

Fourth Quarter & FY21 Business Update

Mach7 Delivers 95% Sales Order Growth for FY21

Financial Highlights:

- ◆ Record sales orders FY21 \$25.6M; up 95% (TCV¹); Q4 \$4.4M;
- ◆ Record cash receipts FY21 \$21.0M; up 23%; Q4 \$4.6M
- ◆ Positive operating cash FY21 \$1.2M; Q4 near breakeven -\$0.06M
- ◆ Cash on hand 30 June 2021 \$18.4M
- ◆ Revenues for FY21 expected to be \$19M-\$19.5M
- ◆ Annual recurring revenue (ARR) run-rate \$13.4M; up 105%

Melbourne, Australia; 20 July 2021: Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T), a company specialising in innovative medical imaging solutions for healthcare providers, is pleased to provide this quarterly update in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report.

Cashflows and Cash on Hand

Record cash receipts, strong financial position

The Company recorded its highest ever cash receipts from customers this year, of \$21.00 million (Q4: \$4.55 million) and 23% growth over the prior year (FY20: \$17.09 million). This has led to the Company reporting its’ second consecutive year of positive operating cashflows, with FY21 at \$1.21 million and Q4 at near breakeven at -\$0.06 million.

Mach7 has ended the year in a strong financial position with \$18.36 million cash on hand (Q3: \$17.95 million) and no debt.

Sales Orders

Highest annual sales orders on record, up 95% on prior year, and low churn

Mach7 has produced its most successful year in its history for sales orders with \$25.64 million (FY20: \$13.14² million) and 95% growth over the prior year. This brings Mach7’s customer count to 165. Pleasingly, customer churn remains very low (< 2%). Sales orders are the true measure of the Company’s financial progress from year to year, as the timing of cash receipts

¹ Total Contract Value (TCV) means software license fees, professional service fees and annual support (or annual subscription) over the life of the contract.

² Using FY21 FX rates

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and revenue can be impacted by contract milestones and revenue recognition principles. In addition to the \$25.64 million of new sales orders received, Mach7 continues to receive purchase orders from Hospital Authority Hong Kong pursuant to the sales order contract announced in FY19, which have contributed to revenue in the current year.

New customers, expansions, and renewals this quarter

Mach7 signed several new sales orders, contracts, and contract renewals this quarter for a wide suite of Mach7's solutions to existing customers and reseller partners, including Cabell Huntington Hospital, Adventist Health West, St. Paul's Hospital (Hong Kong), University of Vermont Medical Center (UVM), Marshfield Clinic, and University of California San Francisco Health (UCSF).

Cabell Huntington Hospital has expanded its Mach7 solution to a new facility, St. Mary's Medical Center. St. Mary's is the second-largest medical facility in the West Virginia-Ohio-Kentucky tri-state region. Cabell Huntington is using Mach7 to replace their legacy PACS archive, and includes Mach7's VNA, workflow engine, QC module, Universal Worklist, and Clinical Studio and the eUnity Enterprise Viewer. The expansion into St. Mary's is indicative of Cabell's satisfaction with Mach7's solution to replace their legacy systems and solve their modern workflow challenges.

St. Paul's Hospital in Hong Kong has licensed Mach7 for a remote reading solution. The eUnity diagnostic viewer and Mach7's VNA will give St. Paul's radiologists easy and secure remote access to studies for on-call, after-hours, and trauma cases, saving critical time in providing patient care.

UVM has added Mach7's eUnity enterprise viewer to its existing Mach7 solutions. UVM, an academic medical center based in Burlington, Vermont, has previously purchased Mach7's VNA, workflow engine, clinical studio, and QC module to help replace their legacy PACS solution. UVM now has the complete Mach7 imaging solution, which is allowing all clinicians across the whole enterprise gain access to patient images within a patient record and allowing those images to be viewed in a clinical setting, including outside of radiology.

UCSF, who recently renewed their contract with Mach7 for a further five years, has now expanded their solution to include PET/CT and 3D capabilities.

Marshfield Clinic Health System, a Wisconsin-based IDN and a long-time user of the eUnity enterprise viewer, purchased a software upgrade for the solution this quarter. This showcases the satisfaction Marshfield's users have with eUnity's performance, which continues to drive exceptional image access for everyone within the Marshfield community.

Mach7's partner resellers continue to make valuable contributions to sales orders. Lucid Health and Esaote both closed opportunities this quarter, and DocPanel received a sales order to provide a solution for mammography.

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Customer Deployments

Steady progress continues with Mach7 solution deployment at customer sites, with several reaching go-live status this past quarter.

Adventist Health West continues to expand Mach7's PACS replacement solution into new sites. This quarter, the PACS roll out included orders from Adventist Health Mendocino Coast and Adventist Health Mid-Columbia Medical Center. Adventist licensed the Mach7 PACS solution (VNA, eUnity, universal worklist and more) in January this year which will be rolled out across its 22 sites.

Further to the Trinity Health sales order contract announced in November last year, two sites in the Trinity Health network went live this quarter on Mach7's eUnity enterprise viewer. One of these sites has replaced a legacy enterprise viewing platform for approximately 500 referring physicians.

Boston Scientific is now live on Mach7's VNA and worklist, which illustrates the flexibility of Mach7's solution, as it is being used to solve some unique workflow challenges in the world of medical device research. Boston Scientific has expressed interest in purchasing Mach7's migration utility and eUnity viewer to solve their workflow challenges.

In April, Raleigh Radiology reached full go-live status on Mach7 archiving, routing, enterprise viewing and diagnostic reading with mammography/tomography. Raleigh Radiology employs 42 radiologists and reads for outpatient imaging centers and hospitals and has their own teleradiology division.

