MACH7

Independence through Innovation

Annual Report 2024

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Enterprise Imaging that connects clinicians and patients across the globe to enable exceptional care.

MACH7

Independence through Innovation

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Our Company

Mach7 Technologies develops innovative image management and viewing solutions that form the core of an integrated enterprise imaging ecosystem.

We give healthcare organisations the independence and flexibility to deploy our solutions according to their needs, either through individual product components or via a unified, comprehensive end-to-end enterprise imaging platform. In this way we help our customers improve efficiency, achieve operational cost savings, leverage their existing IT investments, improve the experience for patients and medical professionals, and support healthier outcomes.

Our Values

Mach7 invests in a highly skilled workforce of professionals built upon our core values of trust, customer engagement, discovery, accountability, quality and ethical conduct.

Trust

Trust is the core of every action we take. Internally and externally, we will always take steps in building trust among our employees, shareholders, partners and customers. We prioritise building trust by operating with integrity, honesty, respect and transparency in all our interactions. We encourage open and transparent communication, providing timely and accurate information to our stakeholders, fostering trust through effective communication channels.

Customer Engagement

We prioritise building trust with our customers. We strive to have an enhanced understanding of our customers and the solutions they require. We will provide exceptional service, and consistently deliver value that exceeds their expectations. This will allow us to become the trusted advisors for our customers.

Discovery

We work to drive innovation through our unique offerings. We will always take a holistic approach to understanding our customers and where we can add value to our market, the impact we can make to the healthcare community and how we can impact patient outcomes. We strive to lead the way in modern medical imaging software and providing innovative ways for our customers to improve their ability to share images efficiently and effectively with providers and patients.

Accountability

We take responsibility for our actions and outcomes, and we hold ourselves accountable for maintaining the trust our stakeholders place in us.

Quality

At the heart of our values, quality is not merely a goal to achieve but a guiding principle that defines who we are. We are committed to quality as an expression of our goal to provide products and services that we can stand behind, giving our customers an experience that shows them that we care for them, and aim to simplify their lives.

Ethical Conduct

We uphold ethical principles and comply with legal and regulatory requirements, ensuring that our actions align with our values and ethical standards.

Our Purpose

Mach7's core purpose is to enable exceptional patient care by empowering healthcare providers to make more informed decisions. At the heart of everything we do is the realisation that we exist to serve our customers and their patients.

How We Deliver on this Purpose

Mach7's deep experience and expertise in medical imaging and interoperability gives our customers cutting edge technology that can both enhance and preserve their imaging investments, or upgrade and replace outdated systems. We put our customers first and only release high quality products and services to assist healthcare providers in meeting their patient care and organisational goals.

What We Are

We are a world-class medical imaging company that does not just build software; we build lasting relationships. Our focus is to provide personalised service to our customers that makes a difference and helps healthcare professionals in their daily tasks to deliver outstanding care to their patients. Through this engagement and collaboration, we better understand our customers' needs and challenges. This helps us to create long term strategic goals and objectives that align with our customers' vision.

As we develop and release top-tier products and services, a focus on customer value is our key goal with innovation and interoperability foundational characteristics. Unlike many of today's antiquated imaging technologies, Mach7's innovative solutions are built from the ground up for the entire enterprise. This spans across specialties, facilities and geographic regions. Industry leading, standards-based interoperability allows our software to integrate seamlessly with existing medical information systems (i.e., Electronic Health Records, patient portals, etc.) to unify imaging data in real-time with user access anytime, anywhere. By connecting to a healthcare network's entire ecosystem, Mach7 gives healthcare professionals the power to see a patient's imaging history and associated medical information across the healthcare enterprise. This supports diagnostic confidence, clinical decision making and care treatment planning to drive enhanced patient outcomes. Further, we give healthcare IT administrators the ability to store, archive, access and manage imaging data for their entire organisation with support for the latest AI workflow/analytical applications and cloud enablement technologies.

Healthcare decision makers around the globe select Mach7's technology to deliver high quality and enduring patient care initiatives.

Key Achievements for FY24

FY24 Financial Highlights

A Transformational Year

Building a foundational book of business

80	19	32	A$50.9M
Number of contract wins	Number of renewals	Number of implementations completed	Forward revenue FY24 secured book of business over 5 years

Strong FY24 Financial Performance & FY25 Outlook

In FY24, a strong financial performance positioned Mach7 for long-term growth. This includes:

- » Record Sales Orders
- » New contracts in high growth markets
- » Strong growth in recurring revenue
- » Contracted Annual Recurring Revenue (CARR) up 35%
- » Large renewal program completed to build foundational book of business
- » Strong recurring revenue growth and cost discipline drive positive operating cash flow
- » Significant cash reserves
- » No debt

FY24 Financial Highlights, cont.

A$29.1M
Revenue
-A$0.9M or -3% on PCP[1]
In line with revised FY24 Guidance[2]

A$21.1M
Recurring Revenue[3]
+A$4.7M or +29% on PCP
72% of total revenue (FY23: 54%)
72% of opex (FY23: 63%)

A$27.9M
CARR[4]
+A$7.3M or 35% on PCP

A$22.0M
ARR[5] Run Rate
+A$5.0M or 29% on PCP

A$61.3M
Record Sales Orders (TCV)[6]
+A$21.0M or 52% on PCP
In line with revised FY24 Guidance[2]

-A$2.0M
EBITDA (adjusted)[7]
(FY23: A$2.5M)

-A$1.2M
NPATA[8]
(FY23: A$7.2M)
NPAT -A$8.0M
(FY23: -A$1.0M)

A$3.5M
Positive Operating Cashflow
In line with FY24 Guidance
Closing Cash A$26.2M
(FY23 Closing Cash: A$23.4M)
No Debt

1. PCP – Prior Corresponding Period.
2. On 24 Jan 2024, Mach7 revised FY24 sales order guidance from A$48M to exceed A$60M and FY24 revenue guidance to A$27M-$30M from growth of 15-25% as transition to subscription sales orders accelerated.
3. Recurring revenue consists of Subscription revenue and Maintenance and Support revenue recognised in FY24.
4. CARR: Contracted Annual Recurring Revenue.
5. ARR: Annual Recurring Revenue.
6. TCV – Total Contract Value comprising capital software licence fees, professional service fees, annual Subscription fees + annual Maintenance and Support fees over contract life.
7. EBITDA adjusted for net unrealised foreign exchange movements and non-cash share-based payments.
8. NPATA: (Net Profit After Tax and before Amortisation) is NPAT adjusted for amortisation of acquired intangibles.

Rob Bazzani

Independent Non-Executive Chairman

Dear Shareholders,

I am pleased to present the Annual Report of Mach7 Technologies Limited for the year ended 30 June 2024, my first as Chair.

FY24 has been a transformative year for Mach7 as we laid the foundations for future growth. We achieved our FY24 guidance for sales orders, revenue and opex growth and were cashflow positive, a significant achievement as we transitioned to a predominantly subscription sales model. We also delivered record results and strong growth in CARR and ARR. At financial year end, Mach7 was in a strong financial position with no debt and a cash balance of A$26.2M, our highest level in four years.

FY24 Result

In FY24, Mach7 delivered record sales orders of A$61.3M TCV, up A$21.0M or 52% on PCP[1]. This strong result was driven by a large renewal program demonstrating strong retention among Mach7's existing and loyal customer base. Renewals accounted for A$37.5M or 61% of total sales orders, the highest in Mach7's history. Sales orders also exceeded our initial FY24 guidance of A$48M and was in line with our revised guidance for sales orders of over A$60M.

Mach7 delivered FY24 revenue of A$29.1M, which was 3% lower on PCP and at the high end of Mach7's revised revenue guidance of A$27M-30M. The marginal decline was due to the short-term impact of the accelerated subscription transition with 83% of FY24 sales orders relating to Subscription and Maintenance and Support Fees. Most of the revenue associated with these contracts will begin to be recognised in 12-to-18 months when first productive use (FPU) is achieved or from the effective date of renewal.

