

THIRD QUARTER FY24 BUSINESS UPDATE

Q3 FY24 HIGHLIGHTS

- Sales orders of A\$7.4M (TCV¹) in Q3 FY24 (A\$11.3M in Q3 FY23, A\$11.7M in constant currency)² bringing year to date sales orders to A\$56.9M.³
- Contracted Annual Recurring Revenue (CARR) of A\$28.2M at 31 March 2024, up 5% on 31 December 2023 (A\$26.8M).
- Annual Recurring Revenue (ARR) run rate of A\$22.3M at 31 March 2024, up 20% on 31 December 2023 (A\$18.6M).
- Cash on hand of A\$24.8M at 31 March 2024, up 28% on 31 March 2023 (A\$19.4M) and up 9% on 31 December 2023 (A\$22.7M).
- Reaffirm FY24 guidance with sales order outlook supported by strong pipeline of opportunities with new and existing customers.

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 31 March 2024 (Appendix 4C).

Mach7 CEO Mike Lampron said: “Mach7 has delivered another strong performance with 20% growth in ARR during the March quarter and record CARR of A\$28.2M. The gap between CARR and ARR was reduced from A\$8.2M to A\$5.9M, as we achieved first productive use for Diagnostic Imaging Associates and recognised additional revenue from renewal date for several customers. Despite the ongoing transition to subscription, we were operating cashflow positive in the quarter and for the year to date. Mach7 is in a strong financial position with no debt and closing cash of A\$24.8M which was driven by a 24% increase in receipts on Q2 FY24.

“We have secured record sales orders of A\$56.9M so far in FY24 with the composition reflecting the ongoing subscription transition and large renewal program this year. Our pipeline remains strong and consists of opportunities with new and existing customers across different geographies and product combinations.

“In the final quarter of FY24 and beyond into FY25, our strategic priorities will reflect our purpose of enabling exceptional patient care by empowering healthcare providers to make better informed decisions. We will do this by investing in our people, processes and tools to further differentiate ourselves from our competitors. At the same time, from a product perspective, we will continue to invest in product innovation across our three strategic anchors of cloud enablement, service/supportability and interoperability.”

¹ Total Contract Value: Capital Software Licence Fees, Professional Service Fees, Annual Subscription Fees plus Annual Maintenance and Support Fees over contract life.

² Average exchange rate for quarter ended 31 March 2024: AUD/USD = \$0.658.

³ FY24 guidance for sales orders to exceed A\$60M.

SALES ORDERS

Sales orders for the third quarter of FY24 were A\$7.4M (TCV). The majority of sales orders received were for ARR-type sales highlighting the ongoing transition to a Subscription revenue model.

- **Annual Recurring Revenue (ARR)-type sales of A\$5.0M** (67% of total sales orders) representing Subscription fees and Maintenance and Support fees which will be recognised as revenue over the contract term when the customer achieves First Productive Use (FPU).
- **Capital software sales of A\$1.7M** (24% of total sales orders) which are immediately recognised as revenue upon delivery in FY24.
- **Professional Services sales of A\$0.7M** (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 as Mach7 has secured larger customers and expanded into new market segments. Sales orders continue to be an important measure of Mach7's financial progress as the timing of cash receipts and revenue can be affected by contract milestones, revenue recognition rules and the mix of Capital and Subscription agreements.

