

FIRST QUARTER FY25 BUSINESS UPDATE

Q1 FY25 HIGHLIGHTS

- Contracted Annual Recurring Revenue (CARR) of A\$27.5M¹ at 30 September 2024, up 2.0% on 30 June 2024 in constant currency (A\$27.0M)²
- Annual Recurring Revenue (ARR) Run Rate of A\$22.0M¹ at 30 September 2024, up 3.5% on 30 June 2024 in constant currency (A\$21.3M)³
- Sales orders of A\$2.2M (TCV⁴) in Q1 FY25 compared to A\$32.8M in Q1 FY24⁵ in constant currency⁶
- Cash on hand of A\$21.9M at 30 September 2024 reflecting strategic investment in people, processes and tools in Q1 FY25 (30 Sept 2023: A\$23.8M)
- Reaffirm FY25 guidance for 15-25% growth in CARR and revenue on pcp⁷ and for opex growth to be less than revenue growth

Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T), a company specialising in innovative medical imaging software solutions, today provides a business update and quarterly cashflow report for the quarter ended 30 September 2024 (Appendix 4C).

Mach7 CEO Mike Lampron said: “During the first quarter of FY25, we undertook targeted investment in our people, processes and tools to take advantage of opportunities that play to our strengths and differentiates Mach7 from its competitors. This investment reflects our focus on product innovation and our customer-centric mindset, while increasing the scalability of the business. In this regard, R&D and software investments are directed towards our three strategic pillars of cloud enablement, customer service and supportability, and integration and interoperability with third parties.

“Sales orders during the quarter reflected the sales cycles involved as we focus on winning new logos and converting a substantial pipeline of opportunities. Similar to last fiscal year, we would expect to sign 3-4 net new logos in FY25 while continuing to grow ARR through expansions and add-ons with our existing install base. In October, we signed significant expansion and renewal agreements with existing customers highlighting the success of our ‘land and expand’ strategy and ‘sticky’ install base. Our pipeline continues to grow and generate opportunities across multiple geographies and product combinations. Mach7 is in a strong financial position with no debt and cash of A\$21.9M. We are aiming to be cashflow positive in FY25.”

¹ Includes A\$261k for Q1 FY25 renewals that were signed in October 2024.

² On a reported basis, CARR at 30 September 2024 was down 1.4% on 30 June 2024 (A\$27.9M).

³ On a reported basis, ARR Run Rate at 30 September 2024 was flat on 30 June 2024 (A\$22.0M).

⁴ Total Contract Value: Capital Software Licence Fees, Professional Service Fees, Annual Subscription Fees plus Annual Maintenance and Support Fees over contract life.

⁵ Q1 FY24 sales orders included the Veterans Health Administration National Teleradiology Program (A\$11.7M) and the renewal of the Hospital Authority of Hong Kong (HAHK) contract (A\$15.3M).

⁶ On a reported basis, sales orders were A\$33.5M in Q1 FY24.

⁷ Prior corresponding period (pcp)

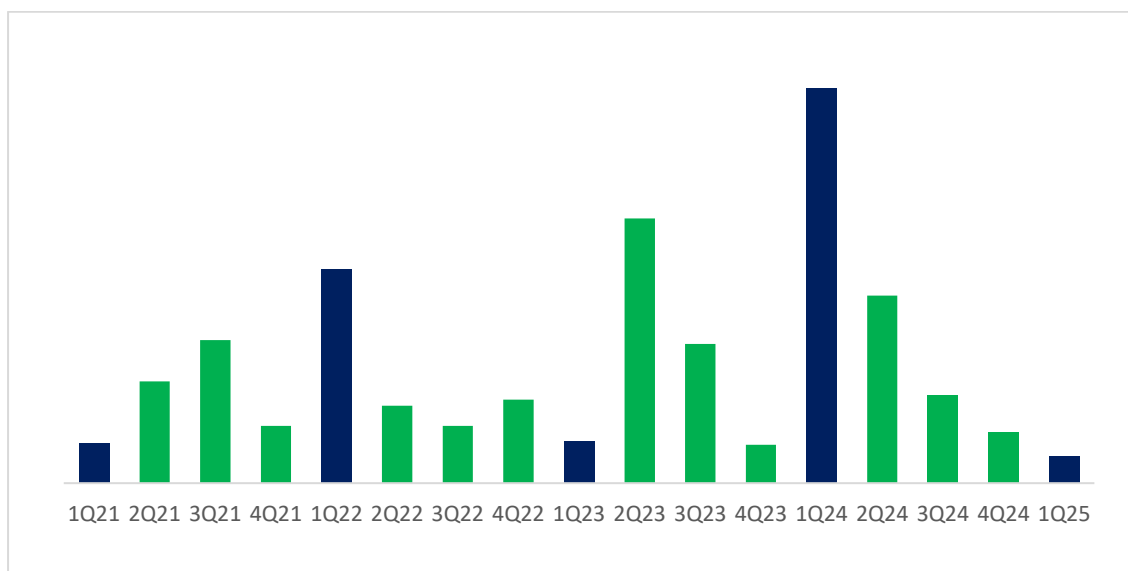
SALES ORDERS

Sales orders for the first quarter of FY25 were A\$2.2M (TCV) with the majority of sales orders received for ARR-type sales.