At 30 June 2024, Mach7 generated A$22.0M of Annual Recurring Revenue (ARR), a run rate calculated by annualising the revenue earned from Subscription and Maintenance and Support Fees in June 2024. This run rate was A$5.0M or 29% higher when compared to 30 June 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) was A$27.9M at 30 June 2024, up A$7.3M or 35% since 30 June 2023. Mach7's CARR consists of the A$22.0M ARR run rate for customers that have achieved FPU for the software, plus A$5.9M of Subscription and Maintenance and Support fees not yet recognised as revenue.

Cost growth of 13% on PCP was in line with guidance to be less than 15%. EBITDA of -A$3.3M compared to A$1.7M in FY23 and mainly reflected the short-term decline in revenue associated with the subscription transition.

Mach7 delivered adjusted EBITDA of -A$2.0M against A$2.5M in PCP which excludes unrealised net foreign exchange movements and non-cash share-based payments expense.

NPATA[2] of -A$1.2M (FY23: A$7.2M) and NPAT of -A$8.0M (FY23: -A$1.0M) for the year was primarily due to the short-term revenue decline.

Cash receipts from customers in FY24 were a record high of A$34.9M, up 42% on FY23 (A$24.6M). Mach7 also reported positive operating cash flow of A$3.5M for FY24, which is a significant milestone in the context of its transition to a largely Subscription sales model.

Mach7's FY24 cashflow positive guidance was also achieved due to disciplined cost management,

[1]PCP - Prior Corresponding Period

[2]NPATA (Net Profit after Tax and before Amortisation) is NPAT adjusted for amortisation of acquired intangibles

increased fees for licence renewals and improved receipts predictability for Subscription contracts.

The financial position of the Company remains strong with no debt and A$26.2M cash on hand at 30 June 2024 (A$23.4M at 30 June 2023).

Board renewal and strategy refresh

During the year, there has also been significant renewal at Board level which has brought fresh perspectives and expanded our skillset. The former Chair David Chambers and Non-Executive Director Philippe Houssiau stepped down from the Board at the close of the 2023 Annual General Meeting. We thank them both for their service and contribution to Mach7.

In September 2023, we announced that Rebecca Thompson would join the Board as a Non-Executive Director. Rebecca brings deep experience in financial markets and a strong understanding of Mach7 which is proving invaluable.

As a Non-Executive Director of the Company since January 2020, I was delighted to accept the Chair role last October at an exciting time for Mach7.

The renewed Board, working collaboratively with the management team, has reviewed and refreshed Mach7's strategy with a focus on three strategic pillars to drive growth, enhance customer engagement and strengthen our market positioning.

Outlook

Looking ahead to FY25, our priorities will align with our refreshed strategic plan and centre around the addition of net new logos as our pipeline continues to grow and generate opportunities across multiple geographies and product combinations. We will also undertake targeted investment in our people, processes and tools to further enhance Mach7's offerings and competitiveness. This investment will focus on product innovation and reflect a customer-centric mindset.

On behalf of the Board, I would like to thank our incredible team for their hard work and dedication and my fellow Directors for their insights and support during another important year.

Finally, I would like to thank you, our Shareholders, for your ongoing support.

Sincerely,

Rob Bazzani
Independent Non-Executive Chairman

Mike Lampron
CEO and Managing Director

Dear Shareholders,

FY24 was an amazing year for Mach7 as we transformed from a business that was heavily capital software intensive to a higher quality subscription model. This can be a tough transition, but we managed it well, delivering strong growth in our recurring revenue and positive operating cashflow.

At the same time, we achieved another year of record sales orders which were underpinned by the largest renewal program in Mach7's history. This represents a strong endorsement by our loyal customers of our product and service offering and provides us with a foundational book of business for the medium term. We also maintained a disciplined approach to cost management in FY24.

Innovative solutions for the healthcare enterprise

At Mach7, we develop innovative image management and viewing solutions that form the core of an integrated enterprise imaging ecosystem. Our enterprise imaging solution is built for more than just radiology and our products are designed to be used across other "ologies and in complex reading environments.

Within our core markets, we continue to see a fragmented imaging sector with large legacy modality vendors losing market share and an ongoing shift to ambulatory from acute care settings. We are also seeing the consolidation of healthcare providers and increased demand for centralised imaging.

IT decisions are now being made by the CIO and not just the clinicians with enterprise imaging strategies requiring a simplified management and diagnostic viewing solution from any location. This is mandating increased investment in technology, providing opportunities to capitalise on replacement cycles.

Our strategic priorities

As we enter the next phase of our growth, 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 pillars of cloud enablement, service and supportability and integration and interoperability.

Cloud enablement means architecting our product so that it is cloud native and able to take advantage of the hyper scaling capabilities of public cloud offerings like AWS and Azure. At the same time, we want to have an agnostic product that can be implemented in private cloud or continue to operate in an on-prem environment.

We will also increase our investment in service as scalability comes from having a product that is easily supportable as well as easy to service and deploy. Our goal is to continue to provide an exceptional customer experience and ensure that the interaction with our software via the deployment cycle and maintenance upgrades is the best in the industry.

Integration and interoperability are probably the most important of these strategic pillars because as an enterprise solution we need to embrace third party companies and the products that they are bringing to market. This is a best of breed approach and what our customers are looking for.

These strategic pillars reflect our focus on customer intimacy which is an area where Mach7 can readily differentiate itself from its competitors. We want to make sure we know everything there is to know about our customers including addressing growing use cases that make us indispensable to them. This customer-centric focus is being driven across the culture of our company and we want it to be reflected in how our customers perceive us.

Veterans Health Administration National Teleradiology Program

In July 2023, Mach7 was selected as a solution provider for the Veteran's Health Administration's (VHA) National Teleradiology Program (NTP). Mach7 will provide its Vendor Neutral Archive (VNA) and eUnity Enterprise Diagnostic Viewer as part of a consortium that includes Nuance, Blackford AI and Microsoft Azure. The contract consists of two major phases with Phase I involving the NTP deployment expected to go live by the end of December 2024. Phase II involves expansion into the VHA's hospital network to support up to seven Veterans Integrated Services Networks (VISNs).

Looking ahead

Our sales focus in FY25 will be on net new logos and the conversion of a strong sales pipeline, which reflects opportunities with new and existing customers across various different regions, care settings and product combinations.

We will invest in a disciplined and targeted manner, A$2M-3M in product innovation and in specific roles which will enable us to successfully execute on our three strategic pillars, continue to build our customer relationships and enhance our competitive position.

As a business, we are maturing and have proven that we can grow organically and inorganically, which will continue to drive value for our shareholders and customers. We are committed to providing the best possible customer experience and continue to have a focused product and technology roadmap to meet our customers' growing needs. In FY25, we expect to deliver 15-25% growth on PCP in both revenue and CARR with revenue growth to exceed the growth in operating expenses. CARR is an important leading indicator of our future growth as it shows where ARR is going to be in the following 12-18 months.

Finally, I would like to thank the Board and our Shareholders for their ongoing support and our team for their invaluable contribution to the continued growth of our Company.

Sincerely,

Mike Lampron
CEO and Managing Director

Executive Leadership Team

Mike Lampron
Chief Executive Officer

Mike is the Chief Executive Officer and Managing Director of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Mike brings a broad experience ranging from private start-up organisations as well as long established companies such as IBM and GE. Mike was previously the Chief Executive Officer for a National Teleradiology Company and has a proven ability to drive results through a combination of astute analysis, innovative execution and cross-functional teamwork. Mike is responsible for our customers' success while driving excellence throughout Mach7.

Dyan O'Herne
Chief Financial Officer

Dyan is the Chief Financial Officer of Mach7. Prior to becoming CFO, she spent seven years in various financial controller roles within Mach7. With the benefit of tenure and leadership positions, Dyan has a deep knowledge of the Company's finances, operations, history and culture. Dyan is a Chartered Accountant with more than 25 years' experience in senior finance roles including with Aon Insurance Managers and PricewaterhouseCoopers immediately prior to joining Mach7.

