

**30 August 2024**

## **ASX ANNOUNCEMENT**

# **IMEXHS Reports 1H FY24 Results**

## **Financial Highlights**

- 1HFY24 revenue of \$13.8m included a one-off sale of \$0.7m and was up 57% vs pcpc; up 32% on a constant currency basis<sup>1</sup>.
- 1HFY24 Underlying EBITDA<sup>2</sup> of \$0.3m; down 47% vs pcpc.
- Annualised Recurring Revenue (ARR)<sup>4</sup> of \$29.6m, up 21% vs pcpc; up 21% on a constant currency basis.
- Debt of \$0.9m at 30 June 2024, down from \$1.3m at 31 Dec-23.
- Cash of \$1.9m at 30 June 2024, down from \$2.4m at 31 Dec-23.

## **Operational Highlights**

- Enterprise software contract renewal with Colsubsidio with improved terms and pricing. The 3-year software contract is expected to now contribute \$575,000 in ARR (up by \$150,000).
- New one-off contract secured in Colombia for \$790,000 to supply biomedical equipment and implement AQUILA Enterprise.
- New radiology services contract with an existing customer secured in Colombia is expected to contribute \$564,000 in ARR, adopting the new and improved margins goals.
- Software sales added \$1.2m in the half in ARR.
- IMEXHS Enterprise and IMEXHS Cloud finished the quarter with a total of 518 installations worldwide.
- Sales pipeline for both IMEXHS Software and Radiology` services remains strong with a broad range of opportunities. Both software and radiology sales are in line with plan for the half year.
- Software development program of the Enterprise New Value Proposition remains on time and on budget and trials of the early-stage product are underway. As an early consequence of the New Value Proposition project over the last six months service levels as measured by service resilience (uptime) and response times is showing steady and ongoing improvement.

**IMEXHS Limited (ASX: IME)** ("IMEXHS" or "the Company") today released its financial results for the 6 months ended 30 June 2024. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 18 countries.

<sup>1</sup> Constant currency basis assumes 1HFY24 results are converted at the average foreign exchange rate for 1HFY23. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

<sup>2</sup> Underlying EBITDA excludes the impact of FX and share based payments. 1HFY24 Underlying EBITDA of \$0.3m is after adjusting \$0.2m of FY23 costs identified in FY24.

<sup>4</sup> Annualised Recurring Revenue (ARR) is the value of the monthly recurring contract revenue multiplied by twelve.

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IMEXHS CEO Dr. German Arango said, “I am pleased to share with our investors the 1H FY24 results, which confirms the strong sales momentum and traction our software business is experiencing, along with early steps towards margin improvement in our radiology services division.

The solid fundamentals provided by our growing recurring revenue and robust sales momentum, combined with our new value proposition, create the perfect platform for accelerating our sales and expanding our footprint.

The improvements in radiology service pricing, cost control, and recurring revenue growth are starting to deliver the expected results. While this is an ongoing process, we anticipate margin improvement in the second half and continued progress ahead.

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

Looking ahead to the second half, we expect to achieve the revenue guidance and to be within the lower half of the EBITDA guidance range provided earlier this year.”

## Financial Performance

1H FY24 revenue of \$13.8m was up 57% vs pcg; up 32% on a constant currency basis.

The 1H FY24 software and radiology services split of Revenue is \$4.9m and \$8.9m respectively versus \$3.5m and \$5.3 in 1H FY23 (software up 40%, radiology up 68%).

1H FY24 software revenue of 51% was priced in hard currencies (USD, AUD, EUR) which is translated to COP or local currency at the spot rate (41% of 1H FY23 Software Revenue).

ARR of \$29.6m as at 30 June 2024 was up 21% both vs pcg and on a constant currency basis.

ARR of \$29.6m consisted of \$19.7m from Radiology services (\$14.5m as at 31 December 2023) and \$9.9m from Software (\$9.1m revised as at 31 December 2023 – the revision was due to the removal of hardware revenue previously reported as Software).

IMEXHS reported an underlying EBITDA profit of \$0.3; down \$0.2m vs pcg.

On 11 March the company announced that it had successfully raised \$1.5m via a placement to strengthen the Company’s balance sheet and to support growth.

The Company had a closing cash balance of \$1.9m and net assets of \$15.1m at 30 June 2024.

There continues to be a delay in receiving outstanding payments from a customer. The debt is confirmed by the customer and is not in dispute and management expects to receive the full balance. Whilst the customer has reduced their overall outstanding amounts over the past 12 months, the company has taken the prudent decision for an expected credit loss provision of \$0.3m.

