

29 February 2024

ASX ANNOUNCEMENT

IMEXHS Reports FY23 Results

Financial Highlights

- FY23 Revenue of \$19.7m in line with guidance, up 15% vs pcg; up 11% on a constant currency basis.
- 2H FY23 Revenue of \$10.9m up 23% vs 1H FY23 and 42% vs pcg.
- FY23 Underlying EBITDA was a profit of \$0.4m; up \$0.5m vs pcg loss of (\$0.1m).
- Annualised Recurring Revenue (ARR)⁴ of \$25.0m, up 27% vs pcg; up 1% on a constant currency basis.
- Cash of \$2.4m at 31 Dec-23, up from \$1.9m at 31 Dec 22.
- Net operating cashflow of \$2.6m before investing cashflows of \$2.1m and net financing cashflows of \$0.1m.
- Debt of \$1.3m at 31 Dec-23, up from \$1.1m at 31 Dec-22.

Operational Highlights

- New 5-year SaaS contract worth A\$2.1m with Organizacion Clinica General del Norte, the first group of hospitals of Grupo Avidanti – Zentria in Colombia announced on 16 August 2023. The current contract, priced in USD, is expected to contribute circa A\$430,000 in Annual Recurring Revenue (ARR). The Software implementation was completed in Q4 FY23.
- Sales pipeline for both IMEXHS Cloud and Enterprise radiology solutions remains robust.
- IMEXHS Enterprise and IMEXHS Cloud finished the year with a total of 485 installations worldwide. Annualised Revenue Per Customer rose throughout the year as the company added larger contracts and existing customers increased volume and/or added additional capabilities.
- A subsidiary has been established in Mexico following progress made over the last two years to support partners and drive software sales directly.
- Software development program of Enterprise New Value Proposition remains on time and on budget with full release planned for Q4 2024.
- New Radiology Service contracts included;
 - Two new radiology services contracts were signed with Famisanar during the year in March and June with an expected combined ARR of \$1.6m. Both contracts are operational and IMEXHS software has been installed in the facilities. Famisanar is Colombia's fifth largest insurance provider.
 - New radiology services contract signed with Grupo Avidanti's newest hospital in Soacha, Colombia. The contract commenced operation during April and is expected to be achieving annualised run rate of \$1.0m by the end of 2024. Avidanti subsequently entered into a Group wide agreement for IMEXHS Enterprise software covering multiple facilities.
 - Two new radiology services contracts signed in October 2023. The first, a 15-month contract with Colombia's National Police Force with an ARR of A\$1.6m and second a 3-year contract with San Carlos Hospital Foundation with and ARR of \$530,000. IMEXHS Software to be installed at both customers.

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IMEXHS Limited (ASX: IME) (“IMEXHS” or “the Company”) today released its financial results for the 12 months ended 31 December 2023. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 18 countries.

IMEXHS CEO Dr German Arango said, “2023 marked a turning point for our company, building on the success of our cost out program in 2022. FY23 saw the company achieve planned sales in both software and radiology and achieve positive underlying EBITDA and cashflow while delivering a 15% growth in revenue.

Importantly we have made strong progress on the software development front with the New Value Proposition directed towards large scale enterprise customers.

Our New Value Proposition (NVP) is to empower radiology departments to elevate their operations, ensuring 24/7 productivity, with our cutting-edge radiology software blending modernity and security with a lightning-fast implementation process.

We expect to be in trials of the early-stage iterations of this software in the coming quarter. The future is very promising with an opportunity to accelerate profitable growth.

Nevertheless, working capital remains tight and will continue to be so as we bring on several larger radiology contracts which will absorb further working capital.

The pipeline of prospective business from both existing and new customers remains robust.

Looking ahead to 2024, we expect to see accelerated growth, delivery of a highly attractive new value proposition and an unwavering commitment to profitability.”

Financial Performance

FY23 revenue of \$19.7m was up 15% vs pcp; up 11% on a constant currency basis.

2H FY23 Revenue of \$10.9m up 23% vs 1H FY23 and 42% vs pcp. The FY23 software and radiology services split of Revenue is \$7.6m and \$12.1m respectively versus \$6.4m and \$10.7m in FY22 (software up 19%, radiology up 12%).

FY23 software revenue of 45% was priced in hard currencies which is translated to COP or local currency at the spot rate (31% of FY22 Software Revenue). While this policy was intended to reduce currency volatility, the somewhat perverse outcome, at least in the short term, has been to reduce reported revenue, effectively local price and reported ARR. Notwithstanding this FY23 outcome, we believe the policy of using USD pricing is both accepted by customers and appropriate for our company.

ARR of \$25.0m as at 31 December 2023 was up 27% vs pcp and up 1% on a constant currency basis. ARR of \$25.0m consisted of \$14.5m (\$10.5m as at 31 Dec-22) from Radiology services and \$10.5m (\$9.2m as at 31 Dec-22) from Software.

An impairment charge of \$1.3m was taken at 30 June 2023 in respect of goodwill for the acquisition of RIMAB. This is principally as a result of the company choosing to exit a poor paying customer in 2022. This was a non-cash charge, and the Board remains highly confident of the future for the radiology business.

IMEXHS reported an underlying EBITDA profit of \$0.4m versus a pcp loss of (\$0.1m).

