

30 April 2021

ASX ANNOUNCEMENT

2021 Q1 Activity Report and Appendix 4C

Highlights

- Q1 FY21 revenue of \$2.5m¹, up 9% vs pc²; up 17% on a constant currency basis³
- Q1 FY21 recurring revenue of \$2.2m, up 7% vs pc² and up 15% on a constant currency basis
- Annualised Recurring Revenue (ARR)⁴ of \$11.0m, up 19% vs pc²; up 29% on a constant currency basis
- Closing cash balance of \$10.3m at 31 March 2021
- Continued strong sales momentum for Aquila in the Cloud (AiC) standardised radiology solution with an expected combined ARR of \$1.3m from 60 signed contracts as of 31 March 2021
- Strong traction across key markets and in new geographies with two AiC customers acquired in the USA and the first Australian customer committing to a 30-day trial. IMEXHS has also signed two new Partners in this market.

IMEXHS Limited (ASX: IME) (“IMEXHS” or “the Company”) today provides its quarterly cash flow and activities summary for the period ended 31 March 2021. IMEXHS is an innovative provider of cloud-based multi-tenant medical imaging software across 15 countries.

IMEXHS CEO Dr German Arango said: “We have made a positive start to 2021 with our disruptive technology being used by over 2,100 radiologists and almost 300,000 referral physicians, patients and their families around the world. Our annualised recurring revenue was 29% higher on a constant currency basis, as we continued to add new customers and extend existing contracts.

“Our *Aquila in the Cloud* product offering continues to generate strong interest across multiple markets, including the USA, where we signed another two customers and Australia, where we were delighted to sign a customer to a 30-day AiC trial. A total of 60 deals were signed by 31 March 2021, which are expected to contribute \$1.3m in ARR. Two new distributors joined our well-regarded Partners Program creating an additional sales channel, which is underpinned by an

¹ Unaudited financial information

² Previous corresponding period

³ Constant currency basis assumes Q1 FY21 results are converted at the average foreign exchange rate for FY20. 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



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online centre that provides training as well as sales and post-sales support. Although some of our core markets continue to be affected by COVID-19, we are experiencing renewed interest in our customised solution from larger customers and an increase in imaging volumes.”

March Quarter Financial Summary

Revenue

Q1 FY21 revenue of \$2.5m was up 9% vs pcp and up 17% on constant currency basis. Recurring revenue of \$2.2m was up 7% vs pcp (15% higher on a constant currency basis) representing 88% of total revenue in the March quarter.

Key operational metrics recorded significant growth in Q1 FY21 compared to Q1 FY20:

- The Aquila Radiology Information System (RIS) was installed in 17 new sites during the quarter compared to 6 new sites in Q1 FY20
- Aquila was actively used by 2,142 radiologists, a 13% increase on Q1 FY20 (1,892 radiologists)
- The HIRUKO platform (IMEXHS Enterprise Imaging Platform) stored 1.2 petabytes of data in the cloud and processed over 133m images (over 1.8m studies) which was a 17% increase on pcp
- 291,191 people entered IMEXHS’s patient portal over 519,000 times for an average of 1.8x visits per user, which was a 60% increase on Q1 FY20

Annualised Recurring Revenue

ARR of \$11.0m, was up 19% vs pcp and 29% higher on a constant currency basis reflecting increased demand for customised solutions and the *Aquila in the Cloud* product offering.

Chart 1 shows ARR that is currently billing as well as ARR which is yet to commence billing.

Chart 1: Strong sales momentum delivers ARR growth



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Q1 FY21 Cashflow Summary

At 31 March 2021, IMEXHS held cash and cash equivalents of \$10.3m, compared with \$10.8m at 31 December 2020.

Cash receipts for Q1 FY21 were \$2.1m with lower receipts largely reflecting a decline in the exchange rate.

Product manufacturing and operating costs were lower in Q1 FY21 due to a reduction in payments for hardware sales as the Company increases its focus on software delivery.

