

**ASX ANNOUNCEMENT**

**COMPANY ANNOUNCEMENT**

**IMEXHS LIMITED – APPENDIX 4C**

**FY19 Q2 Cash Flow and Summary of Activities – 118% increase in Total Contract Value versus pcp**

**HIGHLIGHTS**

- Continued strong growth in the quarter with Total Contract Value (TCV) reaching \$25.4M – an increase of \$4.8m QoQ and up 118% from 12 months ago.
- Annualized Recurring Revenue (ARR) reaching \$8.2m – an increase of \$3.7m QoQ and up 182% from 12 months ago.
- Receipts from customers of \$1.96m, an increase of 36% QoQ.
- Section 9 of the 4C indicates estimated cash outflows for next quarter of \$3m. Against this, the Company estimates cash inflows of \$5.4m (inclusive of financing facilities).
  - Cash on hand at 30th July exceeds \$1.2m, with additional \$1.7m committed facilities. Up from \$213k at 30 June.
- Continued geographic expansion with new distributors announced in the major markets of the USA (initial focus on Texas and Florida) and Brazil. An additional distributor was signed in Mexico.
- Announced new debt facilities:
  - Signed US\$500k 3 year term debt facility with Qvartz Financial Services S.A.S. Proceeds used for capex with the Colsubsidio contract and general working capital (see separate ASX Announcement released today).
  - Signed A\$2m structured loan facility provided by a company owned by IMEXHS Director Dr Doug Lingard. Implementation of the debt facility requires an EGM, with a Notice of Meeting due out shortly. (see ASX Announcement of 12 July 2019).
- Pending FDA clearance letter regarding its 510(k) application. All Q&A was concluded with the FDA with an announcement expected soon.
- Australian trial has moved to commercial contract negotiations. The company is soft launching with product demonstrations for selective Radiology and healthcare organizations.
- Continuing strong growth outlook underpinned by: demonstrable market traction with our international network of distributors – sale pipeline is building in size and quality; availability of capital to fund growth; expanding set of AI and diagnostic tools; and increasing market awareness of the value proposition of our SaaS and PaaS solutions.

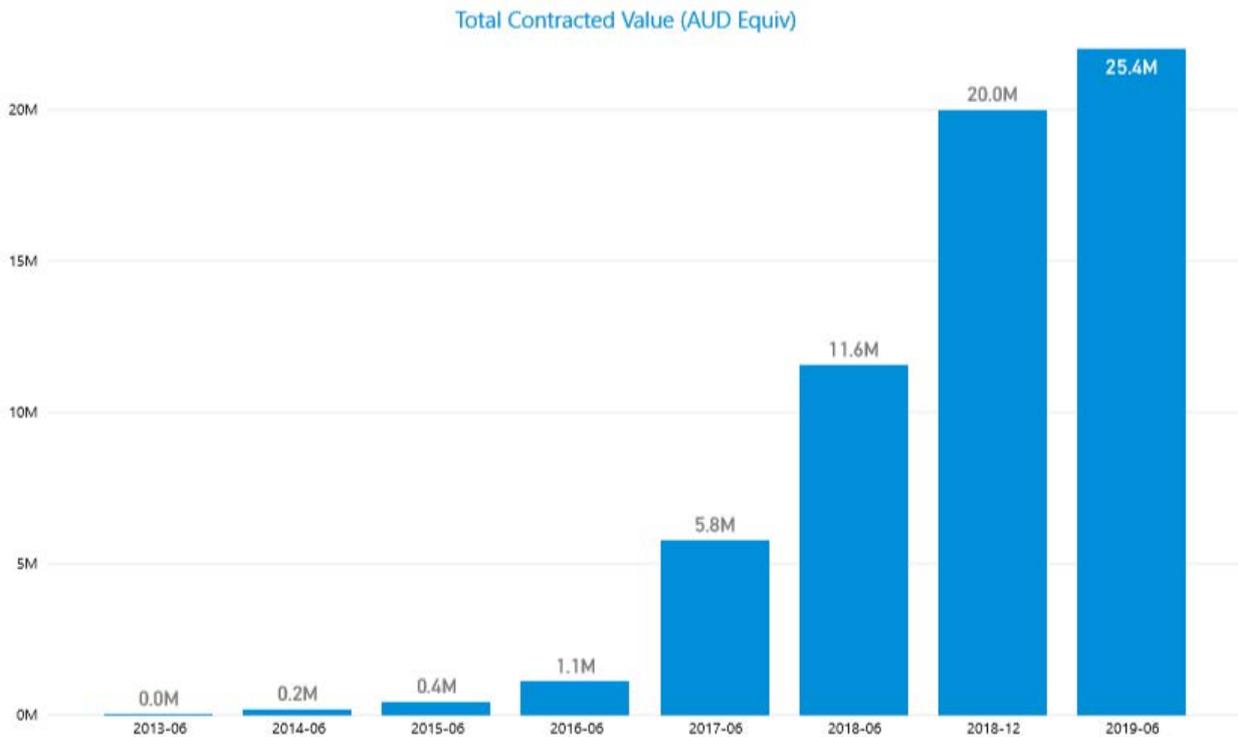
**SYDNEY — 31 JULY 2019** — Australian medical imaging company **IMEXHS Limited [ASX: IME]** (“**IMEXHS**” or “**the Company**”) is pleased to release its quarterly cash flow and activities summary for the period ended 30 June 2019.

