR)[3] of $9.0m, up 11% vs pcp and up 30% on a constant currency basis
- Closing cash balance of $3.8m following the repayment of $1.0m loan to Domatorisaro Pty Ltd
- COVID-19 Update: Second waves of COVID-19 in key markets have led to a relative reduction in the number of images which has somewhat impacted overall revenue. There has also been a noticeable delay in sales decision-making
- Sales momentum for new *Aquila in the Cloud* (AiC) standardised radiology solution with 15 deals completed by the end of September. Since then, a strong pipeline of new opportunities has resulted in two further orders resulting in combined ARR of $473,190 from the 17 contracts completed to date
- Significant progress made in new markets with the establishment of first IMEXHS office in the USA, key management appointments in the USA and Australia. ANVISA certification in Brazil was achieved
- Entered into global agreement with Vital Images, a leading healthcare imaging company, to integrate its advanced visualisation tools

Guidance

- Based on contracts in the process of being implemented the Company is expecting a strong final quarter and confirms FY20 revenue guidance of $10.0m - $12.0m (based on current spot exchange rates).

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[1] Previous corresponding period.
[2] Constant currency basis assumes Q3 FY20 results are converted at the average foreign exchange rate for FY19. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.
[3] 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 twelve months will renew at the same rate and at constant exchange rates

IMEXHS Limited ABN 60 096 687 839
Imaging Experts and Healthcare Services Pty Ltd ABN 18 624 772 756
122 O'Riordan Street, Mascot NSW 2020
Tel: +61 2 9030 0040

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IMEXHS Limited (ASX: IME) ("IMEXHS" or "the Company") today provides its quarterly cash flow and activities summary for the period ended 30 September 2020. IMEXHS is an innovative provider of cloud-based multi-tenant medical imaging software across 15 countries.

IMEXHS CEO, Dr German Arango said: "We have achieved a great deal in the September quarter. Our annualised recurring revenue was 30% higher on a constant currency basis compared to the same quarter last year. Revenue growth was down 1% on a constant currency basis due to the impact of COVID-19 on the number of images. Recurring revenue represented 86% of Q3 FY20 revenue and highlighted our focus on building a sustainable and scalable subscription model.

"Our *Aquila in the Cloud* standardised radiology offering, which was launched in May, is creating strong interest and has generated $473,190 in ARR to date. We continued to progress our expansion plans in several new geographies with the opening of our Miami office from which we will initially target the markets of Florida and Texas. In Brazil, we received ANVISA certification, which means we can commence operations in Latin America's largest market.

"We also continued to invest in product and technology and in August, entered into a global agreement with Vital Images to integrate their cutting-edge advance visualisation tools onto our HIRUKO™ platform. This will be the first time that these tools are available via the cloud and meets our objective of democratising access to medical imaging technology to deliver better outcomes for patients and physicians."

September Financial Summary

Revenue

Year to date revenue of $6.7m, up 21% vs pcp; up 34% on constant currency basis

Quarterly recurring revenue of $1.9m, down 16% vs pcp; down 1% on constant currency basis due to the impact of COVID-19 on volumes

Of these revenues, 86% of revenue came from recurring revenue contracts, reflecting the strategic focus on driving subscription revenue growth.

Key operational metrics recorded significant growth in Q3 FY20 compared to prior periods.

- The Aquila radiology information system (RIS) was installed in 16 new sites during the quarter compared to 11 in Q2 FY20 and 3 new sites in Q3 FY19
- Aquila was actively used by 2,052 radiologists, a 15% increase on Q3 FY19: 1,771
- The HIRUKO™ platform stored 1.1 petabytes of data in the cloud and processed over 118m images (1.6m studies) which represented an 11% increase on Q3 FY19
- 163,000 people entered IMEXHS's patient portal over 290,000 times (average of 1.8x visits per user), a 70% increase on Q2 FY20 and 122% increase on Q3 FY19