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

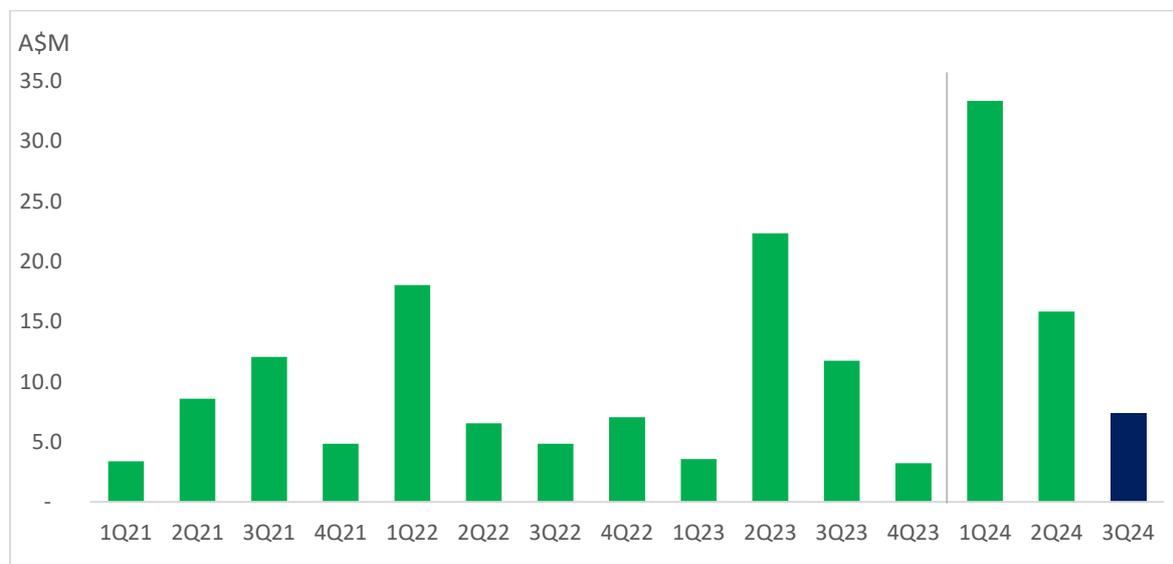
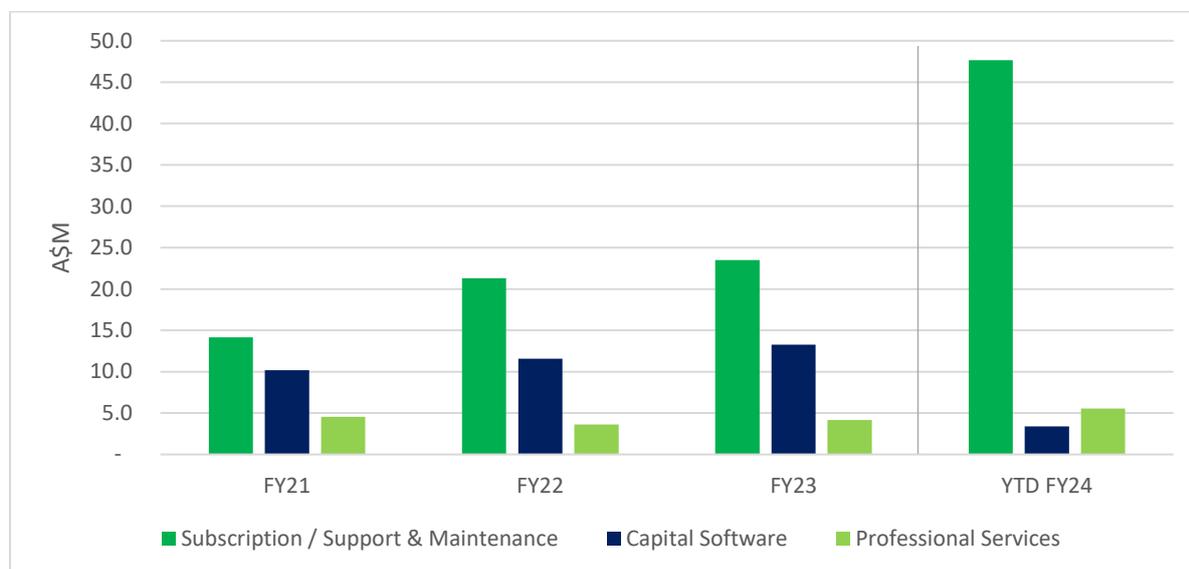