Cashflow from financing activities includes \$875,000 of proceeds from the exercise of Options during the quarter.

Sales and Market Update

Aquila in the Cloud (AiC)

During Q1 FY21, Aquila in the Cloud (AiC), IMEXHS's standardised radiology solution continued to generate strong momentum for its innovative product offering, leading to 19 new deals. Since launching in May 2020, a total of 60 AiC deals have been signed (as of 31 March) for an expected contribution of \$1.3 million in Annual Recurring Revenue (ARR), with a new AiC deal signed on average every 5 days.

During the quarter, AiC generated significant traction across key markets. Two new orders were received in South Florida for a total of three AiC customers in the US and the first AiC 30-day trial was signed in Australia. At 31 March, AiC was present in thirteen countries, highlighting the substantial demand for the Company's user-friendly and low-cost offering which significantly improves physician productivity and overall healthcare outcomes for patients.

Update on COVID-19 Impact

While progress is being made on the vaccination roll-out across IMEXHS' geographic footprint, there are several countries in Latin America which are experiencing second or third waves of infection. This has delayed plans to establish a sales and support office in São Paulo, Brazil in the first quarter which will now be deferred until the outlook improves. In the interim, the Company is exploring other options for Brazil.

The decline in the volume of images captured in H1 FY20 due to the first wave of the pandemic has now been largely reversed. However, there is emerging evidence that a proportion of former COVID-19 patients are experiencing long-term effects from the virus resulting in prolonged periods of rehabilitation and an associated increase in medical imaging.



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Outlook

The Company continued to perform in line with expectations for the year. The pipeline of opportunities for the next three to six months is stronger now than at any previous time in the Company's history. Importantly, there are increasing discussions with hospitals for larger, integrated customised systems following delays in decision-making in 2020.

Partners Program

During Q1 FY21, IMEXHS continued to expand its Partners network both in terms of the overall number and geographical footprint. A further three partners joined the Partners Program bringing the total number to twenty-seven as of 31 March.

In March, the Company launched IMEXHS-U, a 100% virtual interactive e-learning platform primarily designed for the Company's Partners. The platform is also available to IMEXHS's customers and employees. IMEXHS-U aims to educate and train various stakeholders about the Company's Enterprise Imaging product offering and how to efficiently implement AiC. IMEXHS-U also includes forums and specialised literature on diagnostic Enterprise Imaging.

New | Key Markets

United States

During the March quarter, IMEXHS signed two new contracts in the US which will provide both customers with AQUILA's next generation cloud-based PACS and fully integrated RIS and patient portal. One customer specialises in Cardiac Imaging and the second is a multi-modality medical imaging centre offering complete medical imaging diagnostic services.

IMEXHS strengthened its US team with the recruitment of a Field Service Engineer to meet the growing demand for AiC in Florida and expected interest in the Company's customised solutions over the medium-term.

Australia

In March, IMEXHS signed its first AiC customer in Australia to a 30-day trial through the Company's newest Partner in that market. AQUILA's next generation cloud-based PACS and fully integrated RIS will go live at the customer's clinic in May. During the quarter, IMEXHS also signed distribution agreements with two new Partners which will complement the Company's current offering for the Australian market.

Mexico

During the quarter, Aquila in the Cloud continued to generate significant demand in Mexico, with orders received from six new clients.



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In February, IMEXHS received its first order for its Veterinary product. This will form part of the Company's Beta site for this new product line which includes an end-to-end offering for managing veterinary workflow.

Customer Renewals / Extensions

Reina Lucia, an existing customer of AQUILA in Colombia has entered into a Platform-as-a-Service (PaaS) contract which will generate \$121,726 in ARR over a 5-year period. IMEXHS will deploy a 16-slice CT scanner and the Company's Advanced Post Processing software suite (Vitrea by Cannon) will be installed.

Net Promoter Score

IMEXHS received a strong result from its "Net Promoter Score" analysis (NPS of 4.67/5) in the first quarter of 2021. The Company asked a sample of 90 users; "How likely are you to recommend us as an Enterprise Imaging solution or as a provider of biomedical equipment to another institution?"