David Madaffri
Chief Operating Officer

David is the Chief Operating Officer of Mach7, having held the role of Global Vice President of Sales previously. David began his career as a Radiologic Technologist and later managed the Imaging Services at Sharp Memorial Hospital in San Diego, CA. After leaving Sharp, he worked in Process Improvement Consulting, Implementation Services, and later Sales for both IDX and GE. For the past 12 years, David has worked for Philips Healthcare in a variety of sales leadership roles. Just prior to joining Mach7, David served as Philips' Vice President of Sales for Enterprise Diagnostic Informatics for North America.

Lisa Thompson
Vice President, Services

Lisa is the Vice President of Services for Mach7, including Professional Services and Client Support. Lisa brings over 18 years of experience in the healthcare software industry working with radiology, cardiology, patient access and enterprise software. Before joining Mach7, Lisa was Senior Director of Professional Services at GE Healthcare and VP Services and Support for QuadraMed/Harris Healthcare. In her extensive career, Lisa has led teams responsible for professional services, support, implementation quality, operational excellence, business integration, and process management. Lisa holds a Black Belt in Six Sigma and is experienced in Lean and Change Management.

Kelly Kimball
Vice President, People & Culture

Kelly is the Vice President of People and Culture at Mach7. As a strategic business partner to executive leadership, Kelly has been pivotal in shaping and delivering people strategies that align with corporate objectives across multiple industries for 17 years. She led a healthcare organisation's "people" function, driving cultural transformations and fostering a dynamic, inclusive work environment. Additionally, she successfully navigated complex mergers and acquisitions, integrating teams, and aligning organisational culture with business goals.

The depth of her expertise spans organisational design, leadership development, and change management. Kelly's ability to lead through corporate transitions and her commitment to cultivating positive organisational cultures have made her a key contributor to the Mach7 leadership team.

Executive Leadership Team, cont.

Bob Tranchida

Vice President, Marketing

Bob is Mach7's Vice President of Marketing. With over 25 years of experience in the direct medical provider and healthcare IT space, he is a seasoned expert with vast experience and knowledge in many types of organisations, from IT startups to Fortune 500 organisations like Philips. Bob has held many leadership roles within these organisations, spanning product management, program management, strategic account management and marketing. He brings a deep well of knowledge, passion and energy to the leadership team and is focused on building out Mach7's strategic global marketing programs.

Andrew Volkening

Vice President, Product

Andrew is a veteran imaging informatics leader with a sincere drive to help healthcare organisations develop and implement forward-thinking imaging strategies.

A thoughtful and creative problem solver, Andrew has deep industry knowledge gained from over 20 years in healthcare imaging. He began his career as a Field Service Engineer and worked his way to become PACS Administrator at Sunnybrook Health Sciences Center, one of Canada's foremost teaching and research hospitals as well as the nation's largest trauma center. Andrew's direct experience managing PACS has given him the unique ability to understand the customer perspective and focus on relevant solutions that address their specific clinical imaging needs.

Adding to his impressive profile, Andrew is also an imaging researcher who has earned awards for his work developing Canadian guidelines for lossy compression.

Brent Glover

Vice President, Engineering

Brent is an accomplished technology leader with a wealth of experience spanning nearly two decades in the field of software engineering.

He began his career providing direct patient care at Salt Lake Regional Medical Center in Salt Lake City, Utah. This firsthand experience on the frontlines of healthcare equipped him with a profound understanding of the challenges and opportunities within the industry, and also instilled a deep commitment to improving the human experience in medicine.

Brent leverages his extensive expertise to drive the development of cutting-edge healthcare technologies in his role as Mach7's VP of Software Engineering, and his dedication to excellence, vision, and building high-performing teams makes him an invaluable asset to the company.

Sathyan Vaidyanathan

General Manager, APAC/Middle East*

Sathyan has over 32 years of experience in the HealthTech industry. Starting his career as an imaging engineer and quickly moving to business management, Sathyan has personal experience working with distributors, healthcare institutions, production facilities, and start-ups. Having spent 25 years of his career in the Middle East and the USA, Sathyan was instrumental in expanding the healthcare business in various organisations including the healthcare IT business in Philips ME.

He brings his rich experience and industry network from the Middle East, Turkey, Africa, the USA, and Central Eastern Europe. Sathyan's immediate focus is to ensure Mach7's success and expansion in the Middle East and APAC. He holds an engineering diploma and a Master's degree in business administration.

**Sathyan took on the role of General Manager, APAC/Middle East on 1 July 2024.*

Board of Directors

Rob Bazzani

Non-Executive Chairman

Rob spent 20 years with the global consulting firm KPMG, where he served as Chairman of KPMG Victoria, National Managing Partner for KPMG Australia's Enterprise Division and National Managing Partner for KPMG's M&A Division. Whilst in these roles, Rob was a member of KPMG's National Executive Committee which oversees and is responsible for the Firm's turnover, strategic decision making, profitability and operations. Rob has a demonstrated track record of leading and growing large scale and complex businesses. He has played a significant role in advising clients on commercial matters, corporate governance, M&A and has engaged with Government and Regulators. With extensive experience in corporate advisory, Rob has deep commercial and industry knowledge across financial services, asset and wealth management, property, insurances and consumer & industrial markets.

Mike Lampron

Managing Director

Mike is the Chief Executive Officer and Managing Director of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Mike brings a broad experience ranging from private start-up organisations as well as long established companies such as IBM and GE. Mike was previously the Chief Executive Officer for a National Teleradiology Company and has a proven ability to drive results through a combination of astute analysis, innovative execution and cross-functional teamwork. Mike is responsible for our customers' success while driving excellence throughout Mach7.

Eliot Siegel, MD

Non-Executive Director

Dr. Eliot Siegel is a well-known thought leader in the world of radiology and imaging informatics and artificial intelligence applications in medicine. He is currently Professor at the University of Maryland School of Medicine, Department of Diagnostic Radiology, and also works for the Veterans Affairs Maryland Healthcare System, both in Baltimore, MD as well as adjunct professor of computer science and biomedical engineering at the undergraduate campuses of the University of Maryland. He is a pioneer and co-founder of United Theranostics, a company created to bring state-of-the-art radiopharmaceuticals to patients for cancer therapy. Under his guidance, the VA Maryland Healthcare System became the first filmless healthcare enterprise in the World. He has written over 300 articles and book chapters about PACS (Picture Archiving and Communication Systems) and digital imaging, and has edited numerous books on the topic, including Filmless Radiology and Security Issues in the Digital Medical Enterprise. He has given more than 1,000 presentations throughout the world on a broad range of topics involving the use of computers in medicine and artificial intelligence. Dr. Siegel was symposium chairman for the Society of Photo-optical and Industrial Engineers (SPIE) Medical Imaging Meeting for three years and has been honored as a fellow in that organisation as well as the American College of Radiology and the Society of Imaging Informatics in Medicine. He is also a Board member of Carestream Health and serves on numerous advisory boards in medical imaging.

