

29 January 2021

ASX Announcement

2020 Q4 Activity Report and Appendix 4C

Highlights

- FY20 revenue of \$10.9m¹, up 41% vs pc²; up 59% on constant currency basis³ and in line with FY20 guidance
- Q4 FY20 recurring revenue of \$2.4m, up 13% vs pc; up 31% on constant currency basis
- Annualised Recurring Revenue (ARR)⁴ of \$10.1m¹, up 19% vs pc; up 33% on a constant currency basis
- Successful completion of \$8.3m placement providing financial flexibility to accelerate growth into new markets and to increase investment in product development
- Closing cash balance of \$10.8m at 31 December 2020
- Strong sales momentum for new *Aquila in the Cloud* (AiC) standardised radiology solution with combined ARR of \$945,000 from 41 contracts completed as at 31 December 2020
- Significant progress made in new markets with the first customer contract signed in the USA on 1 December and CE mark registration⁵ received for HIRUKO Essential Software suite
- COVID-19 Update: Although there continues to be a delay in decision-making by larger hospitals, there has been a substantial recovery in imaging volumes during the December quarter.

IMEXHS Limited (ASX: IME) (“IMEXHS” or “the Company”) today provides its quarterly cash flow and activities summary for the period ended 31 December 2020. IMEXHS is an innovative provider of cloud-based multi-tenant medical imaging software across 15 countries.

IMEXHS CEO Dr German Arango said: “The December quarter marks the end of another successful year as our disruptive technology was used by almost 2,100 radiologists and over 250,000 patients and their families around the world. In October, we completed a placement that was oversubscribed and will allow us to accelerate our growth plans as we enter new markets and launch innovative products like *Aquila in the Cloud*. On a constant currency basis, our annualised recurring revenue was 33% higher vs pc as we added new customers and extended existing contracts.

“Our *Aquila in the Cloud* product offering continues to generate strong interest across many markets including the USA, where the first customer is now live as part of a 30-day trial. A total of 41 deals were signed by 31 December which are expected to contribute \$945,000 in ARR. These encouraging

¹ Unaudited financial information

² Previous corresponding period

³ Constant currency basis assumes Q4 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.

⁴ 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

⁵ Certificat de Conformité Européen

results highlight the success of our Partners Program which has created a new distribution channel underpinned by an online centre that provides training as well as sales and post-sales support.

“During the quarter, the potential global opportunity widened further as we received CE mark registration, allowing us to sell our HIRUKO platform in the European Union, one of the world’s largest RIS / PACS markets. We also continued to invest in product development, releasing a range of new features and tools that enhance physician productivity and improve the customer experience.”

December Financial Summary

Revenue

FY20 revenue of \$10.9m, up 41% vs pcp; up 59% on constant currency basis.

Q4 FY20 revenue of \$4.2m, up 94% vs pcp due to an increase in both recurring and one-off sales.

The strategic focus on driving subscription revenue growth continued with recurring revenue maintaining a growing trend versus the previous quarter.

IMEXHS recorded significant growth in several key operational metrics during the December quarter compared to prior periods.

- The customised Aquila radiology information system (RIS) was installed in 12 new sites in Q4 FY20 compared to 16 in Q3 FY20 and six new sites in Q4 FY19
- Aquila was used by 2,096 radiologists, a 15% increase on pcp (Q4 FY19: 1,824)
- The HIRUKO™ platform stored 1.4 petabytes of data in the cloud and processed over 132m images (2.1m studies) which represented an 22.5% increase on Q4 FY19
- 251,000 people entered IMEXHS’s patient portal over 447,000 times (average of 1.8x visits per user), a 34% increase on Q4 FY19

Annualised Recurring Revenue

IMEXHS’s ARR was \$10.1m, 19% up vs pcp and 33% higher on a constant currency basis reflecting increased demand for its customised solutions and *Aquila in the Cloud* product offering.

Chart 1 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).

Chart 1: Strong sales momentum delivers ARR growth



Q4 FY20 Cashflow Summary

At 31 December 2020, IMEXHS held cash and cash equivalents of \$10.8m, compared with \$3.8m at 30 September 2020.

Cash receipts for Q4 FY20 were \$2.4m and \$8.7m for FY20. Receipts in the December quarter reflected an improvement in collections and increased volumes from customers.

Operating costs were higher in Q4 FY20 primarily due to increased investment as the Company expanded into new markets.

On 22 October 2020, IMEXHS announced it had raised gross proceeds of approximately \$8.3 million from sophisticated and institutional Australian investors. Net proceeds from the capital raised will be used to strengthen the Company's balance sheet and to drive future growth, with a particular focus on accelerating the expansion into several key markets including the USA, Brazil and Australia.