- **Annual Recurring Revenue (ARR)-type sales of A\$1.4M** (64% of total sales orders) representing Subscription fees and Maintenance and Support fees which will be recognised as revenue over the contract term from the effective date of renewal or when the customer achieves First Productive Use (FPU).
- **Capital software sales of A\$0.6M** (27% of total sales orders) which are immediately recognised as revenue upon delivery.
- **Professional Services sales of A\$0.2M** (9% of total sales orders) to be recognised as revenue on a percent completion basis.

Chart 1 provides a summary of the Total Contract Value (TCV) of quarterly sales orders since Q1 FY21 and highlights the variable nature of sales orders over time. In Q1 FY24, Mach7 signed two of its largest deals historically with an A\$11.7M agreement with Veterans Health Affairs (VHA) and the Hospital Authority of Hong Kong (HAHK) (A\$15.3M) renewal. In Q1 FY25, add-ons and expansions accounted for 79% of sales orders with renewals making up the remainder. Mach7’s objective in FY25 is to win new logos and establish additional long-standing customer relationships.

CHART 1: QUARTERLY SALES ORDERS (\$AM) - TCV IN CONSTANT CURRENCY



RECURRING REVENUE GROWTH

Annual Recurring Revenue (ARR)

Mach7 is currently generating A\$22.0M in ARR, a run rate calculated by annualising the revenue earned from Subscription and Maintenance and Support fees. This run rate has increased by A\$0.7M since 30 June 2024, in constant currency. ARR will continue to grow as new customers achieve FPU and existing customers expand, renew at increased rates or achieve FPU on add-ons.

Contracted Annual Recurring Revenue (CARR)

CARR was A\$27.5M at 30 September 2024, a A\$0.5M increase compared to 30 June 2024 in constant currency (A\$27.0M). Mach7's CARR consists of the A\$22.0M ARR run rate for customers that have achieved FPU of the software, plus A\$5.5M of Subscription and Maintenance and Support fees not yet recognised as revenue (A\$5.7M at 30 June 2024 in constant currency).

The gap between CARR and ARR represents future revenue once FPU is achieved for new customers as well as additional revenue from existing customers from the effective date of renewal or once FPU is achieved for add-ons. CARR is based on contracts in hand as at 30 September 2024 and includes the revenue associated with Q1 FY25 contract wins as well as A\$0.3M for Q1 FY25 renewals that were signed in October 2024.

CASHFLOW AND CASH RECEIPTS

Cash receipts from customers in Q1 FY25 were A\$6.3M compared to A\$8.3M in Q1 FY24. The A\$2.0M decrease is primarily due to Q1 FY24 including a A\$2.5M electronic funds transfer remitted by a customer on 30 June 2023 but only received by Mach7 on 3 July 2023.

Operating activity payments in Q1 FY25 increased by \$1.6M compared to Q1 FY24. This reflects the strategic investment in people, processes and tools which was undertaken during the quarter as well as the fact that the September quarter typically incurs higher costs.

During Q1 FY25, the Company paid annual fees of ~A\$0.6M for tools that directly correlate to its service/supportability strategic pillar. Additionally, ~A\$0.3M was paid for R&D expenses that relate to the cloud enablement and integration/interoperability strategic pillars. The remaining increase is related to staff costs and team initiatives that align with the Company's three strategic pillars.

Mach7 reported operating cash outflows of A\$3.6M in Q1 FY25 compared to a cash outflow of A\$0.1M in Q1 FY24. Mach7 capitalised A\$0.2M in development costs related to a R&D project which commenced in FY24 and is expected to be completed in Q3 FY25.

Refer to the Appendix 4C accompanying this update for details of the Company's expenditure on its business activities during the quarter.

The financial position of the Company remains strong with no debt and A\$21.9M cash on hand at 30 September 2024 (A\$23.8M at 30 September 2023).

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

The payments to related parties and their associates as disclosed in section 6.1 of the Appendix 4C below relate to salaries, bonus, directors' fees and superannuation payments. The payments comprised:

- A\$77,359 for Directors' fees and superannuation for the quarter
- A\$294,707 for Executive Director's salary, bonus and superannuation for the quarter

OUTLOOK

In October 2024, Mach7 signed a A\$2.5M TCV licence expansion with an existing key customer, a large IDN⁸ located in the Midwest of the United States, and two renewals with a combined TCV of A\$1.8M. Contract payment terms stipulate that A\$2.4M of the combined A\$4.3M TCV for these contracts is due in Q2 FY25.

