30 July 2021

ASX ANNOUNCEMENT

2021 Q2 Activity Report and Appendix 4C

Highlights

- Q2 FY21 revenue of $2.7m[1], up 22% vs pcp[2]; up 34% on constant currency basis[3]
- YTD FY21 revenue of $5.2m[1], up 15% vs pcp; up 25% on a constant currency basis
- Annualised Recurring Revenue (ARR)[4] of $12.7m, up 44% vs pcp; up 57% on a constant currency basis including over $2.0m from Aquila in the Cloud
- Closing cash balance of $8.3m at 30 June 2021
- Aquila in the Cloud (AiC) standardised radiology solution experienced its strongest quarter with 24 contracts signed in Q2 for a total of 84 AiC contracts including three in the US and three in Australia
- Renewed interest in larger Aquila Custom solutions and an increase in imaging volumes

IMEXHS Limited (ASX: IME) ("IMEXHS" or "the Company") today provides its quarterly cash flow and activities summary for the period ended 30 June 2021. IMEXHS is an innovative provider of cloud-based medical imaging software across 15 countries.

IMEXHS CEO Dr German Arango said: "We are pleased with the momentum building for our Aquila in the Cloud product offering (AiC), particularly in the US and Australia, and have been working closely with our partners to make the implementation process more efficient. Our partners have been key to building this momentum and generated 65% of AiC sales in Q2.

Although some of our core markets continue to be affected by COVID-19, we are experiencing renewed interest in our Aquila customised solution from larger customers and an increase in imaging volumes. Our imaging technology is now being used by over 2,100 radiologists and almost 300,000 referral physicians. This includes the ~40 radiologists at RIMAB, the radiology service provider we plan to acquire later this year.[5]"

[1] Unaudited financial information
[2] Previous corresponding period
[3] Constant currency basis assumes 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
[5] Refer ASX Announcement 'Acquisition of Radiology Service Provider RIMAB SAS' 26 July 2021

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June Quarter Financial Summary

Revenue

Q2 FY21 revenue of $2.7m was up 22% vs pcp and up 34% on constant currency basis. Recurring revenue of $2.6m was up 22% vs pcp (34% higher on a constant currency basis) representing 97% of total revenue in the June quarter.

Key operational metrics recorded significant growth in Q2 FY21 compared to Q2 FY20:

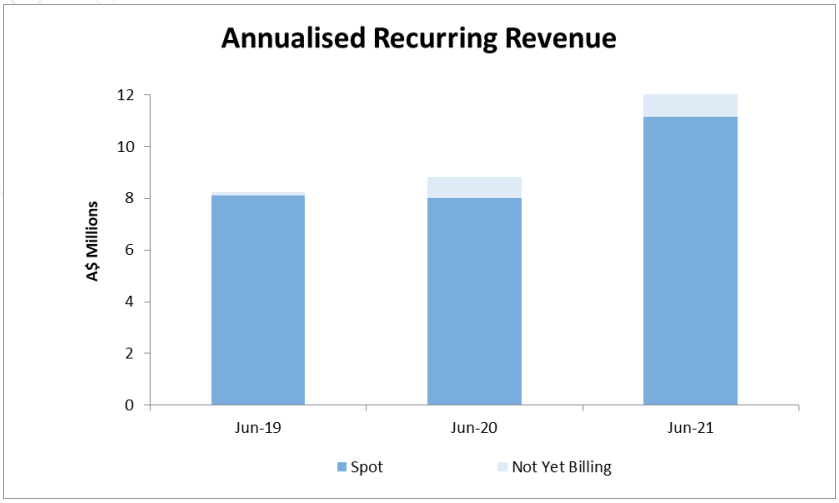
- The Aquila Radiology Information System (RIS) was installed in 13 new sites during the quarter compared to 4 new sites in Q2 FY20
- Aquila was actively used by 2,183 radiologists, a 13% increase on Q2 FY20: (1,925 radiologists)
- The Aquila platform (IMEXHS's Enterprise Imaging Platform) stored 1.28 petabytes of data in the cloud and processed over 138m images (over 1.9m studies), a 59% increase on pcp
- 325,620 people entered IMEXHS's patient portal over 580,721 times for an average of 1.8x visits per user, which was a 216% increase on Q2 FY20

Annualised Recurring Revenue

ARR of $12.7m, was up 44% vs pcp and 57% higher on a constant currency basis.