Sales and Market Update

Aquila in the Cloud (AiC)

During Q4 FY20, IMEXHS's standardised radiology solution, *Aquila in the Cloud* (AiC) continued to generate strong demand leading to 26 new deals. Since launching in May 2020, 41 AiC contracts have been signed (as at 31 December) which are expected to contribute over A\$945,000 in ARR.

IMEXHS also signed and went live on 1 December with a 30-day trial for its first AiC customer in the US (Miami) where it continues to strengthen its US operations. At 31 December, AiC was present in eleven countries, highlighting the significant interest in the low-cost radiology solution, which can be rapidly deployed and adapted to local requirements.

The AiC pay-on-demand model also has a significantly shorter sales-cycle and its multi-tenancy capabilities means that it can be implemented within an average of 13 days compared to over 60 days for customised projects.

Partners Program

The importance of IMEXHS's Partners Program was evident during the quarter with all orders for *Aquila in the Cloud* coming from partners. In Q4 FY20, a further four partners joined the Company's distributor network for a total of 24 partners at 31 December.

Customer Renewals / Extensions

In December, IMEXHS renewed the tender (entered into in December 2019) to provide radiology services to the *National Police Hospital* in Bogotá, Colombia as part of a joint agreement with RIMAB SAS.

Centro Médico Buenos Aires, an existing customer, has entered into a new contract for IMEXHS's RIS / PACS solution for a second multi-modality medical centre. The contract covers a 5-year period.

New | Key Markets

United States

During the December quarter, IMEXHS both signed and went live with a 30-day trial for its first US customer that specialises in Diagnostic radiology, Interventional Radiology and Vascular Surgery. The deal will provide the customer with AQUILA's next generation cloud-based PACS, fully integrated RIS and web-based PET-CT fusion.

Mexico

Aquila in the Cloud continued to generate significant traction in Mexico, receiving orders from nine new clients (four in the previous quarter). These included two notable contracts:

- *Laboratios Santa Maria* - own and operate a network of 29 clinics and AiC will be used by radiologists in three of their clinics. The contract is expected to generate over \$65,000 in ARR.
- *Corominas & Castillo* - operate a network of six clinics and will implement AiC at two of these clinics. The contract is expected to generate ARR of over \$101,000.

Product and Software Update

CE Certification

During the December quarter, IMEXHS received Conformité Européen (CE) mark registration for its HIRUKO Essential Software suite. IMEXHS will now be able to commercialise its leading HIRUKO platform in Europe, one of the world's largest and most sophisticated RIS / PACS markets.

Entelai

IMEXHS entered a partnership agreement with Entelai Pic, an Argentinian company who specialises in medical artificial intelligence (AI). Entelai's AI tools for neurology will be available in the cloud through the AQUILA platform via an on-demand subscription model. As a result of this new partnership, Entelai's AI tools will be seamlessly embedded within AQUILA to perform an automated MRI analysis of the brain using the convolutional neural networks developed by Entelai for brain extraction, hyperintense lesions, tissues and other areas of the brain (starting from a volumetric T1 and a volumetric FLAIR). The use of these technologies significantly enhances the screening process across medical centres.

Universal Viewer - Advanced Post-processing Tool Set

TractViewer

A new tool was developed for interactions with tractography. With this new feature, it is possible to add multiple regions of interest and concatenate with logical operators the effect of the collisions of the axonal projections that interact within the regions of interest. This functionality will allow the user to perform 3D rendering of the neuronal pathways in real time with a dynamic response in order to visualise from multiple angles and link to anatomical sequences. This new tool may be used in surgical planning where surgeons determine the routes through which the neural pathways travel to minimise contact with neural pathways during the surgical procedure.

Resting-state Networks for Functional Magnetic Resonance Imaging (rs-fMRI)

A new view has been created for resting brain networks with the new feature providing radiologists with the ability to visualise at least ten neuronal networks traditionally reported within modern neuroimaging literature. The scene is initially composed of a grid of four viewports (Axial View, Corona, Sagittal and 3D rendering). The tool will simplify the visualisation of neuronal networks in a resting state, after presenting the ten most common networks without the need for post-processing efforts.

Fusion support for Positron Emission Tomography (PET) & Computed Tomography (CT)

In Q4 2020, a new function of IMEXHS's web viewer was released which is able to overlap functional images from PET over anatomical images in CT in real-time, solving a recurring requirement of nuclear medical physicians.

The new function also includes support for a new measure referred to as SUV (Standardized Uptake Value). SUV is a simple way to quantify activity in PET images. This measure is standard when evaluating the response to cancer therapies at oncology centres.

A further function to support multiple Look Up Tables in PET images was also released. Look Up Tables are the colour tables that define what CT/PET merges look like. This feature allows radiologists to select the most convenient colour scheme for their daily practice.