The 5-year capital licence expansion is for additional eUnity Viewer and Vendor Neutral Archive (VNA) licensing. This will contribute A\$1.3M in software revenue in Q2 FY25 and increase ARR by A\$0.24M for the next five years.

The two renewals related to:

1. A five-year capital licence which achieved a 94% increase in TCV to A\$1.2M. Software revenue of A\$0.6M will be recognised in Q2 FY25 and ARR will increase by A\$0.05M.
2. The conversion of a capital licence to a five-year subscription licence resulted in a 13% increase in TCV to A\$0.6M and ARR increase of A\$0.06M.

Mach7 is poised for significant growth as it navigates a highly fragmented medical imaging market and capitalises on the increasing demand shift from acute to ambulatory care settings. With a robust and expanding sales pipeline, the Company is well-positioned to seize opportunities with both new and existing customers, spanning diverse regions, care environments, and product offerings. This dynamic approach positions Mach7 to drive innovation and growth in a rapidly evolving healthcare landscape.

Mach7 reaffirms its FY25 guidance for 15-25% growth in CARR and revenue on pcp and for opex growth to be less than revenue growth.

Q1 FY25 INVESTOR WEBINAR

CEO Mike Lampron and CFO Dyan O’Herne will host a zoom webinar including a Q&A session with the investment community at **9:30am (AEDT) today, 31 October 2024**.

Please use the link below to register for the webinar.

https://mach7t.zoom.us/webinar/register/WN_ruH_vmc4Tb6va9lqY9vpsQ

Investors can submit questions prior to the webinar to ir@mach7t.com or ask questions via the Q&A function during the webinar.

Released on authority of the Board by:
Mike Lampron
Managing Director and Chief Executive Officer

⁸ Integrated Delivery Network (IDN) is an organisation that owns and operates a network of healthcare facilities.



ASX Announcement

For more information, contact:

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About Mach7 Technologies:

Mach7 Technologies (ASX:M7T), founded in 2007, is a medical imaging software company that enables exceptional patient care by empowering healthcare providers to make better informed decisions. Mach7's Enterprise Imaging Solution comprises Enterprise Data Management, Enterprise Diagnostic Viewing and Departmental Workflow applications. Mach7's Enterprise Data Management solution, consisting of a powerful Vendor Neutral Archive (VNA) and data administration tools, allows for the fast storage, access, retrieval and viewing of images across a healthcare network with connectivity to the Cloud. Mach7's eUnity Enterprise Diagnostic Viewing technology is a zero-footprint, FDA-approved, image viewing solution that makes images accessible on any workstation. This, together with Mach7's Departmental Workflow applications, offers healthcare professionals consolidated access to all patient images and data, ensuring radiologists and clinical staff have timely access to the right information to diagnose and treat patients. Uniquely, the Company gives customers the independence to deploy its solutions either on a component basis or in a unified comprehensive platform. With customers across 15 countries, Mach7 has built a global network of customers ranging from expansive Integrated Delivery Networks, National Health Systems, medical research facilities, and large academic medical institutions to regional community hospitals, private radiology practices, and independent provider groups. Visit Mach7t.com.

Forward-looking statements

This announcement may contain forward-looking statements regarding the Company's financial position, business strategy and objectives (rather than being based on historical or current facts). Any forward-looking statements are based on the current beliefs of the Company's management as well as assumptions made by, and information currently available to, the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that some or all of the underlying assumptions will prove to be valid.

All data presented in this announcement reflects the current views of the Company with respect to future events. Forward-looking statements are subject to risk, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. To the maximum extent permitted by law, the Company, its officers, employees and agents do not accept any obligation to release any updates or revisions to the information (including any forward-looking statements) in this announcement to reflect any change to expectations or assumptions; and disclaim all responsibility and liability for any loss arising from reliance on this announcement or its contents.



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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 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,316	6,316
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(785)	(785)
(c) advertising and marketing	(237)	(237)
(d) leased assets	(39)	(39)
(e) staff costs ¹	(7,347)	(7,347)
(f) administration and corporate costs	(1,639)	(1,639)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	140	140
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,592)	(3,592)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(27)	(27)
(d) investments	-	-

¹ Mach7 has capitalised A\$159k of development costs in Q1 FY25.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(e) intellectual property ¹	(159)	(159)
(f) other non-current assets	-	-
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 Net cash from / (used in) investing activities	(186)	(186)

3. Cash flows from financing activities		
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	-	-
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 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	26,175	26,175
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,592)	(3,592)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(186)	(186)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(540)	(540)
4.6	Cash and cash equivalents at end of period	21,857	21,857

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	14,546	18,864
5.2	Call deposits	7,311	7,311
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	21,857	26,175

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	372
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,592)
8.2 Cash and cash equivalents at quarter end (item 4.6)	21,857
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	21,857
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6
<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:31 October 2024.....

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.