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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Q2 FY21 Cashflow Summary

At 30 June 2021, IMEXHS held cash and cash equivalents of $8.3m, compared with $10.3m at 31 March 2021.

Cash receipts for Q2 FY21 were $2.4m, with year-to-date receipts of $4.5m up 9% on a constant currency basis.

YTD FY21 one-off payments for administration and corporate costs include $0.3m in relation to transaction costs for the acquisition of RIMAB SAS announced on 26 July 2021.

Cashflows from financing activities includes $94,000 of proceeds from the exercise of Options during the quarter.

Sales and Market Update

Aquila in the Cloud (AiC)

Aquila in the Cloud (AiC), the Company's standardised radiology solution, experienced its strongest quarter with a new AiC contract signed on average every 3.75 days. During the quarter, 24 new deals were signed, taking the total to 84 AiC customers since the product launched in May 2020 and with an expected Annual Recurring Revenue (ARR) of $2.0m at 30 June 2021.

During the quarter, AiC continued to generate strong sales momentum across key markets, especially among small and medium-sized enterprises (SMEs) which are largely unattended by legacy Enterprise Imaging providers. Three new orders were received in South Florida for a total of six AiC customers in the USA. A further two deals were also signed in Australia of which two were generated by one of IMEXHS's AiC partners. By 30 June 2021, there were a total of four AiC customers in Australia.

Despite the interest in and sales of AiC, the pace of implementation and consequently generation of revenue and cash has been slower than planned. A program to improve that situation is underway.

During Q2 FY21, two notable AiC contracts were signed in Colombia:

- Colsubsidio – IMEXHS received its first order for its Ophthalmology offering from its existing customer, Colsubsidio. The new contract is for a Beta site for its new Ophthalmology product which is line with the Company's Enterprise Imaging platform strategy. The contract is expected to generate over $36,000 in ARR.
- Clinica Medical – IMEXHS will implement its Enterprise Imaging platform across Clinica Medical's three hospitals. The contract is expected to generate over $122,000 in ARR.

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Outlook

The pipeline of opportunities remains strong and good progress continues to be made in sales of Aquila in the Cloud. The sale of SaaS imaging suites in new medical verticals has commenced but is unlikely to make a material impact in 2021.

IMEXHS expects to provide full-year guidance at the H1 results announcement on 30 August.

Partners Program

During the quarter, the importance of IMEXHS's Partners network was made evident with over 65% of all AiC contracts received during the June quarter originating from partners. As of 30 June, 28 distributors are part of the IMEXHS's Partners Program.

New | Key Markets

United States

The three new AiC contracts in Q2 were in South Florida, resulting in six customers in the US. All three customers are multi-modality medical imaging centers and will go live with IMEXHS's cloud-based Enterprise Imaging platform alongside its patient portal in the third quarter. The Company continued to strengthen it sales team in Florida by hiring a new Sales Representative to focus on North Florida.

Australia

Of the three new AiC customers in Australia, one customer is a multi-modality medical imaging centre offering complete medical imaging diagnostic services as well as teleradiology services. IMEXHS will replace a legacy RIS/PACS provider with its next generation Enterprise Imaging platform with an integrated billing solution. The other two AiC customers will implement the Company's end-to-end, user friendly Enterprise Imaging solution during the third quarter.

Mexico

During Q2, AiC continued to generate significant demand in Mexico, with orders received from five new clients.

Net Promoter Score (NPS)

During the June quarter IMEXHS received an NPS of 40 for its product when asked "How likely are you to recommend the products offered by IMEXHS to a friend or colleague?" and an NPS of 67 for its services when asked "How likely are you to recommend the IMEXHS service to a colleague or friend?" According to NICE Satmetrix, leaders in customer interaction solutions, the average Net Promoter Score for Software & Apps organisations lies in the range of 28 which highlights IMEXHS's strong results.

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Software Updates during Q2

Good progress has been made during the quarter with new software releases in respect of the following:

Universal Viewer

During the quarter, IMEXHS released several features in its Viewer including:

DICOM Uploader & Downloader

Physicians and radiology department staff can upload the images stored on CDs to the Company's Enterprise Imaging platform thanks to this latest product development providing patients and physicians with a more user-friendly experience.