The Company had a closing cash balance of \$2.4m, up \$0.5m vs pcp and net assets of \$16.0m at 31 December 2023.

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There has been a delay in receiving outstanding payments from a customer. The debt is confirmed by the customer and is not in dispute. The company is currently working with the customer on timing of payment and the issue has also been escalated to Colombia's Superintendency for Healthcare who has the authority to compel commercial compliance.

Business Highlights

FY23 has been a turning point with a strategic shift towards profitability and has yielded exceptional results in several areas. Our strategy of narrowing geographic focus and software development ambit has shown significant results in terms of reducing costs, improving speed to market of product development, increasing sales cadence, and reducing business distraction.

The company has had positive financial performance with positive underlying EBITDA and positive cashflow, underpinned by revenue growth of 15%.

In August 2023 the company announced it had signed a 5-year Software as a Service (SaaS) contract with Grupo Avidanti - Zentria in Colombia, for one group of their hospitals. The first contract, priced in USD, has a TCV of A\$2.1m and is expected to contribute circa \$430,000 in Annual Recurring Revenue (ARR). Software was deployed in Organización General del Norte's 11 sites across Colombia, completing the entire process within a contracted three-month timeframe.

During the year the company completed a strategic product review and embarked on a journey to design and develop a new software value proposition, focusing on three key pillars, service excellence, innovation in deployment, and cutting edge RIS-PACS tools. During the last quarter of the year the first phase of the Company's New Value Proposition was launched. Firstly, we've introduced the most advanced, contemporary, and secure radiology software solution. Secondly, we have elevated our commitment to providing unparalleled customer support, setting a new industry standard. Lastly, we will deliver the most efficient, user-friendly, and swiftly implementable product in the market. User trials are under deployment in Q1 2024.

Our customized enterprise solution, IMEXHS Enterprise, is the main source of our existing software revenues and under the new value proposition, we are expecting to drive significant growth.

IMEXHS Cloud, the Company's standardised cloud-based radiology solution targeted at small and medium- sized customers, continued to strengthen its global footprint throughout FY23.

A major business model in LATAM for radiology services is the outsourcing of imaging facilities. It represents a very attractive offer for hospitals throughout the LATAM region and allows the IMEXHS team an opportunity to deliver a high-quality service through the integration of technology and highly trained Radiologists.

During the year, the Company's radiology services division won its first contract with Famisanar, Colombia's 5th largest insurance provider which currently caters to over 2.4m patients across 16 departments. The Company began operations and billing in February 2023 and is expected to contribute \$1.1m in ARR. A second contract was signed with Famisanar in June with ARR of \$350,000 and \$600,000.

In April the radiology services division won its first contract with Grupo Avidanti, a wholly owned subsidiary of the Brazilian asset manager, Patria Investments. The Company is providing radiology outsourcing services to Grupo Avidanti's newest hospital in Soacha, Bogota. Once the hospital is in full operation the contract is expected to contribute \$1.0m in ARR. The Company began operations and billing in April 2023.

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A new \$2.0m contract was won with Colombia's National Police Force in October 2023, IMEXHS's largest contract to date with this institution. The initial agreement is for 15 months and is expected to contribute \$1.6m in Annualised Recurring Revenue.

Secondly, in the same month the company won a new \$1.6m TCV, 3-year contract with the San Carlos Hospital Foundation in the southern region of Bogota. The 3-year contract is expected to contribute \$530,000 in Annual Recurring Revenue (ARR).

Under both new contracts, IMEXHS's cloud-based Enterprise Software was installed at the Hospitals.

During Q4FY23, a detailed profitability analysis was conducted for radiology customers and minimum contribution margins established. Profitability issues have mostly arisen through inflationary cost drag. Operational refinements and, subsequently, pricing renegotiations have commenced and will continue in the first quarter of fiscal year 2024.

FY23 has been a pivotal year for IMEXHS and with a strong and growing pipeline 2024 promises to deliver further growth across all key metrics.

Outlook

The company provides the following guidance for FY24:

- Revenue between \$24.0m – \$27.0m (23% – 37% up vs pcg);
- Underlying EBITDA \$1.5m – \$3.5m (up significantly vs \$0.5m in pcg)
- Operating cashflow further improved for FY24

Investor Conference Call

IMEXHS Co-Founder & CEO Dr German Arango and CFO Reena Minhas will host a conference call with the investment community including a Q&A session at 11am AEST on 29 February 2024.

To listen to the conference call, please register at:

[IMEXHS FY23 Results Presentation](#)

Upon registration, the dial in details will be sent to participants via email.

Authorised for release by the Board of IMEXHS Limited.

-ENDS-

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About IMEXHS

IMEXHS Limited (ASX: IME) is an innovative provider of medical imaging software and radiology services in 18 countries including Colombia, the US and Australia. Founded in 2012, IMEXHS develops software as a service (SaaS) imaging solutions that includes a Picture Archiving and Communications System (PACS), a Radiology Information System (RIS), a Cardiology Information System (CIS) and an Anatomical Pathology Laboratory Information System (APLIS). Its solutions are 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 enhances patient outcomes. For more information, [visit www.imexhs.com](http://www.imexhs.com)

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