Rebecca Thompson

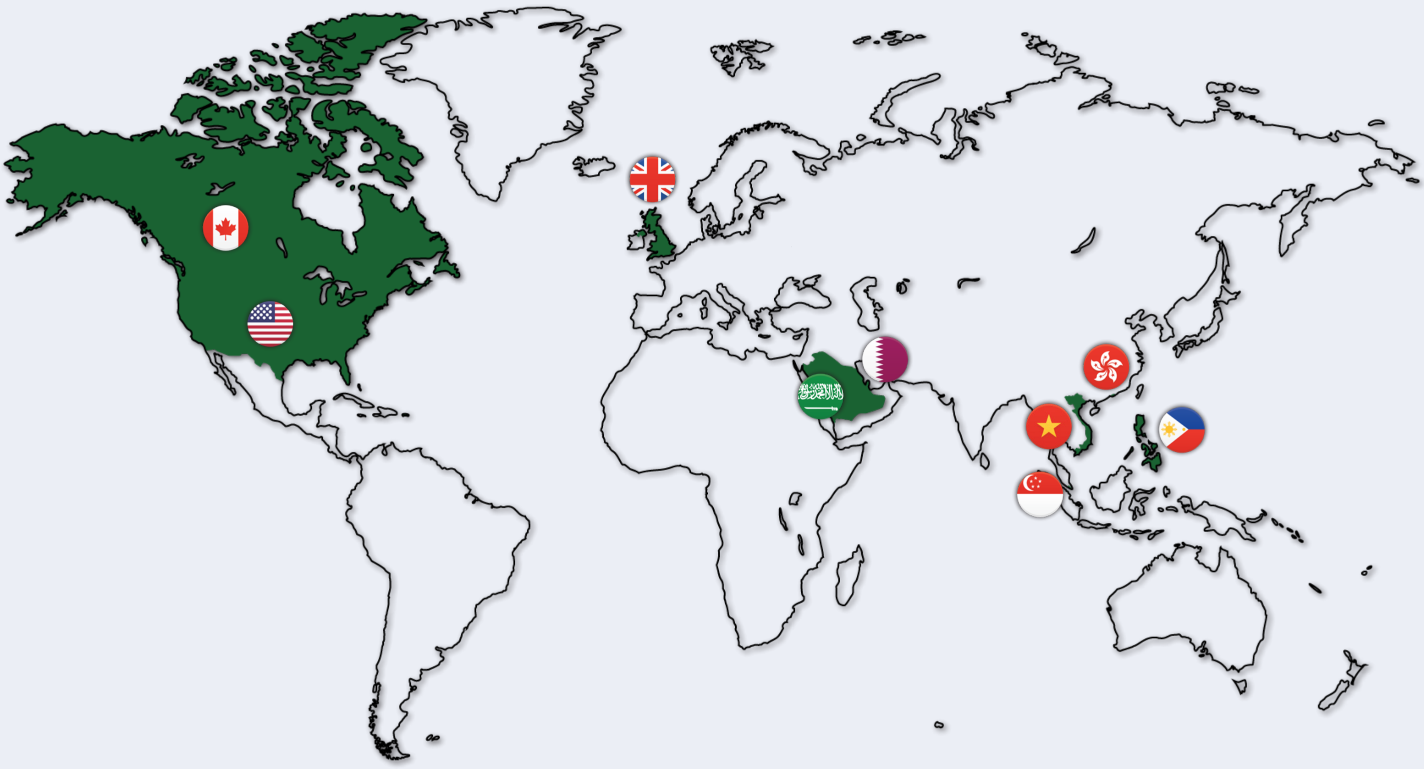
Non-Executive Director

Rebecca has deep experience in financial markets with senior roles at global investment banks, most recently at J.P. Morgan, and with listed companies over her 30-year career to date. Since mid-2022 and until her September 2023 appointment as head of investor relations at ASX-listed building materials company CSR Limited, Rebecca was a consultant to Mach7. Rebecca's professional experience spans the property, resources, fintech and charitable sectors with a strong focus on sustainability and ESG. She holds a Bachelor Degree in Economics from the University of Sydney and has a graduate qualification in finance and investment.

A Global Reach

Mach7 Technologies is an established leader in Healthcare IT and Imaging, serving a diverse range of market segments across the globe through direct sales and via distributor and reseller channels. With customers worldwide, Mach7 provides flexible solutions that cater to the varying needs of healthcare organisations. These customers either leverage the complete Mach7 Enterprise Imaging Solution or opt for specific applications, such as the Vendor Neutral Archive (VNA) for data management or the eUnity Diagnostic Viewer for enterprise-wide visualisation. Mach7 also offers customers advanced applications that provide workflow orchestration including data normalisation, image lifecycle management, data anonymisation, DICOM routing and other communication workflows. Mach7's ability to offer expansive interoperability and customisable deployments makes it a trusted partner for medical imaging and data management solutions worldwide.

Mach7's global operations are driven by a diverse team of industry experts spread across five key office locations: the United States, Canada, Australia, Singapore, and Malaysia. Their shared mission is to create innovative medical technologies that enhance the efficiency of healthcare providers while improving patient outcomes. This international presence and commitment to excellence make Mach7 a preferred choice for healthcare providers across various geographic markets.



Mach7 Technologies also serves many other countries worldwide via distributor and reseller channels.

Our Customers and Industry Partners

Mach7 Technologies serves a diverse range of healthcare organisations worldwide, from large, complex Integrated Delivery Networks (IDNs) to smaller community hospitals and imaging centers. These customers utilise Mach7's Enterprise Imaging Solution in ways that meet their specific clinical and business needs, often forming long-term partnerships that foster trust and collaboration. Many of Mach7's customers have a direct influence on the company's product development and business strategies, ensuring that their unique imaging requirements are addressed.

A large segment of Mach7's growth comes from expanding within our existing customer base, highlighting the value and reliability we provide. Mach7's global customer portfolio includes public health systems, academic medical institutions, research facilities, teleradiology service providers, and children's health centers, demonstrating our extensive market reach and embedded presence in the healthcare sector.

At Mach7 Technologies, we have also built strong partnerships with some of the most prestigious and innovative imaging IT solution providers in the industry. These collaborations enhance our Enterprise Imaging capabilities, allowing us to better serve healthcare organisations. Through these partnerships, we offer advanced tools for workflow management, imaging visualisation, encounter-based imaging, AI integration, business intelligence, analytics, and cloud technology enablement. We also work closely with sales channel partners and distributors around the world to expand our international market presence and unlock new growth opportunities. These strategic partnerships add significant value to our offerings and help us meet the evolving needs of our global customers.

Our Value

At Mach7 Technologies, we understand that healthcare organisations worldwide need imaging and data management solutions that help them provide exceptional care, regardless of their size or geographic location. Our focus is on developing highly interoperable applications that can seamlessly aggregate data from disparate sources and present it in a user-friendly, performant viewing platform. We give healthcare providers the independence to deploy best-in-class applications that fit their needs without the burden of costly hardware or administrative resources. This flexibility, combined with advanced tools like AI integration and cloud computing, positions Mach7 as a trusted partner in managing imaging needs across entire health networks.

What sets Mach7 apart is our "enterprise-first" approach. Unlike traditional vendors, whose systems are often built for specific departments like radiology, our solutions are designed from the ground up to serve the entire healthcare enterprise. This means our customers, whether large integrated delivery networks or smaller community hospitals, can rely on our platform to centralise and manage their imaging data efficiently. Our eUnity Diagnostic Viewer offers healthcare professionals a universal solution for visualising and curating patient data in real time, regardless of role or access point, making it easier for them to deliver better patient care. Our hybrid transmission technology also ensures that our solutions perform exceptionally well, even in remote or telemedicine scenarios, further supporting timely and accurate diagnosis.

In addition, our Vendor Neutral Archive (VNA) simplifies imaging data management by providing a single, secure platform to store, access, and analyse medical content across the network. Whether on-premise or in the cloud, the VNA offers flexibility, scalability, and high performance, allowing clinicians to access crucial patient data quickly and confidently.

At the heart of everything we do is a commitment to our customers. We value their feedback and have built our professional services and customer support teams around personalised engagement and success. By offering flexible contract terms, scalable technology, and cutting-edge innovations, we ensure our customers can grow and adapt with us. Whether they are looking to integrate advanced tools like AI or simply improve workflow efficiency, Mach7 is there every step of the way, providing solutions that fit their unique needs and drive better outcomes.

Our Value Proposition

Global Company with a Personal Touch

- A future-proof solution built on a modern technology stack that allows customers to grow, adapt and innovate.
- Personalised customer service and support to ensure product stability, optimal perfomance and user satisfaction.

Unique Deployment Flexibility

- Vendor neutral solutions give independence; modular products allow select deployments.
- Capable of being used on existing IT infrastructures to leverage existing investments.
- Deploy on premise or in the cloud with integration to the latest technology platforms.