Improvements of the Multiplanar reconstruction (MPR) tool

- Angulation restrictions were removed for the use of the MPR tool in radiology to allow for a wider range of potential use cases where the tool has a practical value for the radiologist.
- Support was included for the use of the MPR tool for radiology modalities when the image encoding was in colour. This widens the use of the tool to instances such as post-processing where the representation of the modalities is in colour, as is the case with the cortical reconstruction generated by Entelai's tool.

HIRUKO Essential

A complete redefinition of the user interface (UI) of the work lists for the product was performed with the aim of improving the overall user experience (UX).

Alula

Several new features were added to Alula in the quarter:

- A view for the parameterization of pathology signatures was included which allows administrative users of the Alula platform to change the graphical representation of the signature assigned to each pathologist on demand.
- A new graphical representation was added to the pathology reporting which makes the new report template more informative than the previous versions.
- The Alula access home page was updated so that the new landing page of the platform is unified and aligned with the corporate image.
- New features for the interaction with specimens in Alula were added which make it possible to override any hierarchical level for specimens.

Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately \$452,000 comprised:

- \$103,000 of Director remuneration to executive and non-executive directors;
- \$325,000 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
- \$21,000 in payments due to Dr Arango for PaaS Equipment Financing.

The payment to RIMAB SAS were offset by the receipt of \$1.3m for the provision of services by IMEXHS to RIMAB SAS.

Authorised for release by the board of IMEXHS Limited.

-ENDS-

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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

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.

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 2020	
Consolidated statement of cash flows	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	2,365	8,719
1.2 Payments for		
(a) research and development	(48)	(522)
(b) product manufacturing and operating costs	(709)	(2,677)
(c) advertising and marketing	(30)	(137)
(d) leased assets	-	-
(e) staff costs	(1,228)	(4,210)
(f) administration and corporate costs	(938)	(3,099)
1.3 Dividends received	-	-
1.4 Interest received	3	19
1.5 Interest and other costs of finance paid	(20)	(302)
1.6 Income taxes paid	(157)	(571)
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	(30)	(93)
1.9 Net cash from / (used in) operating activities	(792)	(2,873)
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(640)
(d) investments	-	-
(e) intellectual property	(181)	(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	55	-
2.4 Dividends received (see note 3)	239	239
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	109	(1,117)
Notes		
2.4 Dividends received from Joint Operation (30% share of operation to provide radiology services for the Hospital Central Policía Nacional in Colombia).		

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,780	9,310
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	(612)	(618)
3.5	Proceeds from borrowings	-	940
3.6	Repayment of borrowings	(219)	(1,614)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(190)	(190)
3.9	Other (provide details if material)	(42)	(42)
3.10	Net cash from / (used in) financing activities	7,717	7,786
3.8	<i>Dividends of Joint Operation (30% share of operation to provide radiology services for the Hospital Central Policía Nacional in Colombia).</i>		
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,822	7,150
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(792)	(2,870)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	109	(1,117)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,717	7,787
4.5	Effect of movement in exchange rates on cash held	(11)	(105)
4.6	Cash and cash equivalents at end of period	10,845	10,845

5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	9,739	2,760
5.2	Call deposits	1,106	1,062
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)	10,845	3,822

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	452
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:	1,328
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.		

7	Financing facilities			Total facility amount at quarter	Amount drawn at quarter end
	Note: the term "facility" includes all forms of financing arrangements available to the entity.			\$A'000	\$A'000
	Add notes as necessary for an understanding of the sources of finance available to the entity.				
	7.1	Loan facilities		1,598	1,598
	7.2	Credit standby arrangements		-	-
7.3	Other (please specify)		-	-	
7.4	Total financing facilities			1,598	1,598
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.				
	<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Total facility</u>	<u>Amount drawn</u>
	<u>Unsecured</u>				
	Banco Colpatría	17.9	Feb-23	67	67
	Banco de Bogota	13.9	Feb-21	26	26
	Finaktiva	16.2	May-21	19	19
	Banco de Bogota	12.8	Jul-21	90	90
	Banco de Bogota	15.0	N/A	14	14
	BBVA	10.5	Apr-21	79	79
	Banco de Bogota	15.0	Jul-21	29	29
	Credito Progression	16.9	Mar-23	487	487
	Banco de Bogota	8.8	May-23	321	321
	Qvartz Financial Services	15.7	Sep-22	459	459
	Finesa	21.0	Apr-21	7	7
8	Estimated cash available for future operating activities				\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)				(792)
8.2	Cash and cash equivalents at quarter end (item 4.6)				10,845
8.3	Unused finance facilities available at quarter end (item 7.5)				-
8.4	Total available funding (item 8.2 + item 8.3)				10,845
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)				13.69
	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: 29 January 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.