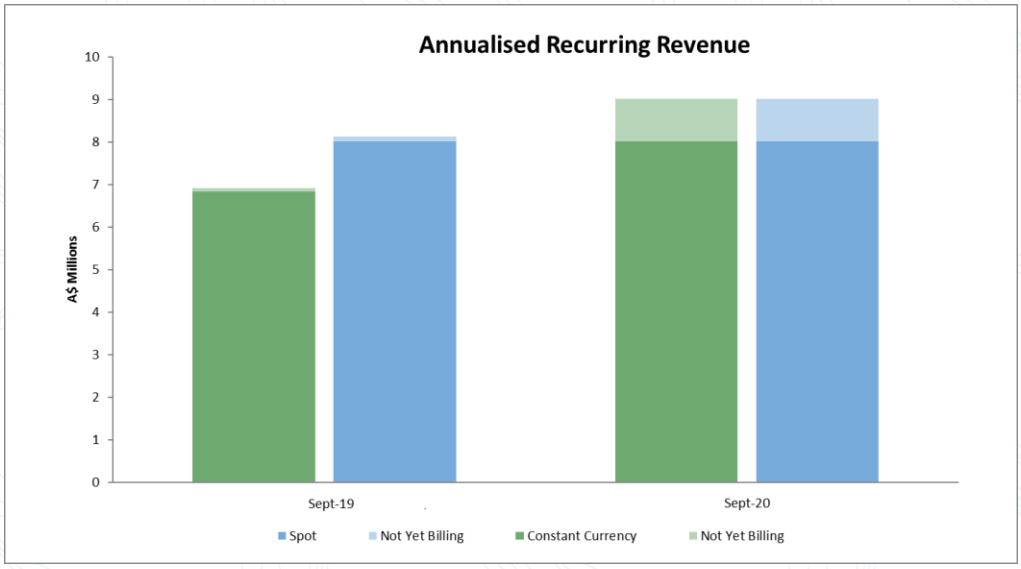
Annualised Recurring Revenue

IMEXHS's ARR was $9.0m, which was 11% up vs pcp and 30% higher on a constant currency basis.

The chart on the following page shows ARR which is currently billing as well as ARR which is yet to commence billing ("ARR not yet billing" is shown in a lighter shade on a spot and constant currency basis).

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Q3 FY20 Cashflow Summary

At 30 September 2020, IMEXHS held cash and cash equivalents of $3.8m, compared with $6.3m at 30 June 2020.

Cash receipts for the quarter were $1.7m, with year to date receipts for the nine months of $6.4m. Lower receipts in the quarter reflected a decline in the exchange rate and delayed customer payments which have subsequently been received.

Product manufacturing and operating costs were lower this quarter primarily due to reduced radiology interpretation services as a result of reduced volumes.

Net cash used in financing activities of $1.2m related to the repayment of a $1.0m loan to Domatorisaro Pty Ltd, a related party of Dr Doug Lingard.

Sales and Market Update

Aquila in the Cloud (AiC)

Launched in May 2020, the *Aquila in the Cloud (AiC)* business model was created to provide small and medium-sized customers with a comprehensive, affordable and accessible RIS/PACS solution that is hosted within Azure. IMEXHS leverages HIRUKO's multi-tenancy capabilities to rapidly deploy the AiC product offering which had an average implementation time of 13 days during the quarter. The AiC sales cycle is also substantially lower at less than 60 days versus more than 180 days for customised solutions. The Company has received 17 orders for AiC which will contribute $473,190 in ARR. The standardised radiology solution continues to generate strong interest from small and medium-sized customers in Mexico and other Central American countries which accounted for 80% of the orders to date.

Partners Program

The strength of IMEXHS's Partners Program was evident during the quarter with 13 of the 15 *Aquila in the Cloud* orders coming from new partners. IMEXHS now has 20 *Aquila in the Cloud* partners across 13 countries including the United States.

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Net Promoter Score

IMEXHS received a strong result from its first 'Net Promoter Score' analysis (NPS of 4.55/5) which asked a sample of 170 users; "How likely are you to recommend us as a RIS-PACS solution or as a provider of biomedical equipment solutions to another institution?"

Keralty

On 7 September, IMEXHS received a purchase order for its HIRUKO™ platform from Colsanitas, a subsidiary of global Spanish healthcare company Keralty, in a 6-year recurring revenue deal worth $1.8m ($300,000 in ARR). The order is for *Clinica Infantil Santa Maria del Lago*, one of Colsanita's recent acquisitions in Bogotá which has more than 150 hospital beds. Access to IMEXHS's Aquila solution has provided Colsanitas radiologists with robust tele-radiology tools during the pandemic.