Hanging Protocols v.1.0

The first version for hanging protocols was released during the June quarter. Hanging protocols aim to present specific types of studies consistently and reduce the number of manual image ordering adjustments performed by the radiologist.

Drag and Drop support

The Company's Universal Viewer now supports Drag and Drop from thumbnails to viewer layout. This new feature will improve the user experience for physicians using AQUILA.

DICOM Gateway v.1.0

During Q2 FY21, IMEXHS released a new software component that operates as a simple Windows installer function on any computer as simple hardware structure. The objective of this new software component is to replace the DICOM router to avoid the use of hardware for the Aquila in the Cloud projects significantly improving implementation times.

Lung Segmentation Artificial Intelligence (AI) Algorithm

During the June quarter, the Company released its proprietary Lung Infection AI Algorithm which will help identify regions infected in the pulmonary parenchyma by using a Chest CT image. This new algorithm will allow radiologists to efficiently quantify the infection area within the lung by detecting symptoms such as ground-glass opacity (GCO) and consolidation.

Aquila in the Cloud

V3.5 of Aquila in the Cloud was released which included improvements in the user experience with the booking system allowing users to have a more holistic view of the operation when scheduling a patient. Administrative users will be able to see the schedules of multiple sites and diagnostic rooms immediately improving the efficiency of administrative tasks.

Additionally, a seamless integration with the DICOM Uploader & Downloader mentioned above is included in this version of the product.

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Alula in the Cloud

During Q2 FY21, v3.0 of Alula in the Cloud was released which included a redefinition of the user interface (UI) of the workflow with the aim of improving the overall user experience (UX).

IMEXHS Portal 2.0

During the June quarter, the Company released v2.0 of its patient portal which includes more robust security features such as multi-factor authentication and further encrypted features strengthening the transition and storage of patient data.

Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately $508,000 comprises:

- $99,000 of Director remuneration to executive and non-executive directors;
- $384,000 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
- $20,000 in payments due to Dr Arango for PaaS Equipment Financing.

The payment to RIMAB SAS was 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

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 JUN 2021

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (6 months) $A'000
1	**Cash flows from operating activities**		
1.1	Receipts from customers	2,391	4,467
1.2	Payments for	-	-
	(a) research and development	(69)	(112)
	(b) product manufacturing and operating costs	(789)	(1,176)
	(c) advertising and marketing	(45)	(62)
	(d) leased assets	-	-
	(e) staff costs	(1,252)	(2,557)
	(f) administration and corporate costs	(1,086)	(1,976)
1.3	Dividends received	-	-
1.4	Interest received	3	6
1.5	Interest and other costs of finance paid	(38)	(54)
1.6	Income taxes paid	(262)	(473)
1.7	Government grants and tax incentives	-	-
1.8	Other - indirect taxes	-	60
1.9	**Net cash from / (used in) operating activities**	**(1,147)**	**(1,877)**
2	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(309)	(316)
	(d) investments	-	-
	(e) intellectual property	(351)	(629)
	(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**	**(660)**	**(945)**

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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	94	969
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(14)	(14)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(134)	(432)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(24)	(59)
3.9	Other (provide details if material)	(54)	(54)
3.10	**Net cash from / (used in) financing activities**	**(132)**	**410**

Notes

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	10,262	10,796
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,148)	(1,877)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(660)	(945)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(132)	410
4.5	Effect of movement in exchange rates on cash held	20	(42)
4.6	**Cash and cash equivalents at end of period**	**8,342**	**8,342**

5	**Reconciliation of cash and cash equivalents** 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	7,274	9,193
5.2	Call deposits	1,068	1,069
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)**	**8,342**	**10,262**

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	508
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:	1,324

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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7	**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	998	998
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**998**	**998**
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.

Lender	Interest Rate	Maturity Date	Total facility	Amount drawn
Unsecured				
Finaktiva	16.2	Jun-21	3	3
Banco de Bogota	12.8	Jul-21	21	21
Qvartz Financial Services	15.7	Sep-22	311	311
Banco Colpatria	17.9	Feb-23	53	53
Credito Progression	16.9	Mar-23	364	364
Banco de Bogota	8.8	May-23	235	235
Banco de Bogota	15.0	N/A	11	11

8	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,147)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,342
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	**8,342**
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	7.27

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: 30 July 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.

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