

# First Quarter FY22 Business Update

Highest Quarterly Sales Orders on Record

**CARR Increases to \$16.8M**

## Q1 Highlights:

- ◆ Sales orders \$16.2M (TCV); up 368% on last quarter (Q4'21 \$4.4M)
- ◆ Major expansion contract wins secured from Trinity Health and Advocate Aurora Healthcare
- ◆ Contracted annual recurring revenue (CARR) \$16.8M; up 6% or 24% annualized (Q4'21 \$15.8M)
- ◆ Cash on hand \$17.2M; (30 June 2021 \$18.4M)

**Melbourne, Australia; 18 October 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.

## Sales Orders

The Company landed several major sales orders this quarter, totaling \$16.2 million, Mach7's strongest quarterly sales order result on record and 368% up on the prior quarter. With this result, sales have already reached 63% of last year's full year orders of \$25.6 million, with three quarters of the year to go.



## ASX Announcement

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Sales orders this quarter included contract expansions from two of Mach7's largest customers, Trinity Health and Advocate Aurora Health. An additional major sales order was received from a new client, St. Luke's Boise, a regional healthcare system operating in the US state of Idaho.

This quarter, Trinity Health purchased a license to the Mach7 Enterprise Imaging Platform, eUnity Diagnostic Viewer, eUnity Enterprise Viewer, and Mach7 Universal Worklist. This order follows the 7-year contract the Company signed with Trinity for the eUnity Enterprise Viewer, announced to ASX on 13 November 2020 for \$5.3 million, which now sees Mach7 providing a full Picture Archiving and Communication System (PACS) to Trinity Health. The combined contract value of the Mach7 PACS solution, together with implementation services, is now estimated at \$16.45 million which will be recognised over a seven-year period.

Advocate Aurora Health (AAH) licensed Mach7's eUnity universal viewing solution this quarter. The license contract is valued at \$4.3 million. This contract follows AAH's license of Mach7's VNA in July 2019. AAH will use eUnity as the universal viewer for multiple departments across the health network. The eUnity viewer will also be deployed as a full diagnostic viewer and, in conjunction with Mach7's Universal Worklist, will serve as a backup PACS solution for downtime occurrences. The combined solution has been licensed to AAH for a total contract value of \$10 million.

St. Luke's Boise has purchased a license for Mach7's eUnity universal viewing solution for one of its facilities, St. Luke's Boise Medical Centre. The license contract is valued at \$443,000 for the first year, which includes a software license fee, professional services, and one year of annual support. The contract has the option for annual renewals of \$389,000 per year for an additional five years, increasing the total contract value to \$2.4 million. St. Luke's Boise will use the eUnity solution to solve complex workflow challenges.

In addition to these larger contracts, Mach7 has sold additional features to existing premier clients including University of Pennsylvania Medical Center and University of Vermont. Resellers also continue to provide additional revenues.

### Contracted Annual Recurring Revenue

The strong sales orders for the quarter have contributed a further \$1 million (since 30 June 2021) to the Company's Contracted Annual Recurring Revenue base which now sits at \$16.8 million. The Company is currently tracking at \$13.4 million of annual recurring revenue (ARR) for FY2022 as previously forecast, with the additional \$3.4 million per annum expected to contribute to ARR in FY2023 and beyond.

### Customer Deployments

This quarter, Adventist Tillamook, part of Adventist Health System West, went live on Mach7's Diagnostic Studio and the eUnity Diagnostic viewer. Adventist Tillamook is the first of twenty-two sites in the Adventist Health network that will be using Mach7's solution to replace their legacy PACS. In the coming months, Mach7 will work to deploy its solution at the next sites in Adventist Health's project, Mendocino Coast and Mid-Columbia Medical Center.



## ASX Announcement

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In August, Martha Jefferson Hospital, part of Sentara Healthcare's network, successfully went live on Mach7's eUnity Diagnostic Viewer, Universal Worklist, Quality Control Module and Vendor Neutral Archive. This is the second major Go-Live announcement of Mach7 solutions as part of Sentara Healthcare's PACS modernization project. The first, announced in May 2020, encompassed the successful deployment of Mach7's Vendor Neutral Archive and Diagnostic Studio in conjunction with the eUnity enterprise diagnostic viewer.

Finally, Mach7's Mach7 Diagnostic Studio and eUnity Diagnostic viewer have been successfully implemented at Juniata Radiology Associates, a radiology group located in the US state of Pennsylvania. This project, in which the customer will use the Mach7 solution for teleradiology, was implemented in partnership with Radius.

### Q1 Cashflows

The September quarter is seasonally low for cash receipts from customers due to the high weighting of annual renewals which fall in the second half of the financial year. By way of reference, approximately 15% of renewals last year were received in the first quarter. Further, cash collections from recent significant contract wins (mentioned above) are expected to come in from Q2 onwards. The comparatively low Q1 cash receipts amount has contributed to a net operating cash outflow of \$1.9 million for Q1, with cash payments being as expected.

Mach7 maintains a strong financial position with \$17.2 million (Q4'21: \$18.4 million) cash on hand and no debt.

### Outlook

The record quarterly sales orders have produced a strong revenue result for the Company this quarter, and with only one more quarter to go, Mach7 remains on track to deliver its near term stated target of \$27 million revenue for calendar year 2021 (announced to market on 10 June 2020). Upon meeting this target, Mach7 will have delivered \$15 million of revenue for the first half of FY2022, boding well for a revenue result for the full year FY2022 well above the \$19 million reported for FY2021. The Company is also on track to deliver a positive EBITDA result for FY2022.

**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](https://Mach7t.com).



## ASX Announcement

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## Appendix 4C

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

**Name of entity**

Mach7 Technologies Limited

**ABN**

26 007 817 192

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

30 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,354	3,354
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(235)	(235)
(c) advertising and marketing	(135)	(135)
(d) leased assets	(38)	(68)
(e) staff costs	(4,136)	(4,136)
(f) administration and corporate costs	(744)	(744)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(9)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,938)</b>	<b>(1,938)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(71)	(71)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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 (cash acquired in acquisition)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(71)</b>	<b>(71)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	424	424
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>424</b>	<b>424</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>18,363</b>	<b>18,363</b>
4.1	Cash and cash equivalents at beginning of period		
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<b>(1,938)</b>	<b>(1,938)</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<b>(71)</b>	<b>(71)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	424	424
4.5	Effect of movement in exchange rates on cash held	375	375
4.6	<b>Cash and cash equivalents at end of period</b>	<b>17,153</b>	<b>17,153</b>

5.	Reconciliation of cash and cash equivalents 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	9,193	10,407
5.2	Call deposits	7,960	7,956
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17,153</b>	<b>18,363</b>

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	N/A
6.2	Aggregate amount of payments to related parties and their associates included in item 2	N/A
<i>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.</i>		

<b>7. Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,938)
8.2 Cash and cash equivalents at quarter end (item 4.6)	17,153
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	17,153
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8.85
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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	
8.6.2 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	
8.6.3 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	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	



## 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.

Date: .....18 October 2021.....

Authorised by: ..Board of Directors.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.