

27 April 2020

ASX ANNOUNCEMENT

2020 Q1 Activity Report and Appendix 4C

Highlights

- Revenue of \$2.3m, up 105% vs previous corresponding period (pcp)
- 92% of revenue was recurring
- Annualised Recurring Revenue (ARR) of \$9.2m, up 104% vs pcp
- Strong financial position with closing cash balance of \$6.9m
- COVID-19 Update: No material impact to date as reduction in non-essential imaging offset by greater demand for radiology protocols related to COVID-19 diagnosis and treatment. The advantages of HIRUKO's tele-radiology platform has also resulted in increased sales leads
- Appointment of Doug Flynn as Chairman and Alejandro Varettoni as Chief Sales Officer, Latin America
- Established distribution channel with Ingram Micro Cloud, world's largest marketplace and end-to-end commerce platform

IMEXHS Limited (ASX: IME) ("IMEXHS" or "the Company") today provides its quarterly cash flow and activities summary for the period ended 31 March 2020. IMEXHS is an innovative provider of cloud-based multi-tenant medical imaging software to over 270 sites across 15 countries.

IMEXHS CEO, Dr German Arango said: "The first quarter of 2020 has been an exciting time for the Company with the appointment of Doug Flynn as Chairman and a new Chief Sales Officer who will spearhead our Latin American expansion. We have delivered a strong quarterly result with ARR more than doubling to \$9.2m vs the first quarter of 2019 and revenue of \$2.3m, 92% of which is recurring. The high level of recurring revenue reflects our strategic focus on building a sustainable and scalable subscription model. The strength of our software-as-a-service (SaaS) offering is demonstrated by our high customer retention (over 95%) and the fact that we have never been displaced by a competitor. IMEXHS also maintains a strong financial position with a closing cash balance of \$6.9m at 31 March 2020.

"In early March as the COVID-19 outbreak escalated, we implemented remote working practices across our business which remain in place. The health and safety of our staff and customers, who as healthcare professionals are often on the front line of this pandemic, are our first priority. Our HIRUKO medical imaging software is an essential tool for diagnosing and monitoring COVID-19, most commonly via chest x-rays and CT scans. As expected, there has been an increase in in-patient services with people deferring non-essential out-patient visits. At the same time, we have seen greater demand for our tele-radiology platform. To date, there has been no material impact on our operations from COVID-19 reflecting the critical nature of our SaaS solutions and recurring revenue base.

"At the same time, the need to work remotely has highlighted the merits of HIRUKO's teleradiology capabilities which may accelerate demand in the medium term. One of the driving principles behind the foundation of the Company and the development of our technology was the need for teleradiology. With its zero-footprint architecture, we allow radiologists, referring and consulting

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physicians and patients alike to access and report on cases from any device with a browser. As a result, HIRUKO is well-placed to meet the needs of professionals operating within current restrictions.

“During the quarter, we also continued to invest in product development and to enhance our artificial intelligence (AI) library. We are proud to have an incredible team of engineers and software developers that continue to deliver cutting-edge features and functionalities that optimise the user experience and deliver better patient outcomes. In April, we established a distribution channel on Ingram Micro Cloud, a leading global marketplace, which provides us with another avenue to drive future sales growth. Our multi-tenant architecture allows us to easily deploy our product offering, creating another revenue model that is not available to our legacy tech competitors. Over the next quarter, we will remain focused on scaling our innovative enterprise imaging solutions across geographies and medical verticals whilst safeguarding the wellbeing of our staff and customers.”

New Product Capabilities

The Company has further expanded its HIRUKO capabilities by developing a new solution for Orthopantomography (OPG) which is designed for dental radiological studies and to work with both DICOM and non-DICOM images. This product has been implemented by IMEXHS’s Australian client, Countrywide Medical Ultrasound, to provide OPG services. It is also being trialled by another radiology practice in Sydney. Leveraging HIRUKO’s zero footprint design, the OPG solution delivers a superior level of patient care and represents a significant new business opportunity.

Other Product Developments

Stella AI

IMEXHS’s strategic focus on artificial intelligence (AI) continued with the development of Stella AI, which is designed to support medical decision-making by identifying normal and pathological radiological patterns by modality and by study. Stella's first capabilities are based on the identification of normal patterns as well as fourteen pathological patterns on X-rays.