Lasting Technology Built for the Entire Enterprise

- A software-only solution designed for the whole healthcare organisation.
- A highly performant Enterprise Imaging Platform with robust interoperability and scalability to adapt to changing needs.
- A best of breed single universal viewing and data management platform to unify patient records.
- Support for telemedicine, teleradiology and telemammography workflows.
- A secure solution designed to incorporate the latest advanced applications including AI algorithms, analytics and business intelligence tools.

Our Products

Our Solution: An Enterprise Imaging Platform

Enterprise Data Management

Vendor Neutral Archive

- ✓ Consolidate **ALL** images across the enterprise
- ✓ Allows customers to take control of their data
- ✓ Leverage existing IT infrastructure
- ✓ Store in native format or wrap in DICOM
- ✓ On-premise or via **Cloud** infrastructure

Enterprise Diagnostic Viewing

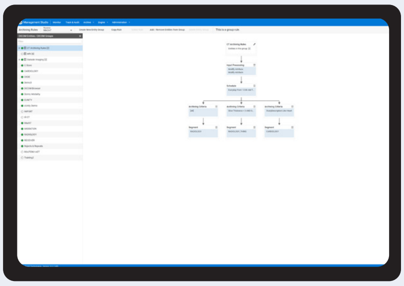
eUnity Enterprise Diagnostic Viewer

- ✓ Zero footprint HTML5 viewer; 100% fidelity
- ✓ Virtual aggregation of imaging data across the enterprise
- ✓ 3D/MIP/MPR/**Mammography**/Pet CT
- ✓ Image enable the EMR
- ✓ Image enablement for downtime PACS solution
- ✓ Research and **AI** test platform

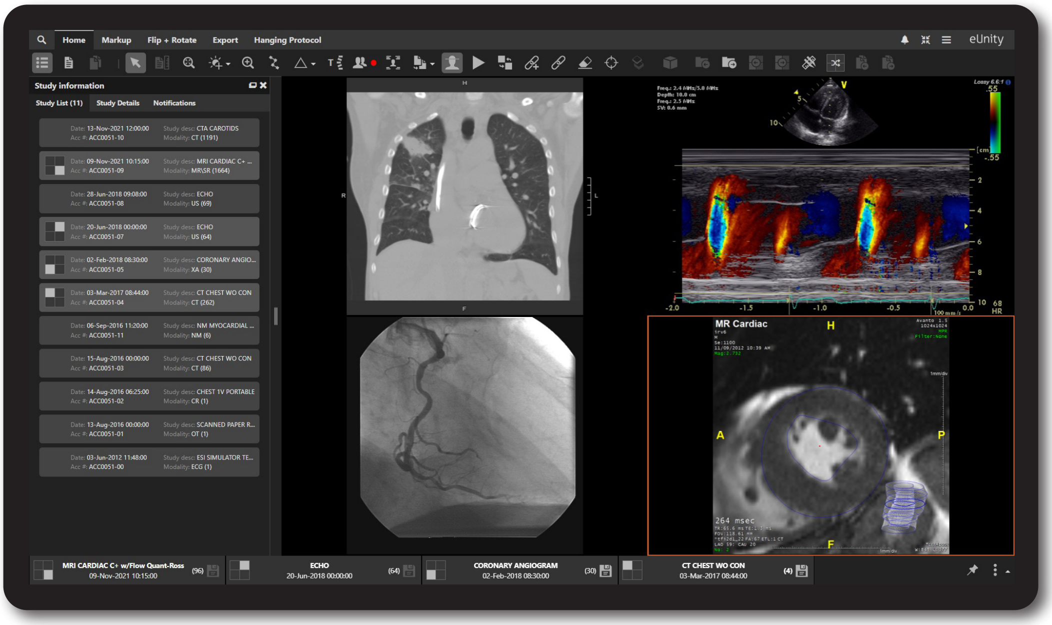
Workflow Orchestration

Communication Workflow Engine

- ✓ Data Normalisation through DICOM Tag Morphing
- ✓ DICOM Routing for complex workflows
- ✓ Sophisticated **AI Workflow Optimisation**
- ✓ Data anonymisation
- ✓ Image lifecycle management
- ✓ HL7 and clinical event-based rules engine



At Mach7, our Enterprise Imaging offerings provide healthcare organisations with a comprehensive suite of tools that address the challenges of managing vast amounts of imaging data, visualising it for clinicians, and supporting diagnostic workflows across entire health networks. Our products focus on three primary components: **Enterprise Data Management**, **Enterprise Diagnostic Viewing**, and **Workflow Orchestration**.



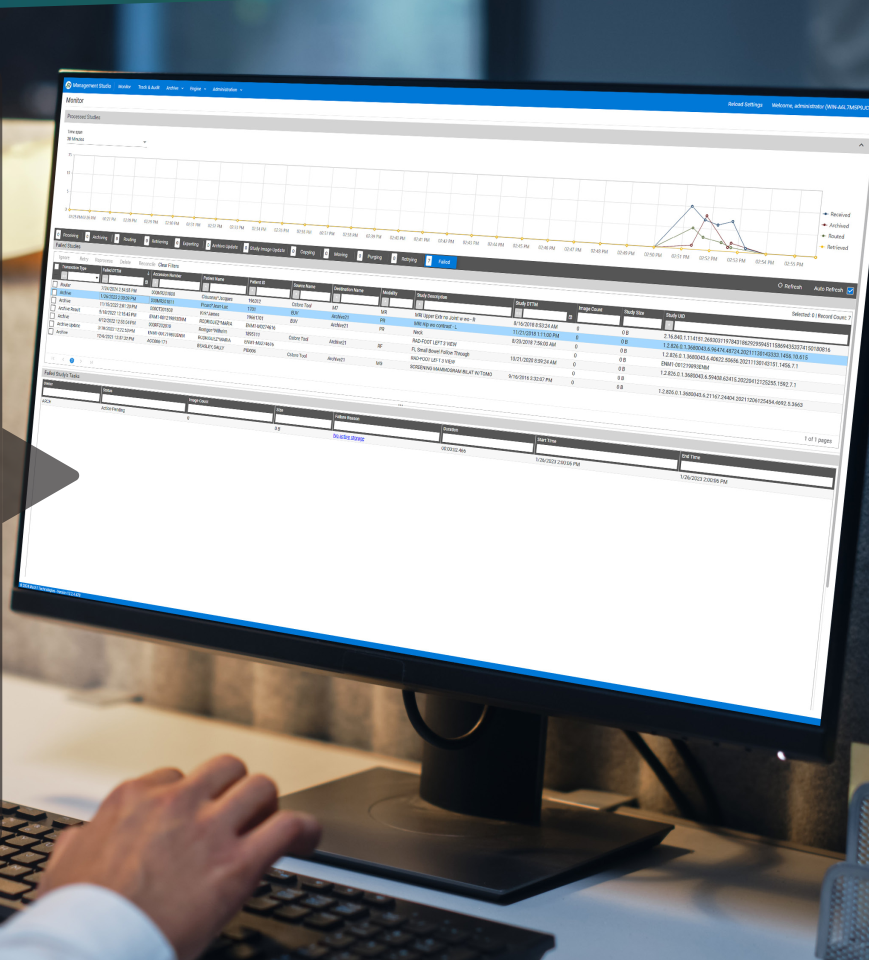
Enterprise Data Management – The Mach7 Vendor Neutral Archive (VNA)

Mach7's VNA is a transformative solution designed to unify and optimise imaging and diagnostic data across a healthcare enterprise. It is a cornerstone of a modern data management infrastructure and is built upon years of industry expertise and technological innovation. The Mach7 VNA serves as the central hub for storing, managing, and distributing imaging and multimedia data within and across healthcare organisations.

The solution brings patient images from disparate data sources and siloed systems together under one platform. It offers a comprehensive data management structure that supports diverse clinical workflows and enhances patient-centric care delivery.