Dr German Arango, CEO of IMEXHS, commented “This quarter has been pleasing due to not only our top line growth results, but from the many other achievements and milestones with the growth of our international distribution network, the conclusion of our Australian trial and the continuing development of our technical capabilities available to our clients. As we are ultimately a technology company, I am proud of the team we have built with a wide range of amazing talent and energy. This

is evident in the robustness of our operating platform and the exciting pipeline we have of AI and Machine Learning tools. We have a large opportunity set in front of us which we believe will deliver long term success for clients and stakeholders.”

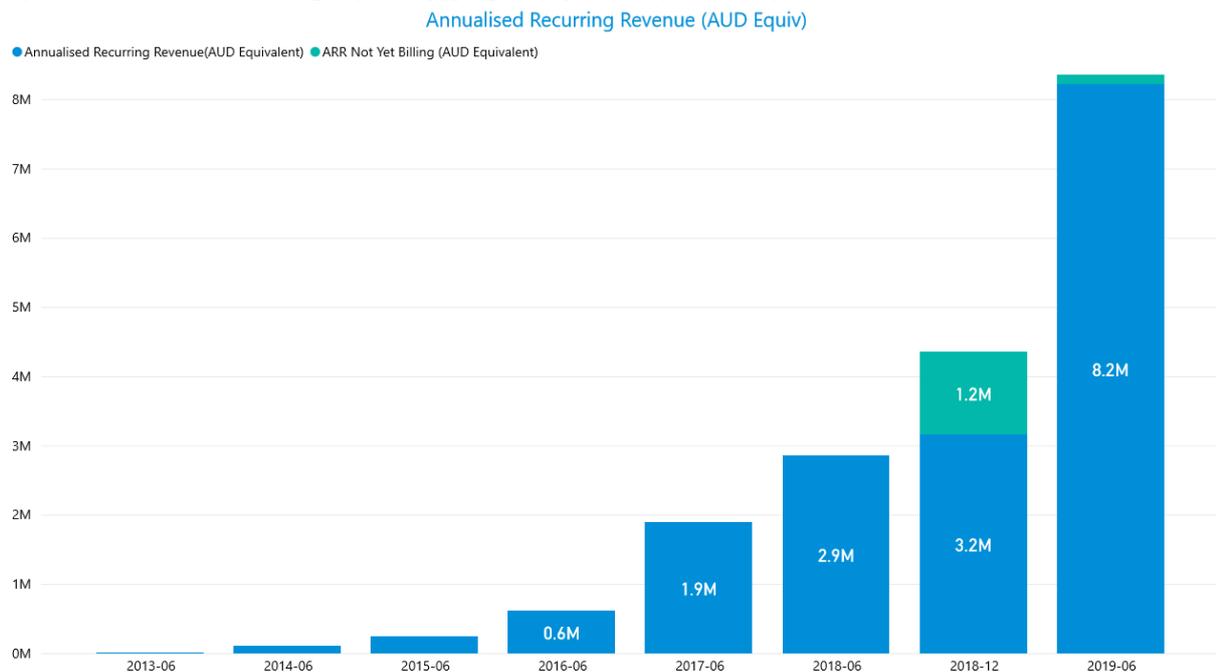
### Performance Metrics

The company’s key performance metrics continue to improve during the quarter as illustrated below.



*TCV is the measure of the total future remaining revenues due to IMEXHS under existing recurring revenue contracts. It does not include any allowance for assumed contract renewal, growth in study volumes over minimum customer commitments or increases due to inflation.*

TCV has increased \$4.8m over last quarter and by \$13.8m (118%) from 12 months ago.



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 and variable payment receipts (if applicable).

ARR has increased by \$5.3m (182%) over the last 12 months.

### Cash and Receivables

During the quarter, IMEXHS took advantage of an opportunity to partly settle a large receivable by immediately taking 16 Ultrasound stations (of the 27) required to implement the Colsubsidio contract. Due to this acceleration, this contract went live on 1 June, thereby saving over 3 months to obtain the equipment by placing orders and making progress payments.