Stella CX identifies normal X-rays and possible pathological patterns for 14 diseases on a chest CR/DX AP/PA board.

Stella COVID-19 identifies NORMAL X-rays and possible pathological patterns for COVID-19 pneumonia on a chest CR/DX AP/PA board.

PDF optimised presentation layer

The inclusion of a PDF optimised presentation layer on HIRUKO’s universal web viewer means that it can now support both DICOM and PDF data visualisation.

Readable DICOM annotations

Another important new feature is the addition of readable DICOM annotations to the universal web viewer. This allows physicians to store annotations as text and within the image, as a DICOM readable object. This feature has been developed in conjunction with our partner AG MEDNET and will facilitate AI model training and data.

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New Contracts and Extensions

During the March Quarter, IMEXHS received the first payments from the new **Centro Médico Buenos Aires** contract. This five-year agreement to provide the HIRUKO RIS-PACS solution has a Total Contract Value (TCV) of US\$193,320.

Through IMEXHS's Ecuadorian distributor Mobitelmed, **Clínica Los Valles** extended its contract by 12 months to six years and added one new HIRUKO licence for three of its clinics as well as eight *Speech Anywhere* voice recognition licences. As a result, the original TCV has increased by over 20% to US\$131,049.

IMEXHS also increased its Mexican presence by signing a new 12-month contract with **Clínica Sedna**, worth a minimum TCV of US\$14,628. In addition, IMEXHS signed a new 36-month contract with **Hospital Escandón** through its Mexican distributor XRAY which has an estimated TCV of US\$34,020.

Quality Standards

In keeping with the Company's ongoing commitment to the highest international quality standards, it renewed its ISO 9001:2015 certification for quality management systems during the quarter.

Organisational Development

IMEXHS announced the appointment of Doug Flynn as Chairman on 12 March and Alejandro Varettoni as Chief Sales Officer, Latin America on 1 April.

Mr Flynn has held senior management roles and directorships in major companies in Australia and overseas, and was successively Managing Director of News International plc, Chief Executive of Aegis Group plc and Chief Executive of Rentokil Initial plc. Mr Flynn has chaired several ASX-listed companies including Isentia, APN Outdoor and Konekt and is currently Chairman of NextDC. He has also been a director of HKEX-listed Qin Jia Yuan Media, and ASX-listed West Australian Newspapers and Seven West Media.

Alejandro Varettoni has had a long and outstanding career in the healthcare imaging sector, including as Head of Agfa Medical Imaging in Latin America. Mr Varettoni has a proven track record of generating new business and developing strong client relationships.

Summary of cash flows and related activity

At 31 March 2020, IMEXHS held cash and cash equivalents of \$6.9m, compared with \$7.1m at 31 December 2019. Net cash of \$0.3m was used in operating activities during the quarter. Receipts from customers of \$2.3m were higher than the \$1.9m recorded in Q4 FY2020 and \$1.4m in Q1 FY2019. The Company acquired \$0.4m of property plant and equipment which was offset by net cash from financing activities of \$0.4m.

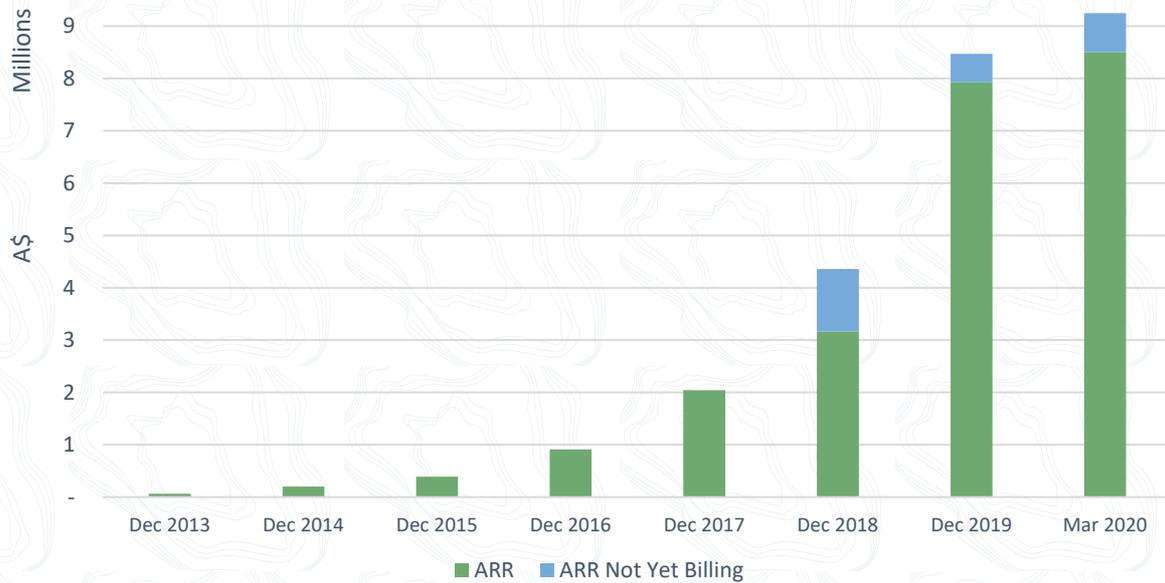
The Company has a number of growth initiatives, including the enhancement of sales activities in a number of strategic locations, that may lead to higher costs in coming quarters.