The Mach7 VNA:

- Aggregates imaging data into a single secure repository and integrates with other data sources to query and federate data from external systems to contribute to a more complete and comprehensive patient imaging record.
- Empowers healthcare organisations with advanced capabilities that enhance operational efficiency, promote interoperability, and ensure data integrity.
- Supports unique, complex study archiving, distribution, and customisation requirements. Whether it's the need to route images to specific locations or providers, or the desire to reconcile, normalise, anonymise, update, or edit data, the Mach7 VNA gives administrators immense capabilities and flexibility.
- Changes with deployment infrastructure strategies. Accomodates on-premise, Cloud or hybrid environments with a powerful data management and workflow orchestration technology built for the future.



Key Benefits

Enhanced Clinical Decision-making - A unified view of patient imaging data, reducing diagnosis time, and enhancing diagnostic accuracy.

Operational Efficiency - Streamlines workflows and reduces administrative burden through automation and centralised data management.

Cost Savings - Optimises IT investments with scalable, subscription-based pricing models that align with organisational needs and growth.

Interoperability - Seamlessly integrates with existing solutions, including EMRs, PACS, and enterprise imaging systems.

Flexibility and Scalability - Adaptable deployment options (on-premise, cloud, hybrid) and scalable architecture support evolving healthcare IT environments and data management strategies.

Independence from Vendor Lock-in - Healthcare organisations choose the best technologies to adapt to changing market dynamics.

Why Healthcare Organisations Choose the Mach7 Vendor Neutral Archive (VNA)

Industry Leadership: Backed by years of experience in healthcare IT, the Mach7 VNA is recognised for its innovation, reliability, and commitment to advancing healthcare data management.

Comprehensive Solution: Offers a complete suite of tools for data consolidation, normalisation, and orchestration, tailored to meet the complex needs of modern healthcare organisations.

Support for Modern Healthcare Ecosystems: Aligns with the evolving healthcare landscape by supporting interoperability, cloud integration, and AI-driven analytics.

Proven ROI: Delivers measurable returns on investment through improved operational efficiency, reduced IT costs, and enhanced clinical outcomes.

Customer-Centric Approach: We partner with healthcare providers to customise solutions and support long-term success, ensuring alignment with organisational goals and objectives.

Real-time Data: Updates to DICOM data are written directly to disk so that integrations have access to the latest information, enhancing clinical decision-making.

Data Orchestration: Enables administrators to define rules and automate tasks such as data retrieval, routing, and study comparisons based on configurable triggers and metadata attributes. This customisable approach optimises operational efficiency and reduces administrative burden.

Cloud Integration: Supports deployment in cloud and hybrid on-premise cloud environments to leverage advanced computing and storage capabilities.

Data Normalisation and Integration: Normalises data from various vendor systems and formats, ensuring consistency and accuracy for interoperability across different healthcare IT systems.

Security and Compliance: Built-in anonymisation tools, robust access controls, and audit trails ensure data integrity and compliance with HIPAA and other regulatory standards.

Advanced Analytics and AI Integration: Integrates with advanced analytics and AI applications that allow organisations to make better use of their data, helping clinicians in their daily tasks and enabling better patient outcomes.

Enterprise Diagnostic Viewing – eUnity Diagnostic Viewer

The Mach7 eUnity Enterprise Diagnostic Viewer is an industry-leading, zero-footprint platform that allows medical professionals to access full-resolution patient images on any device, from anywhere. Designed for both diagnostic reading and clinical review, eUnity integrates seamlessly with electronic medical records (EMRs) and ancillary systems, enabling clinicians to view patient imaging history, reports, and other relevant data. This not only improves diagnostic confidence but also facilitates clinical collaboration across departments.

What sets eUnity apart is its speed, reliability, and minimal hardware requirements. Its high-performance architecture leverages both server and client resources, meaning organisations can rely on existing systems without incurring additional costs. It supports workflows like teleradiology and telemammography and integrates with AI and third-party clinical applications. With intuitive design and ease of use, eUnity enhances the patient care experience while reducing complexity across the healthcare enterprise.

The Mach7 eUnity Enterprise Diagnostic Viewer was designed with a key assumption in mind: in practice, no single system contains all patient images. As a result, healthcare organisations need an imaging solution capable of querying multiple systems at the same time for relevant patient images. This problem is twofold: first, systems need to be capable of finding and federating all the needed relevant data; second, due to proprietary vendor platforms, not all imaging systems and data repositories structure data in the same manner. Thus, systems must be built with the ability to query data despite structural differences. Few enterprise viewers on the market today can seamlessly solve this problem in the way the Mach7 eUnity Enterprise Diagnostic Viewer does.

Key Benefits:

- A future proof platform that gives healthcare professionals the ability to acquire, access and view all images within a patient's imaging record in one unified visualisation experience.
- Intuitive, easily deployed, and reduces administrative overhead, allowing healthcare organisations to manage costs and gain immediate ROI.
- A vendor neutral, independent design with flexibility to integrate all modalities and imaging systems.
- Gives the power to enact custom workflows that are most important to clinicians, thereby gaining efficiencies, improving productivity and enhancing patient care.
- Access all relevant imaging data from across the enterprise — supporting better care decisions and improved patient outcomes.

The eUnity Enterprise Diagnostic Viewer provides the capability to integrate to disparate departmental systems and intelligently aggregate relevant patient records from all of them, creating a more holistic view of a patient's medical history. This can impact clinicians and patients in three distinct ways:

1. Improves clinicians' efficiency in making decisions.
2. Reduces time for patient diagnosis and treatment.
3. Provides a greater degree of diagnostic confidence.

The ability to intelligently aggregate patient records and medical images from different departmental systems and geographic locations provides tremendous value and allows healthcare organisations to leapfrog the work involved with consolidating usable data into a single repository - meaning physicians can have a more comprehensive view of a patient's imaging history now rather than later.

Mach7's eUnity is:

- Highly interoperable, with full integration to most front-end clinical systems
- Accessible from anywhere, on any device with HTML5 capabilities to support remote reading
- 100% diagnostic quality – all the time
- Ready to support customer cloud, research, and AI strategies
- Modular, intuitive, and flexible to meet customer specific needs

One of the greatest impediments to enabling enterprise-wide access to relevant images is time. It can take years to migrate and merge imaging data into a repository such as a vendor neutral archive (VNA). This is especially true for large multidepartment, multi-site healthcare networks that may, in some cases, even span multiple regions, and is exacerbated by mergers & acquisitions (M&A) and the adoption of new modalities and technologies.

An enterprise diagnostic viewer like eUnity can provide the ability to integrate with and display images from the data silos across the enterprise without the need to first migrate and consolidate the data. To the end user, this "virtual aggregation" can provide seamless, nearly instantaneous access to all relevant prior images - thus giving physicians the information they need to make the best, most well-informed treatment and care decisions for their patients and maximising their outcomes.

The eUnity Enterprise Diagnostic Viewer is built on the premise of delivering a universal viewer for all clinicians with role-based tools for referential viewing or primary reading.

Workflow Orchestration

Our Workflow Orchestration applications include a powerful communications workflow engine designed to optimise efficiency and improve clinical workflows while allowing IT professionals the flexibility and power to distribute imaging data to anywhere in their organisation. Mach7's Workflow Orchestration tools are tailored to specific departmental needs within radiology and beyond. These tools include a Universal Worklist, Quality Control (QC) features, and integration with third-party systems to support efficient imaging workflows. Technologists can use QC tools to correct and verify imaging data, ensuring that diagnostic quality is maintained. Core capabilities include:

- **Data Normalisation through DICOM Tag Morphing**
- **DICOM Routing for complex workflows**
- **Sophisticated AI Workflow Optimisation**
- **Data anonymisation**
- **Image lifecycle management**
- **HL7 and clinical event-based rules engine**

By incorporating encounter-based workflows and business intelligence capabilities, our applications support informed clinical decision-making. With added features like image sharing, teleradiology services, and customisable workflows, our tools help departments operate more efficiently while improving patient outcomes.

Our solutions are designed with flexibility in mind. Mach7's modular architecture allows healthcare organisations to implement only the features they need, whether they are looking for a full enterprise solution or a tailored approach for specific workflows. Our software-only model means no heavy hardware investments are necessary, and our solutions can be scaled to meet growing healthcare demands.