RIMAB MedPlus

During the quarter, RIMAB MedPlus went live on the HIRUKO platform. MedPlus is an insurance company based in Colombia which operates six hospitals in the country. Aquila is currently being used at four of these hospitals including *Clinica Azul* which is the organisation's newest hospital. *Clinica Azul* is equipped with state-of-the-art medical technology for complex procedures and this multi-site, multi-modality contract will provide $61,335 in ARR over a 36-month period.

New | Key Markets

Australia

In Q3 2020, IMEXHS strengthened its commercial team with the appointment of German Fumis as General Manager, Business Development for Australia and New Zealand. Mr Fumis has held sales and engineering positions at Phillips, Sectra and most recently at Comrad, where he headed sales in Australia. IMEXHS continues to operate via two sales channels in Australia; a distributor model with positive support from several prospective partners and direct sales led by Mr Fumis.

United States

During the September quarter, IMEXHS established its US subsidiary, IMEXHS Corp. and opened its first office in Miami, Florida. The Company's initial approach will be to target small and medium sized clinics and medical imaging centres in the major markets of Florida and Texas and has appointed two distributors focused on both the public and private sectors in these states. In addition, IMEXHS has recruited a Senior Account Manager with extensive experience in senior sales positions in the healthcare industry and commenced a program of Aquila demonstrations in Florida.

Brazil

On 27 August, IMEXHS announced it had received ANVISA certification for the HIRUKO Essential Software suite. Brazil represents a significant opportunity for IMEXHS to deliver its disruptive cloud-based medical imaging technology to LATAM's largest market.

Mexico

During the quarter, IMEXHS's new business model, *Aquila in the Cloud* obtained significant traction in Mexico, receiving orders from four clients.

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Product and Software Update

Vital Images, Inc.

IMEXHS entered a global agreement with Vital Images, Inc. for its advanced post-processing software, Vitrea®. Vital is a wholly owned subsidiary of Canon Medical Systems Corporation. IMEXHS has integrated Vitrea's full-suite of cutting-edge advanced post-processing tools (which includes Computed Tomography, Magnetic Resonance Spectroscopy, X-Ray Angiography, Position Emission Tomography, Ultrasound and Single Photon Emission Computed Tomography) into its Aquila platform, allowing IMEXHS customers to perform advanced post-processing directly from Aquila, through its on-demand subscription model hosted in the Azure cloud. This integration is a first of its kind for the medical imaging industry.

Universal Viewer - Advanced Post-processing Tool Set

TractViewer

During the September quarter, the web version for the tractography post-processing tool was completed. A first use case was contemplated to identify collisions of neuronal fibers within regions of interest. This tool can potentially be used for surgical planning or assisted evaluation of the evolution of pathologies and will soon be included in the advanced post-processing toolkit of HIRUKO's Universal Viewer. The unique elements of the *TractViewer* is its web architecture and the real-time demonstration of the collisions of neuronal pathways.

Web 3D Rendering proof of concept

Numerous validations were performed to measure the ability of HIRUKO's Universal Viewer to perform a CT reconstruction of the skeletal system in a 3D scene. This tool has the potential to improve the usability of the system and it can support the decision-making process of the radiologist.

Third party AI integrations

Throughout the quarter, IMEXHS has been working with a number of potential Artificial Intelligence (AI) partners. The HIRUKO platform has an integrated AI engine which allows IMEXHS to integrate their own AI algorithms as well as third-party algorithms within the platform in a seamless manner.

Alula

Version 2.0 was released during this quarter. This version is IMEXHS's latest official long-term support (LTS) version of Alula. This newest features of version 2.0 are:

- A complete workflow for an anatomic pathology laboratory information system (APLIS)
- Integration with HIRUKO Universal Viewer for microscopy image. This component includes the complete support for whole slide imaging (WSI) and interaction with six (6) different types of annotations and measurements.
- A significantly improved User Interface (UI).

Aquila

During the September quarter, Aquila's version 3.0 was released. The main new features are:

- A revamped billing module for electronic billing in Colombia.
- Extended support for several integrations with hospital integration systems (HIS) and accounting systems.
- A significantly improved User Interface (UI).

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Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately $256,000 comprised: $105,000 of Director remuneration to executive and non-executive directors; $27,000 in interest to Domatorisaro Pty Ltd, a related party of Dr Doug Lingard; $105,000 for radiology services to RIMAB SAS, a related party of Dr German Arango; $5,000 in expenses for office space and IT services to CrossPoint Telecommunications Pty Ltd, a related party of Mr Carlos Palacio; and $14,000 in payments due to Dr Arango for PaaS Equipment Financing.