Other

Key Metrics

ARR of \$9.2m at March 2020, represented an increase of 104% from \$4.5m at March 2019.

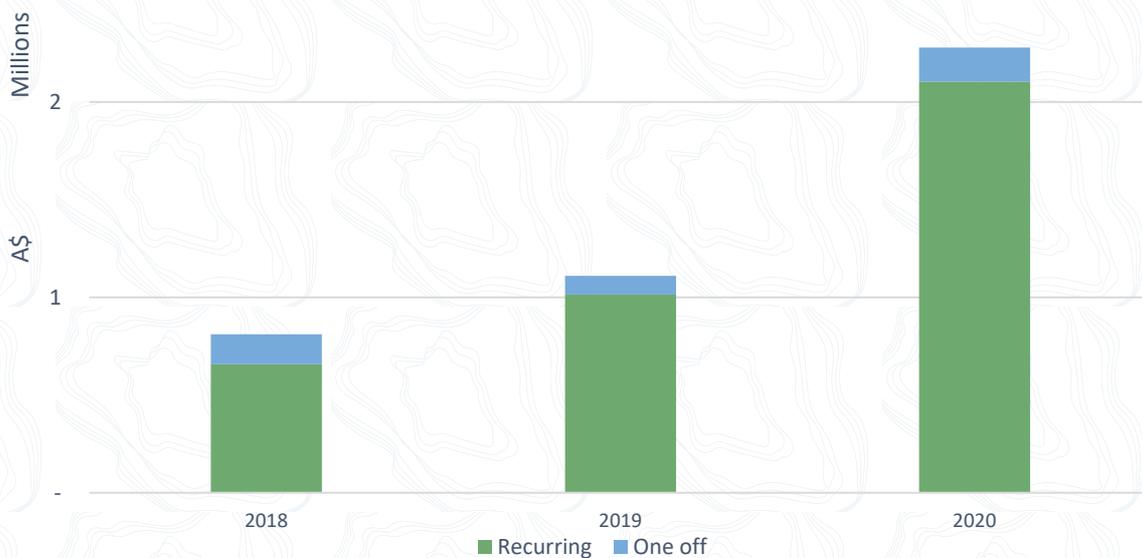
Annualised Recurring Revenue



ARR is the value of monthly revenues on recurring revenue contracts multiplied by twelve. The calculation provides a 12-month forward view on revenue; implying all contracts expiring within the next twelve month period will renew at the same rate and steady FX rates.

IMEXHS had revenue of \$2.3m in Q1 FY2020, which was 105% higher on pcp, with 92% of revenue recurring, reflecting the strategic focus on growing subscription revenue.

Q1 Revenue



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COVID-19 Update

IMEXHS continues to prioritise the wellbeing of its staff and customers. In early March, the Company established remote working practices to reduce the public exposure of its staff while continuing to provide a high level of customer service.

IMEXHS's SaaS subscription model means that the majority of its revenues are recurring, based on 5-7 year contracts and fixed prices. To date, there has been no material impact on business operations or demand for IMEXHS's medical imaging software. The decline in non-essential out-patient imaging has been offset by the increased use of radiology protocols for the diagnosis and treatment of COVID-19, such as chest x-rays and CT scans.