At Mach7, we are committed to partnering with our customers to provide the best possible imaging solutions. Our professional services team is dedicated to helping with migrations, implementations, and ongoing education to ensure a successful and long-term partnership. With Mach7, customers gain a trusted, adaptable, and innovative partner for their healthcare enterprise imaging needs.

Environmental, Social and Governance Reporting

Mach7 Technologies is committed to the principles of Environmental, Social, and Governance (ESG) as the most effective means of creating long-term enterprise value and addressing the societal priorities enshrined in the United Nations' Sustainable Development Goals.

Mach7 is committed to reporting on 21 ESG disclosures of the Stakeholder Capitalism Metrics of the World Economic Forum (WEF). Our ESG disclosures are in the form of a set of universal, comparable ESG metrics focused on **Governance**, **Planet**, **People**, and **Prosperity** which are shown in the diagram below. Mach7 uses this universal ESG framework to align our mainstream performance reporting against ESG.

Mach7 has policies and strategies in place that minimise the environmental impact of our business, promote social responsibility and demonstrate governance best practice. The Board recognises the importance of the continual oversight of these policies and enhancement of the Company's disclosures over time.

Governance

Setting purpose

To enable exceptional patient care by empowering healthcare providers to make more informed decisions.

Governing body composition

Mach7 is dedicated to upholding the highest standards of conduct and accountability. We have implemented substantial measures to support this commitment, creating a strong framework for our governance practices which is outlined in our Corporate Governance Statement.

Our **Code of Conduct** emphasises respect, fairness, and inclusivity. We promote a culture where all board decisions consider the broader societal impact, ensuring that every stakeholder's voice is heard and valued.

The Board has a diverse and well-rounded composition of directors with the necessary skills, experience, and expertise relevant to achieving our corporate objectives (see **Board Charter**). It consists of four directors of which three are independent directors and one is female. Each director is on a three-year rotation and obliged to seek re-election at the end of this period. Board composition and its involvement in setting the direction of the business is reviewed against the long-term strategy of the Company. Mach7 has a skills matrix against which the Board and its members are measured. This is reviewed and updated periodically reflecting the evolving requirements of the business.

Further information on our corporate compliance policies can be found on **Mach7's investor website**.

Material issues impacting stakeholders

Anti-corruption practices

At Mach7, we are committed to prompt and transparent information disclosure and continuous engagement to ensure a positive and open relationship with stakeholders.

Mach7 is dedicated to maintaining the highest standards of ethical behaviour and corporate governance. The Company has implemented initiatives and policies to combat corruption and promote a culture of corporate compliance. This commitment is reflected in the **Statement of Values** of the Company and its **Anti-Bribery and Corruption Policy**.

Risk and opportunity oversight

The Board recognises that appropriate risk management is integral to the successful execution of its strategies and the creation of long-term shareholder value. The Company has established a comprehensive Risk Management Framework, including a **Risk Management Policy** to ensure that material risks are identified, assessed and appropriately managed. The Audit and Risk Management Committee oversees Mach7's internal control structure and risk management systems, providing advice to the Board and reporting on the status and management of risks to the Company.

Mechanisms to protect ethical behaviour

Mach7 is committed to the highest standards of honesty and ethical behaviour in all aspects of its operations. The Company has established mechanisms to ensure that ethical standards are upheld and that any concerns related to misconduct or unethical behaviour are addressed. This is documented in the Company's **Code of Conduct** and **Whistleblower Policy**.

In addition, Mach7's products are FDA and CE marked. These designations are proof of our dedication to a Quality Management System (QMS) across our company. This QMS dictates procedures for the development of products, the training of employees and the overall commitment to ensuring best practices as a software company in the healthcare industry.

PLANET

GHG Emissions

Mach7 does not consider GHG emissions to be a material stakeholder capitalism metric at present due to its relatively small workforce and remote operating model. The Company believes that air travel is its highest GHG contribution, and it is exploring ways to reduce this impact.

Water consumption

This metric is considered immaterial to Mach7 due to the nature of it business which does not involve water use.

TCFD Implementation

Mach7 does not consider TCFD implementation to be a material stakeholder capitalism metric at present due to its relatively small workforce and remote operating model.

PEOPLE

Diversity and Inclusion

Mach7 is committed to fostering a diverse and inclusive work environment. The Company has adopted a Diversity Policy which ensures that all executives, managers, and employees promote workforce diversity, and that director appointment and employee recruitment processes are undertaken with reference to the objectives of this policy.

As of 30 June 2024, Mach7 had 102 employees with the following gender breakdown across the Group and at Board level.

	Men	Women
Board Members	75%	25%
Senior Executives (CEO and direct reports)	83%	17%
Mach7 workforce	76%	24%

In addition, Mach7 has a regionally diverse workforce with employees located across a number of US states as well as Canada, APAC and the Middle East.

Health and Safety

Mach7 is committed to ensuring the health and safety of all its employees and stakeholders. We believe that a safe and healthy work environment is paramount to our success and the well-being of our team. In FY24, there were zero work-related injuries or fatalities within our operations.

Mach7 also recognises the importance of overall well-being and offers hybrid work arrangements to employees. It also provides medical and other insurance, and paid time off as applicable in their region. These initiatives underscore a holistic approach to employee welfare.

In addition, Mach7's enterprise imaging solution is designed to help healthcare providers deliver better patient outcomes and save lives.

Training Provided

Mach7 places priority on staff training and development, recognising it as a cornerstone for achieving operational excellence and ensuring the continuous growth of its employees. At Mach7, we place a strong emphasis on continuous learning and development to ensure both professional growth and organisational security. All team members are required to complete comprehensive training, including company-wide security and compliance programs, to safeguard our operations. In addition to mandatory trainings, we offer role-based training opportunities designed to enhance individual skillsets and promote expertise in specialised areas. By equipping our employees with the knowledge and tools they need, we create a safer, more resilient organisation poised for success.

Pay Equality

Mach7 is committed to promoting principles of merit and fairness in decisions about recruitment, development, promotion, and remuneration. Our Diversity Policy emphasises the importance of recruiting from a diverse pool of qualified candidates, ensuring transparency in the review and appointment of senior management positions, and fostering a commitment to diversity at all levels of the organisation. This approach reflects an ongoing commitment to pay equality, as we recognise the value of diversity and seek to embed its importance within our culture.

The Group conducts an annual employee engagement survey and reviews pay based on market salary information. Continuous feedback is provided through our semi-annual "Connect" program, focused on employee development and growth. Regular one-on-one meetings further support this initiative, helping to identify opportunities for advancement and ensuring equitable recognition. These touchpoints also play a key role in promoting pay equality by aligning compensation with individual performance and contributions across the organisation.

Wage level

Mach7's Remuneration and Nomination Committee is responsible for reviewing and making recommendations related to the remuneration packages of Directors, the CEO, and other senior executives. This Committee ensures that remuneration policies and practices are consistent with Mach7's strategic goals and human resources objectives. The Company's remuneration practices are designed to attract, retain, and motivate high-quality senior executives and align their interests with the creation of value for shareholders.

Child, forced or compulsory labour

Mach7 is dedicated to upholding the highest standards of ethical conduct and ensuring that child, forced, or compulsory labour is not present within our operations and supply chains. Our **Modern Slavery policy** outlines our commitment to identifying, preventing and mitigating the risks of modern slavery and the actions we take to ensure compliance with relevant laws and regulations.

PROSPERITY

Rate of employment

Mach7's employment structure supports and incentivises its team. This is reflected through the provision of healthcare benefits, retirement, unlimited PTO, annual salary action as well as short-term and long-term incentive plans which reward employees and ensures alignment with all shareholders.

Economic contribution

Mach7 enables its healthcare organisation customers to deploy its solutions according to their needs either through individual product components or a unified end-to-end enterprise imaging platform. This dedication leads to more efficient systems so that healthcare providers can realise improved efficiencies, achieve operational cost savings and deliver better health outcomes.