Beam Readers, one of the largest tele-dental groups in the United States, is now live on eUnity's diagnostic viewer. The group, which employs 50 radiologists, was looking for a zero-footprint viewer to integrate into their proprietary customer portal. Beam Readers is deploying eUnity in the cloud using an AWS-based infrastructure.

This quarter, Sentara Healthcare's primary data migration was completed. This migration included over 15 million unique exams and represents a major milestone in Sentara's ongoing PACS modernization project with Mach7.

Texas A&M Veterinary Clinic reached first productive use of the Mach7 diagnostic worklist and eUnity diagnostic viewer. Additionally, data migration from their legacy PACS is underway, and implementation of both Mach7's clinical worklist and eUnity enterprise viewer are progressing well, with go-live expected in Q1 FY22.

In May, another site for the Lucid/Riverside group went live on diagnostic reading provided by Mach7's eUnity diagnostic viewer.

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Finally, Saint Francis Healthcare, based in Cape Girardeau, Missouri, went live on Mach7's workflow engine, which is being used to route cardiology studies throughout the health system.

New VP Sales and VP Services Appointments Strengthen the Leadership Team

This quarter, Mach7 welcomed Mr. David Madaffri to the leadership team to serve as the Company's Senior Vice President of Global Sales. Prior to this, Mr. Madaffri worked for Philips Healthcare in a variety of sales leadership roles, most recently serving as the Vice President of Sales for Enterprise Diagnostic Informatics for North America. More information about Mr. Madaffri can be found on the Mach7 website at mach7t.com/about-us/leadership.

Also this quarter, Mach7 welcomed Lisa Thompson to the leadership team to serve as the Vice President of Services. In this role Lisa will look after the customer success program and customer support organization. Ms. Thompson has 18 years of experience in the healthcare software industry working with radiology, cardiology, patient access and enterprise software. Most recently Lisa served as Senior Director of Professional Services and Operational Excellence at GE Healthcare where she led professional services teams for radiology, cardiology and VNA implementations.

Awards

In the Q3 Company Update, it was announced that Mach7 has been recognised as an industry leader by business consulting firm Frost & Sullivan, who awarded the Company the 2021 Global Enterprise Imaging Solutions Product Leadership Award. Steve Rankin, Mach7's Chief Product Officer, will formally accept this award on Mach7's behalf at Frost & Sullivan's virtual award ceremony in July.

This quarter, Mach7 was recognised as an industry leader by two additional organizations, Industry Tech Insights and CIO Review. Industry Tech Insights, an online magazine specialising in technology across multiple sectors, recognized Mach7 as one of its Top 10 Companies Revolutionizing Healthcare for 2021. CIO Review, a leading print and digital magazine focused on enterprise IT solutions across multiple sectors, named Mach7 one of their top 20 Most Promising Workflow Solution Providers for 2021.

Annual Recurring Revenue (ARR)

Strong growth in ARR, covering ~65% of the Company's annual operating costs

Mach7 is now generating \$13.36 million of annual recurring revenue – that is revenue earned from live annual support contracts and monthly/quarterly subscription licenses on an annualized basis. ARR has more than doubled (up 105%) since the prior year (FY20: \$6.51 million), and will continue to grow as existing customers become fully deployed (e.g. Trinity and Adventist) and as new customers license the software and reach support. ARR is now covering approximately 65% of the Company's annual operating costs.



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FY21 Revenue and FY22 Growth

As reported revenue is more closely linked to cash receipts than sales orders in a given year, revenues are forecasted to be between \$19 million and \$19.5 million for FY21. This represents approximately 15%³ growth over FY20. Looking forward to FY22, the Company expects to see strong double-digit revenue growth (higher than 15%) over FY21 underpinned by the rollout of Adventist Health and Trinity Healthcare contracts which contributed significantly to the current year sales orders of \$25.64 million but has not yet been recognised in revenue in any meaningful way. At the customers' request, the deployment of Mach solutions into these sites is being staggered and revenue will only occur once software begins to be delivered. According to current roll-out plans, Mach7 expects most of the software delivery (and associated revenue) to occur in FY22 for these contracts.

Additionally, yesterday Mach7 announced an expansion order from Advocate Aurora Healthcare valued at \$4.3 million over 5 years, that is expected to contribute between \$1.5 million and \$1.7 million to revenue in FY22.

Further underpinning the expected revenue growth for FY22 is the strengthened leadership of the sales team, in David Madaffri, and the appointment of Lisa Thompson which is expected to accelerate services delivery across North America. Live attendance at major industry trade shows will resume this year, which are significant contributors to the Company's sales pipeline growth. Also, COVID-19 travel restrictions are lifting within North America which will assist the sales team greatly.

FY21 Financial Result

The Company expects to release its audited financial statements on 23 August 2021.

This announcement has been approved for lodgment by the Board.

About Mach7 Technologies:

Mach7 Technologies (ASX:M7T) develops innovative data management solutions that create a clear and complete view of the patient to inform diagnosis, reduce care delivery delays and costs, and improve patient outcomes. Mach7's award-winning enterprise imaging platform provides a vendor neutral foundation for unstructured data consolidation and communication to power interoperability and enables healthcare enterprises to build their best-of-breed clinical ecosystems. Mach7's sophisticated workflow tools, advanced clinical viewing and optimized vendor neutral archiving solutions unlock silos of legacy systems empowering healthcare providers to own, access and share patient data without boundaries. Visit Mach7t.com.

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³ With FY20 restated using FY21 FX rates



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