At the same time, the need to work remotely has highlighted the merits of HIRUKO's teleradiology platforms which may accelerate demand in the medium term. IMEXHS maintains a strong financial position with a closing cash balance of \$6.9m at 31 March 2020.

Market Developments

On 8 April, IMEXHS announced that its HIRUKO multi-tenant, cloud-based software had been accepted for inclusion on Ingram Micro Cloud, the world's premium cloud services provider. Under the agreement, IMEXHS will sell its next-generation products and solutions across multiple marketplace platforms including Australia, Latin America and the United States. The ability to offer its SaaS platform across web marketplaces provides the Company with another distribution channel and access to a global customer base. It is a further point of differentiation for IMEXHS with its competitors who are mainly legacy on-premise providers that cannot participate in these marketplaces.

IMEXHS has developed a productive working relationship with the Australian Trade and Investment Commission (Austrade), which is providing market research and data support (e.g. around market size, competitors, and key trends) for the Asia-Pacific region and will later facilitate introductions to potential customers, government agencies and universities.

In Colombia, IMEXHS has developed important relationships with PROCOLOMBIA, (a government agency attached to the Ministry of Commerce which promotes Colombian companies and exports) and InvestInBogotá (a leading investment promotion agency which is a partnership between the Bogotá Chamber of Commerce and the Bogotá City Government). Through PROCOLOMBIA, IMEXHS has been introduced to various groups including the Colombian Association of Hospitals and Clinics. Both organisations will facilitate further introductions with potential clients both in Colombia and overseas.

In Brazil, we are continuing to work towards ANVISA certification of HIRUKO, which we anticipate being completed in the next six months.

Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately \$152,000 comprised: \$89k of Director remuneration to executive and non-executive directors; \$52k in interest to Domatorisaro Pty Ltd, a related party of Dr Doug Lingard; \$7k for

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radiology services to RIMAB SAS, a related party of Dr German Arango; and \$4k of expenses for office space and IT services to CrossPoint Telecommunications Pty Ltd, a related party of Mr Carlos Palacio.

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 227 customers 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

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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 MARCH 2020

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	2,325	2,325
1.2 Payments for		
(a) research and development	(428)	(428)
(b) product manufacturing and operating costs	(56)	(56)
(c) advertising and marketing	(46)	(46)
(d) leased assets	-	-
(e) staff costs	(919)	(919)
(f) administration and corporate costs	(836)	(836)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid	(108)	(108)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	(233)	(233)
1.9 Net cash from / (used in) operating activities	(291)	(291)
1.2(a) includes staff costs for staff working on R&D activities, previously included in 1.2(e).		

2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(419)	(419)
(d) investments	-	-
(e) intellectual property	-	-
(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	(419)	(419)

3	Cash flows from financing		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1)
3.5	Proceeds from borrowings	602	602
3.6	Repayment of borrowings	(163)	(163)
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	438	438

4	Net increase / (decrease) in		
4.1	Cash and cash equivalents at beginning of period	7,143	7,143
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(291)	(291)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(419)	(419)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	438	438
4.5	Effect of movement in exchange rates on cash held	(10)	(10)
4.6	Cash and cash equivalents at end of period	6,861	6,861

5	Reconciliation of cash and	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	5,849	6,147
5.2	Call deposits	1,012	1,003
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	(7)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,861	7,143

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	152
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
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
	<i>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.</i>	\$A'000	\$A'000
7.1	Loan facilities	2,736	2,733
7.2	Credit standby	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,736	2,733
7.5	Unused financing facilities available at quarter end		3

- 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-21	72	72
Banco de Bogota	14.0	Oct-20	63	63
Finaktiva	16.0	Jun-21	50	50
Banco de Bogota	13.0	Mar-21	142	142
Banco de Bogota	15.0	Oct-20	20	17
BBVA	11.0	Nov-20	151	151
Banco de Bogota	10.0	Feb-21	55	55
Credito Progression	17.0	Feb-23	602	602
Quartz Financial Services	17.0	Sep-22	581	581
<u>Secured</u>				
Domatorisaro Pty Ltd	20.5	Mar-21	1,000	1,000

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(291)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	6,861
8.3	Unused finance facilities available at quarter end (Item 7.5)	3
8.4	Total available funding (Item 8.2 + Item 8.3)	6,864
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	24
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	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	
	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	
	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	

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2020

Authorised by: The Board of IMEXHS Limited