Product and Software Update

The Company has made good progress in going live with new AI capability in lung segmentation, UI/UX improvements in Aquila and a new version of its Universal Viewer.

Universal Viewer

During the quarter, IMEXHS released v5.0 of its Viewer - which provides a number of feature improvements:

- PET-CT fusion support to extend IMEXHS's Viewer within the nuclear medicine field
- Multiplanar Reconstruction (MPR) for coloured images
- The improved MPR provides speedier selections, enhanced interoperability and scalability and a better user experience
- Modern and improved user interface (UI) to enhance the overall user experience (UX)
- Multi-frame DICOM support. IMEXHS's v.5.0 Viewer supports and stores the newest radiological images, such as molecular imaging by using the multi-frame DICOM standard. This new feature maximises the interoperability capacity of IMEXHS's Viewer

The Company's latest Viewer is also multi-monitor and web-based supporting up to three monitors.

Aquila

In March, the Company launched a new dynamic drag and drop feature within Aquila's e-forms. This new feature allows Aquila users to customise their e-forms to fit their needs without relying on the Company's customer support department, thus improving physician's efficiency and overall customer experience.



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Stella AI

Lung Segmentation Artificial Intelligence (AI) Algorithm

During the March quarter, IMEXHS released the first version of the Company's *Lung Segmentation* algorithm. This new feature will allow physicians to identify and quantify the area of the lung within a chest CT scan. This new algorithm will be used as an input in the *Lung Infection AI Algorithm*.

Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately \$346,000 comprised:

- \$101,000 of Director remuneration to executive and non-executive directors;
- \$221,000 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
- \$20,000 in payments due to Dr Arango for PaaS Equipment Financing.

The payment to RIMAB SAS was offset by the receipt of \$1.2m for the provision of services by IMEXHS to RIMAB SAS.

Authorised for release by the board of IMEXHS Limited.

-ENDS-



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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 MAR 2021	
Consolidated statement of cash flows	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	2,076	2,076
1.2 Payments for		-
(a) research and development	(43)	(43)
(b) product manufacturing and operating costs	(387)	(387)
(c) advertising and marketing	(17)	(17)
(d) leased assets	-	-
(e) staff costs	(1,304)	(1,304)
(f) administration and corporate costs	(890)	(890)
1.3 Dividends received	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(16)	(16)
1.6 Income taxes paid	(211)	(211)
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	60	60
1.9 Net cash from / (used in) operating activities	(729)	(729)
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(7)	(7)
(d) investments	-	-
(e) intellectual property	(278)	(278)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(285)	(285)

3	Cash flows from financing activities		
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	875	875
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(298)	(298)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(35)	(35)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	542	542
3.8	Dividends of Joint Operation (30% share of operation to provide radiology services for the Hospital Central Policía Nacional in Colombia).		
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,796	10,796
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(729)	(729)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(285)	(285)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	542	542
4.5	Effect of movement in exchange rates on cash held	(62)	(62)
4.6	Cash and cash equivalents at end of period	10,262	10,262
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	9,193	9,690
5.2	Call deposits	1,069	1,106
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)	10,262	10,796
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	346	
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:	1,155	
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 drawn at
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>	amount at quarter	quarter end
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	\$A'000	\$A'000
7.1	Loan facilities	1,168	1,168
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,168	1,168
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>Unsecured</u>		
	Banco Colpatria	17.9	Feb-23
	Finaktiva	16.2	May-21
	Banco de Bogota	12.8	Jul-21
	Banco de Bogota	15.0	N/A
	Banco BBVA	10.5	Apr-21
	Banco de Bogota	15.0	Jul-21
	Credito Progression	16.9	Mar-23
	Banco de Bogota	8.8	May-23
	Qvartz Financial Services	15.7	Sep-22
	Finesa	21.0	Apr-21

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(729)
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,262
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	10,262
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	14.08
	<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?	
	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	
	<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 April 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.