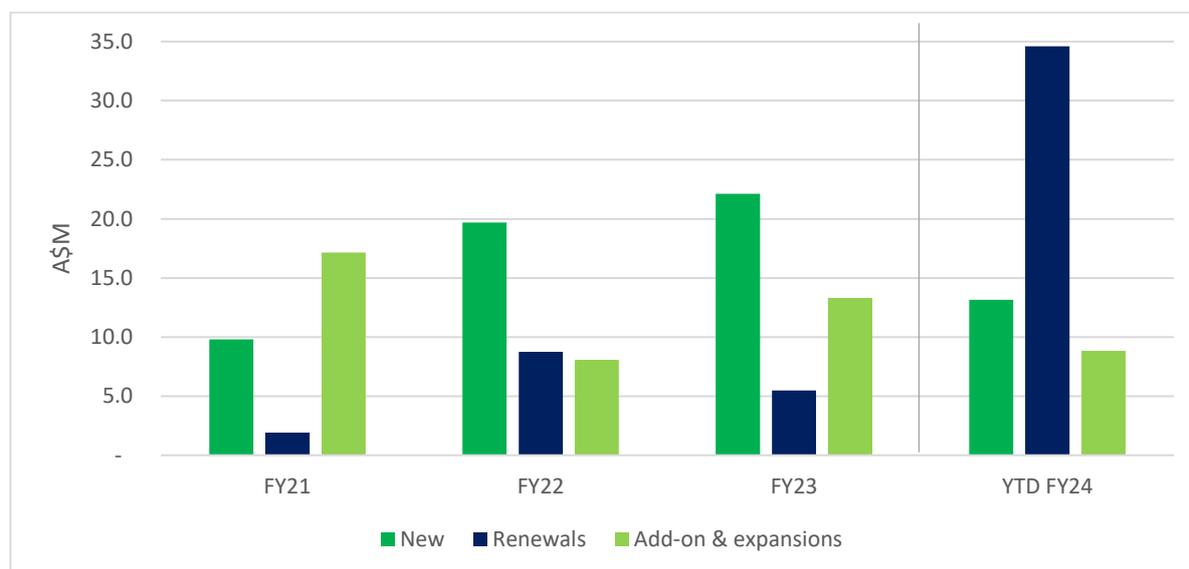
Chart 2 compares the composition of sales orders in the past three financial years to the nine months of FY24. It highlights that subscription sales orders have more than doubled for the current year to date (YTD FY24) compared to FY23 as customers increasingly choose this model over the Capital model, especially in North America.

CHART 2: SALES ORDER COMPOSITION (\$AM) - TCV IN CONSTANT CURRENCY



In Q3 FY24, renewals accounted for A\$6.2M (83%) of sales orders and add-ons and expansions a further A\$0.5M (6%), illustrating the “sticky” nature of Mach7’s customers and the success of its “land and expand” strategy. New logos represented 10% of sales orders in Q3 FY24. Chart 3 highlights that renewals have been an exceptional driver of sales orders for the current year to date (YTD FY24).

CHART 3: SALES ORDER BY TYPE (\$AM) - TCV IN CONSTANT CURRENCY



RECURRING REVENUE GROWTH

Annual Recurring Revenue (ARR)

Mach7 is currently generating A\$22.3M 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\$3.7M or 20% on the A\$18.6M at 31 December 2023. ARR will continue to grow as new customers achieve FPU and existing customers renew at increased rates or achieve FPU on add-ons.

Contracted Annual Recurring Revenue (CARR)

CARR was A\$28.2M at 31 March 2024, an increase of 5% on the CARR at 31 December 2023 (A\$26.8M). Mach7's CARR consists of the A\$22.3M ARR run rate for customers that have achieved FPU of the software, plus A\$5.9M of Subscription and Maintenance and Support fees not yet recognised as revenue (A\$8.2M at 31 December 2023).

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 31 March 2024 and includes the revenue associated with Q3 FY24 contract wins.

CASHFLOW AND CASH RECEIPTS

Cash receipts from customers in Q3 FY24 were A\$8.9M compared to A\$5.4M in Q3 FY23 and A\$7.2M in Q2 FY24. Despite the ongoing transition to Subscription sales, Mach7 reported positive operating cash flow of A\$1.4M in Q3 FY24 and for the year to date of A\$1.1M.