Section 9 of the 4C indicates estimated cash outflows for next quarter of \$3m. Against this, the Company estimates cash inflows of \$5.4m (inclusive of financing facilities).

The Company's liquidity position is expected to be further bolstered by ongoing management of its trade receivables: trade receivables have been reduced by over 20% compared to the seasonally high number at 31 December.

### New Contracts and Extensions over the past quarter.

During the quarter the company signed a licensing agreement with Boston based **AG Mednet**, Inc for the Hiruko Web Viewer to be integrated into their data quality management software for use in medical trials which involve the analysis of medical images from trial subjects. The choice by AG Mednet to use Hiruko provides recognition of the software's reliability and quality on a global scale for sensitive medical trials.

IMEXHS renewed and extended a 6-year contract with **Clínica Las Americas**, a cornerstone client of the company, as they seek to expand their imaging services across 27 imaging modalities. Noteworthy is the addition of IMEXHS's integrated Cardiology module – the first client and revenue for this product vertical. The contracted added ~A\$1.58m to TCV. Our renewal validates Clínica Las Americas's confidence in the Hiruko suite and its capability to scale.

The quarter also saw IMEXHS secure its first contract outside Latin America with a 5.5 year US\$ SaaS agreement with **RadOne PSC** of Puerto Rico. This contract allows for IMEXHS to complete localization of the product for Puerto Rico during 2019 whilst awaiting FDA 510(k) clearance. The contract is already in the first stage of deployment (needs assessment and project design) and is for the first of 10 sites with full implementation expected during FY2020 and with a potential TCV of ~A\$2.37m. Note that the US FDA's responsibilities extend to Puerto Rico and local Radiologists are under the American College of Radiology.

Effective 1 June, the company commenced a large PaaS and Imaging Diagnostic Services Contract for **Colsubsidio** across 19 sites. Worth an estimated A\$3.9m p.a., this contract provides a strategically important opportunity for IMEXHS to develop its Artificial Intelligence and Machine Learning tools in concert with a large field team of Radiologists.

### **Expansion of International Distribution Network**

During the quarter, the company continued to increase its geographic footprint in-line with the strategy outlined in the Prospectus. New distributors agreements were added the major markets of:

- the USA (with IGMC Medical Technology Group, initial focus on Texas and Florida),
- Brazil (with WEBSiS Tecnologia & Sistemas). On May 19-22 the company's Commercial Director attended the Feria Hospitalar, a key Brazilian healthcare trade fair.
- An additional distributor was signed in Mexico, whom has already won a small initial contract for our first public sector client there.
- On June 26-28, the company attended FIME - the largest medical trade fair across the Americas.

The company and PROMED, the company's distributor for Central America & the Caribbean, will deploy a demonstration site next month with a PROMED client. The trial will assess the 'multi-tenant platform' concept which will enable access to imaging software for smaller clients using a more traditional B2B SaaS model and payment gateway.

### **Product Development**

The Web Viewer's translation to Brazilian Portuguese was completed and also had two new measurement tools developed:

- Insall-Salvati (for orthopaedics); and
- Bi-directional measurements (for tumour measurements and follow-ups).

IMEXHS continues to develop its Pathology module and has completed the integration of the voice recognition functionality and the Business Intelligence module. The translation of the module into

Brazilian Portuguese was also completed. The company has concluded its final demo trial in San Jose Infratil and Clinica de las Americas.

Members of the R&D team attended the “Think IBM” conference which focused on worldwide trends in technology on cloud infrastructure, info architecture, security schemes and AI applications.

### **New Debt Financing Arrangements to Support Growth Alternatives**

On 12 July, the company announced it had signed a A\$2m loan agreement for growth capital with Domatorisaro Pty Ltd, a company owned by IME Director, Dr Doug Lingard. The completion of this facility is subject to shareholder approval of the grant of 40m options associated with the loan agreement. A Notice of Meeting for the EGM is expected to be distributed in early August. Please see the ASX announcement for further details.

The Company has successfully completed an agreement with Quartz Financial Services S.A.S to provide a US\$500k 3 year term debt facility to finance the Company’s growth (as separately announced to the ASX today).

The Company also continues to speak with other banking organizations and private credit funds about making available structured debt financings tailored for each new PaaS contracts in Colombia and Mexico. During the quarter, the company added Bogota based Finaktiva as a new working capital provider. The ~A\$90k initial facility from this private fund is intended to expand as Finaktiva, a fin-tech platform, creates larger funds. The company is in discussions with Finaktiva to assess Finaktiva offering to provide financing to our smaller potential clients who may require medical imaging capex.