Offsetting the payments to RIMAB SAS was the receipt of $654,000 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:

Media and Investor Relations
Françoise Dixon, Citadel-MAGNUS
E: fdixon@citadelmagnus.com
T: +61 412 292 977

Business Inquiries
Reena Minhas – CFO & Company Secretary IMEXHS
E: enquiries@imexhs.com.au
T: +61 (0)2-9030-0040

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

Forward looking statements:

This announcement contains forward looking statements. All statements that address events or developments that IMEXHS expects or anticipate will or may occur in the future and guidance on financial performance are forward looking statements. These forward looking statements are based on the Board or management's beliefs and expectations based on information currently available to the Board and management. The Company believes that these forward looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward looking statements which are inherently uncertain. IMEXHS does not undertake any obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise except as required by law or the ASX Listing Rules. Forward looking statements are subject to certain risks and uncertainties, many of which are outside its control that could cause actual results, events and developments to differ materially from IMEXHS' historical experience, or its present expectations or projections.

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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 2020

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (9 months) $A'000
1	**Cash flows from operating activities**		
1.1	Receipts from customers	1,699	6,353
1.2	Payments for		
	(a) research and development	(77)	(370)
	(b) product manufacturing and operating costs	(584)	(2,027)
	(c) advertising and marketing	(30)	(107)
	(d) leased assets	-	-
	(e) staff costs	(947)	(2,944)
	(f) administration and corporate costs	(924)	(2,308)
1.3	Dividends received	-	-
1.4	Interest received	3	16
1.5	Interest and other costs of finance paid	(40)	(265)
1.6	Income taxes paid	(117)	(252)
1.7	Government grants and tax incentives	-	-
1.8	Other - indirect taxes	21	(152)
1.9	**Net cash from / (used in) operating activities**	**(996)**	**(2,056)**

Notes

During the 30 June 2020 Half Year Review it was determined that the Joint Venture was a Joint Operation (30% share of operation to provide radiology services for the Hospital Central Policía Nacional in Colombia) and the comparatives for the 9 months to 30 September 2020 have been restated to reflect the correct treatment of cashflows.

2	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(16)	(636)
	(d) investments	-	-
	(e) intellectual property	(175)	(535)
	(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	(12)	(56)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(203)**	**(1,227)**

Notes

2.1(c) The prior quarter payments that were included in 2.1(a) have been reclassified to 2.1(c)

3	**Cash flows from financing**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	530
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	-	(6)
3.5	Proceeds from borrowings	-	940
3.6	Repayment of borrowings	(1,212)	(1,417)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(1,212)**	**47**

4	**Net increase / (decrease) in**		
4.1	Cash and cash equivalents at beginning of period	6,294	7,150
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(996)	(2,243)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(203)	(1,039)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,212)	48
4.5	Effect of movement in exchange rates on cash held	(61)	(94)
4.6	**Cash and cash equivalents at end of period**	**3,822**	**3,822**

5	**Reconciliation of cash and** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,760	5,276
5.2	Call deposits	1,062	1,018
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,822**	**6,294**

6	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	256
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:	654

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.

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	Financing facilities *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.*	Total facility amount at quarter $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	1,737	1,721
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**1,737**	**1,721**
7.5	**Unused financing facilities available at quarter end**		16

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.

Lender	Interest Rate	Maturity Date	Total facility	Amount drawn
Unsecured				
Banco Colpatria	17.9	Feb-23	64	64
Banco de Bogota	13.9	Feb-21	48	48
Finaktiva	16.2	May-21	27	27
Banco de Bogota	12.8	Jul-21	128	128
Banco de Bogota	15.0	N/A	18	15
BBVA	10.5	Apr-21	121	121
Banco de Bogota	15.0	Jul-21	54	41
Credito Progression	16.9	Mar-23	504	504
Banco de Bogota	8.8	May-23	326	326
Qvartz Financial Services	15.7	Sep-22	435	435
Finesa	21.0	Apr-21	12	12

	Estimated cash available for future operating activities	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(996)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,822
8.3	Unused finance facilities available at quarter end (item 7.5)	16
8.4	Total available funding (item 8.2 + item 8.3)	**3,838**
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	3.85

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?

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

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

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: 19 October 2020

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.

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