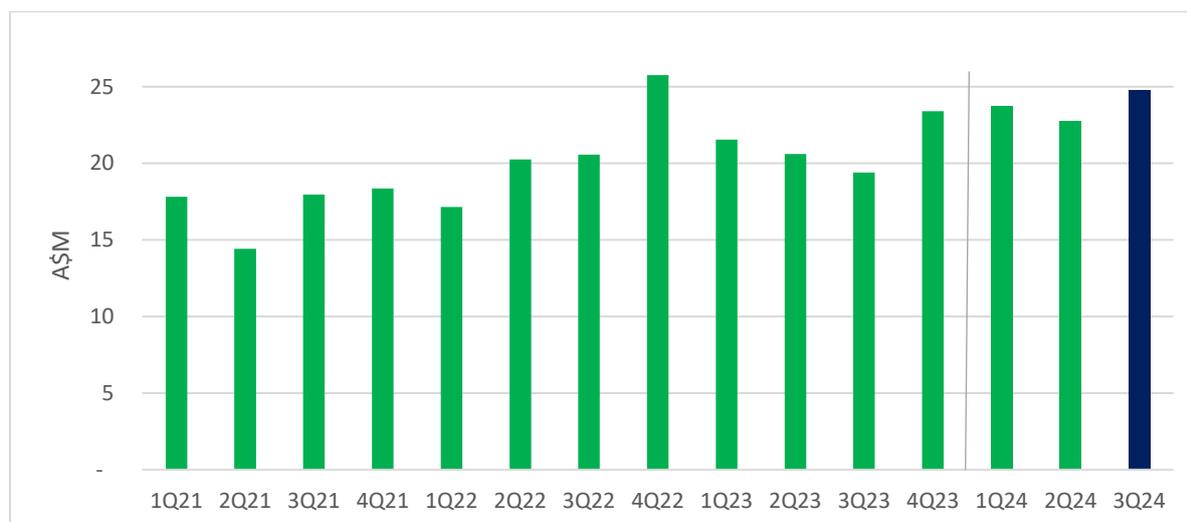
Mach7 expects to be cashflow positive in FY24 due to careful cost management, increased fees for licence renewals and improved receipts predictability for Subscription contracts.

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 solid with no debt and A\$24.8M cash on hand at 31 March 2024 (A\$22.7M at 31 December 2023).

Chart 4 shows that Mach's closing cash position at the end of March 2024 was its second highest in almost three years.

CHART 4: INCREASE IN Q3 FY24 CASH BALANCE DESPITE SUBSCRIPTION TRANSITION



OUTLOOK

Mach7 is well positioned to take advantage of a highly fragmented market for medical imaging and ongoing shift in demand from acute to ambulatory settings. The Company has a strong sales pipeline which reflects opportunities with new and existing customers across multiple regions, care settings and product combinations.

Mach7 reaffirms its FY24 guidance for sales orders of over A\$60M, revenue of A\$27M-30M and opex growth of less than 15%. The Company expects to be cashflow positive in FY24.

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, directors' fees and superannuation payments. The payments comprised:

- A\$77,660 for Directors' fees and superannuation for the quarter
- A\$149,982 for Executive Director's salary and superannuation for the quarter

Q3 FY24 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 (AEST) today, 24 April 2024**.

Please use the link below to register for the webinar.

https://mach7t.zoom.us/webinar/register/WN_Zl-ooN6VRriMB-C3s8rlwQ

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

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 more than 165 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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,851	24,332
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(190)	(696)
(c) advertising and marketing	(132)	(670)
(d) leased assets	(58)	(172)
(e) staff costs	(5,743)	(17,730)
(f) administration and corporate costs	(1,451)	(4,180)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	120	346
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(133)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,397	1,097
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(17)	(80)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(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	(17)	(80)

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	13	187
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	13	187

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	22,729	23,395
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,397	1,097
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(17)	(80)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	13	187
4.5	Effect of movement in exchange rates on cash held	679	202
4.6	Cash and cash equivalents at end of period	24,801	24,801

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	17,490	15,418
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)	24,801	22,729

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	228
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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)	1,397
8.2 Cash and cash equivalents at quarter end (item 4.6)	24,801
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	24,801
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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:24 April 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.