## Business Highlights

In the first half of 2024, both our software and radiology services businesses have maintained a steady

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momentum, meeting our sales, financial, and operational targets. We are experiencing solid sales momentum and traction in our software business, along with early steps of margin improvement in our radiology services division.

The company has had positive financial performance with revenue growth of 57% and positive underlying EBITDA of \$0.3m. Revenue growth in the half consumed significant working capital leading to Net cash used in Operating activities of \$1.5m.

Our technology division has made significant strides in advancing the Company's new value proposition. Early-stage trials of our innovative product are currently underway, demonstrating promising results. Our new value proposition aims to empower radiology departments by elevating their operations, ensuring seamless productivity round the clock. Our cutting-edge radiology software combines modernity and security, offering a lightning-fast implementation process.

The ongoing development of our new value proposition underscores our commitment to position ourselves as leaders in the radiology industry across our markets.

The Company successfully renewed multiple software contracts during the first half, with improved pricing and terms.

In March, the Company announced the renewal of its software contract on improved terms and expanded scope with Caja Colombiana de Subsidio Familiar (Colsubsidio), a prominent Family Compensation Fund in Colombia. With 25 operational sites and an average monthly volume of 60,000 studies, Colsubsidio plays a vital role in the healthcare landscape of the region. The renewed 3 year contract has a Total Contract Value (TCV) of \$1.7m.

The Company also renewed and upgraded another contract with a current client, Clinica Medical. The renewed agreement improved pricing with an Annualised Recurring Revenue of \$425,000 and a term of two years.

During the half the Company secured a one-off contract in Colombia with Someditec, a local healthcare provider, valued at \$790,000. This agreement entails IMEXHS supplying biomedical equipment to Someditec and implementing AQUILA Enterprise throughout their entire operation. In accordance with the terms of the agreement, 60% of the revenue was recognised in March, with the remaining 40% scheduled for recognition throughout the second quarter.

The Company signed two new agreements with existing customers in Colombia to migrate their medical imaging operations to the cloud. Together, these agreements are projected to contribute and additional \$232,000 in ARR, with total ARR from these customers of \$611,000.

IMEXHS's Partners Program included 27 Partners across 16 countries by 30 June 2024. During the half, the Company successfully signed and implemented its first IMEXHS Cloud project in Venezuela and its first deal in Bolivia through the partner program.

Throughout the half, the Company's Radiology Services business unit demonstrated significant growth, surpassing 639,000 studies reported, a 7% increase compared to 1H FY23 with significant productivity gains.

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This outcome reflects the Company's commitment to operational efficiency and cost optimisation. Following a thorough analysis of our cost centres, opportunities were identified to streamline our operations without compromising on service quality. By reallocating resources and leveraging technology, we were able to enhance productivity and maximize our study throughput.

This process is part of improving radiology profitability, which includes renegotiation of contract pricing for several existing clients and setting minimum price levels for new contracts. The software New Value Proposition is also contributing at an early stage to our own radiologists' productivity.

During the half there has also been a focus on reviewing market pricing for existing and new contracts. Price increases have been achieved with some customers and are under negotiation with others, to improve overall margins, while maintaining cost control policies.

In 1HFY24 the Company secured its second agreement with Someditec. This new radiology services contract, which contributes \$564,000 NARR, will enhance the Company's relationship with Someditec, following our initial software contract signed in March of this year. Under this agreement, IMEXHS will provide comprehensive radiology reporting services for mammography through our AQUILA Enterprise platform

## Outlook

Based on year-to-date performance and looking forward to our expectations for the second half, the Company expects to achieve the revenue guidance and to be within the lower half of the EBITDA range provided in February this year:

- Revenue between \$24.0m – \$27.0m (22% – 37% up vs pc);
- Underlying EBITDA \$1.5m – \$3.5m (up significantly vs \$0.5m in pc)

## 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 10am AEST on Wednesday 4<sup>th</sup> September 2024.

To listen to the conference call, please register at:

[https://events.teams.microsoft.com/event/IMEXHS 1HFY24 Results Presentation](https://events.teams.microsoft.com/event/IMEXHS%201HFY24%20Results%20Presentation)

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

Authorised for release by the Board of IMEXHS Limited.

**-ENDS**

**For more information, please contact:**

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## About IMEXHS

IMEXHS Limited (ASX: IME) is an innovative provider of medical imaging software and radiology services in 19 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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