### **IMEXHS Investor Conference Call Investor Q&A for Appendix 4C Announcement and Summary of Activities Thursday, 1 August 2019 at 11.00am (AEST)**

ImExHS Limited (ASX: IME) will host a conference call on Thursday, 1 August 2019 at 11.00am (AEST) to present its 2nd Quarter 2019 Appendix 4C results and Summary of Activities. Dr German Arango (MD and CEO) and Tom Pascarella (Chairman) will host the call and will be joined by Tony Thomas (CFO) and Michael Brown (Investor Relations).

#### **Conference Call details:      Conference ID: 9188587**

##### **Dial-in Details:**

Australia:	1800 123 296 or +61 2 8038 5221
New Zealand:	0800 452 782
Hong Kong:	800 908 865
Singapore:	800 616 2288
United States:	1855 293 1544
United Kingdom:	0808 234 0757

A recording of the call will be made available under ‘Corporate and Investor Relations’ on the Company website at <http://imexhs.com.au/> and <http://www.openbriefing.com/OB/3441.aspx>

ENDS-

**For more information, please contact:  
Australian Media and Business Enquiries**

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**ABOUT IMEXHS**

**IMEXHS Limited [ASX: IME]** is a leading imaging Software as a Service (SaaS) and ancillary solutions provider. 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 Radiology Imaging System (RIS). The Hiruko system is completely cloud based, vendor neutral and zero footprint with no need for installed software. Enhanced features such as a fully web-based voice recognition option and a zero footprint DICOM viewer are some of its advanced features. In addition to PACS and RIS, imaging technology and management systems can be provided on a Platform as a Service (PaaS) basis when packaged with equipment. The IMEXHS products are designed to increase productivity and save money for the users, with a scalable platform that is configured for the future, while enhancing patient outcomes. Please see [www.imexhs.com](http://www.imexhs.com)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

IMEXHS LIMITED

**ABN**

60 096 687 839

**Quarter ended ("current quarter")**

30 JUNE 2019

<b>Consolidated statement of cash flows</b> (See Note 1a below)	<b>Current quarter \$A'000</b>	<b>Year to date Three months \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,956	3,390
1.2 Payments for		
(a) research and development	(22)	(27)
(b) product manufacturing and operating costs	(473)	(1,210)
(c) advertising and marketing	(11)	(28)
(d) leased assets	-	-
(e) staff costs	(730)	(1,321)
(f) administration and corporate costs	(733)	(1,258)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(10)	(23)
1.6 Income taxes paid	(237)	(374)
1.7 Government grants and tax incentives	-	-
1.8 Other – GST Received	10	20
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(250)</b>	<b>(830)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(614)	(1,530)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(614)</b>	<b>(1,530)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	257	257
3.6	Repayment of borrowings	(67)	(99)
3.7	Transaction costs related to loans and borrowings (including Joint Venture Costs)	-	-
3.8	Dividends paid	-	-

3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>190</b>	<b>158</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	886	2,437
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(250)	(830)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(614)	(1,530)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	190	158
4.5	Effect of movement in exchange rates on cash held	1	(22)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>213</b>	<b>213</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	220	894
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (credit cards)	(7)	(8)
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>213</b>	<b>886</b>

**6. Payments to directors of the entity and their associates**

6.1	Aggregate amount of payments to these parties included in item 1.2	Current quarter \$A'000	129
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		NIL

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payment of Director fees to Non-Executive Directors and salary payments to executive director.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	242
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	NIL
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments for services to Crosspoint Telecommunications for office services and payments to RIMAB for interpretation services.

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	352	352
8.2	Credit standby arrangements	NIL	NIL
8.3	Other (please specify)	NIL	NIL

8.4 The loan facilities are all unsecured loans from: 2 x Banco Davivienda (\$2k) average 14.6%; and Banco Colpatría (\$103k) @ 17.6%, Banco Bogota (\$158k) @15% and Finaktiva (\$89k) @18%.

In addition to the above facilities, subsequent to the end of the quarter, the company is in the process of arranging debt facilities totalling A\$3.4m.

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Research and development	20
9.2	Product manufacturing and operating costs	1,180
9.3	Advertising and marketing	10
9.4	Leased assets	-
9.5	Staff costs	808
9.6	Administration and corporate costs	753
9.7	Other (Refer note below)	219
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>2,990</b>

9.2: Product manufacturing and operating costs, and 9.5 Staff costs, are expected to increase with the recent Colsubsidio announcement to include radiologist costs and associated staff costs. Section 9.2 can also include usual inventory for equipment and consumables for resale.

9.7: Other outflows are chiefly related to the financing costs of loan facilities announced, the purchase of fixed assets and miscellaneous.

*Inflows for the quarter are estimated to be in excess of \$5.4m due to the impact of the new Colsubsidio contract, recurring revenue contracts, and the expected drawing of loan facilities. This estimate does not include possible one-off sales for the upcoming quarter.*

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

### 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.

Sign here:



Date: 31 July 2019

Company Secretary

Print name: Peter Webse

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.