Financial investment contribution

Refer to the FY24 Financial Report below for further information.

Total R&D expenses

R&D represents approximately 30% of operating expenditure. Every member of our R&D team is solely dedicated to enterprise imaging-related initiatives and strategies – from product design, specifications, development, and Quality Assurance.

Total tax paid

Refer to the FY24 Financial Report below for further information.

FY24 Financial Report

Corporate Directory

30 June 2024

Directors	Mr Robert Bazzani (Independent Non-Executive Chairman) Mr Michael Lampron (Managing Director and Chief Executive Officer) Dr Eliot Siegel (Independent Non-Executive Director) Ms Rebecca Thompson (Independent Non-Executive Director)
Company secretary	Mr Tony Panther
Registered office	Level 4, 100 Albert Road, South Melbourne VIC 3205
Principal place of business	120 Kimball Avenue, Suite 210 South Burlington, VT 05403, United States T: +1 802.861.7745
Share register	Computershare Investor Services Pty Limited 452 Johnston Street, Abbotsford, VIC 3067 Telephone: 1300 850 505 Website: www.computershare.com
Auditor	RSM Australia Partners Level 27, 120 Collins Street, Melbourne, VIC 3000
Solicitors	Gadens Lawyers Level 13, Collins Arch, 447 Collins Street, Melbourne, VIC 3000
Bankers	Westpac Banking Corporation 150 Collins Street, Melbourne VIC 3000
Stock exchange listing	Mach7 Technologies Limited shares are listed on the Australian Securities Exchange (ASX code: M7T)

The directors of Mach7 Technologies Limited are pleased to present their report for the year ended 30 June 2024 consisting of Mach7 Technologies Limited (referred to hereafter as the 'company' or 'parent entity') and its controlled entities (hereafter referred to as the 'consolidated entity', 'Group' or 'Mach7'). All amounts are in AUD.

ABOUT MACH 7

WHO WE ARE

Mach7 is a developer and supplier of enterprise imaging and data management software to global healthcare enterprises including integrated delivery networks (IDN's), hospitals, diagnostic imaging centers, and other healthcare providers in North America, Asia Pacific, Middle East and Australia.

Corporate Structure

Mach7 Technologies Limited is an Australian incorporated company, listed in the Australian Stock Exchange (ASX) with operating subsidiaries in North America and Asia Pacific.

Principal activities

The principal activity of the Company is the development and commercialisation of medical imaging and data management software solutions for global healthcare enterprises.

Mach7 at a glance

Our key business activities consist of the following functional areas:

- **Research & Development (Engineering)** – software development, innovation, enhancements, upgrades, analytics, artificial intelligence integration
- **Sales** – including direct and channel partnership sales
- **Product** – strategy and road-map
- **Professional Services** – training and project management, clinical applications, support and maintenance
- **Administration** – finance, people and culture (human resources), IT, risk management, governance

Mach7 Technologies develops innovative image management and viewing solutions for healthcare providers globally. Our products form the core of an integrated enterprise imaging ecosystem and their modularity, interoperability, and ease of use and deployment deliver customers true technological independence.

Mach7's Enterprise Imaging Solution includes:

- **The Mach7 eUnity Enterprise Diagnostic Viewer –** a one-of-a-kind, industry leading, zero-footprint viewer that allows medical professionals to remotely access patients' medical images at any location, from any device, in a secure and efficient manner without loss of speed or image quality. eUnity is a best-in-market viewing platform designed for reading radiologists performing primary diagnosis or clinical staff viewing images, reports and other patient information to plan patient care pathways and treatment plans. It may be integrated into an Electronic Health Record as well to image enable the entire health system's network with a comprehensive view of the patient's imaging history.
- **The Mach7 Vendor Neutral Archive (VNA)** – a powerful vendor agnostic data management solution that includes administration tools that allow for the fast storage, access, retrieval and

viewing of images across a healthcare network. Mach7's VNA is unique in that it gives customers ultimate control to consolidate and standardise all of their imaging data across the enterprise in a single platform. The VNA enhances the patient's electronic health record and allows healthcare organisations to incorporate advanced applications such as AI and provides connectivity to the cloud.

- **Mach7's Workflow Applications** – designed to promote better clinical decision-making by giving users tools and worklists that provide access to contextual patient data and images. Core components of these applications include a Universal Worklist, Quality Control (QC) tools designed for technologists workflows; image sharing and exchange capabilities; teleradiology services; and additional specialised tools to best serve departmental patient care needs.

FINANCIAL PERFORMANCE

FY24 has been a transformational year for Mach7 and record results were achieved in various areas. These are summarised in the sub-sections below where further details are provided on Sales Orders, Cash and Cashflows, Revenue, Expenses and Profitability. The following table also provides a snapshot of important balances from the Group's statement of financial position as at 30 June:

	30 June 2024 $	30 June 2023 $	Change $	Change %
Cash	26,175,405	23,394,568	2,780,837	12%
Deferred Revenue – yet to be recognised	(11,632,669)	(11,223,534)	(409,135)	4%
Net current assets	18,814,275	20,059,667	(1,245,392)	(6%)
Net tangible assets	29,068,108	31,018,023	(1,949,915)	(6%)
Intangible assets net of associated deferred tax liability	22,788,776	28,465,643	(5,676,867)	(20%)
Net assets	51,856,878	59,483,666	(7,626,788)	(13%)

SALES ORDERS

Large renewal program completed in FY24. For the fourth year in a row Mach7 achieved record annual sales orders with $61.3 million this year, up $21 million or 52% on prior year.

Mach7 has produced its most successful year in its history with sales orders of $61.3 million Total Contract Value (TCV) (FY23 $40.3 million TCV), showing 52% growth over the prior year. Pleasingly, customer churn remains very low.

FY24 Sales Orders of $61.3 million TCV comprised of $50.9 million (or 83%) in Annual Recurring Revenue (ARR) type sales (Maintenance and Support contracts and Subscription licences recognised as revenue over the contract term when the customer achieves First Productive Use (FPU)), $3.9 million (or 6%) in Capital Software sales (recognised as revenue upfront upon electronic delivery of software), and $6.5 million (or 11%) of Professional Services sales (recognised on a percent completion basis).

FY24 Sales Orders (TCV)	ARR Sales ($M) (Subscription licences and Maintenance and Support contracts)	Capital Software Sales ($M)	Professional Services Sales ($M)	FY24 Total Sales Orders ($M)	%
New customers	**$12.0**	**$0.0**	**$1.2**	**$13.2**	**22%**
Renewals	$32.8	$1.8	$2.9	$37.5	61%
Add-on orders	$3.7	$0.1	$1.8	$5.6	9%
Expansions	$2.4	$2.0	$0.6	$5.0	8%
Existing customers	**$38.9**	**$3.9**	**$5.3**	**$48.1**	**78%**
TOTAL SALES ORDERS	**$50.9**	**$3.9**	**$6.5**	**$61.3**	
	83%	6%	11%		100%

As indicated in the table above, the proportion of ARR sales increased to 83% in FY24 (58% in the prior year). This signals the ongoing shift of procurement preference by Mach7 customers from capital licence sales (a capex purchase) to subscription licence sales (an opex purchase), as more customers lean towards spreading the cost of software over the term of usage rather than paying 100% upfront. This also benefits Mach7 by increasing its ARR. This is an industry-wide trend and one that Mach7 believes will continue over time.

[1] **Total Contract Value (TCV):** capital software licence fees, professional services fees, annual subscription fees and annual maintenance and support fees over the life of the contract.

Of the $61.3 million total, sales orders from existing customers were $48.1 million (or 78%) of which $37.5 million (or 61%) were for renewals. Additionally, expansions accounted for $5.0 million (or 8%) demonstrating an increase in usage by existing customers and add-ons accounted for $5.6 million (or 9%) which validates the long-standing land and expand sales strategy and its effectiveness. Sales Orders from new customers were $13.2 million (22% of total sales orders) and represents 3 new logos for FY24.

CASH AND CASHFLOWS

Highest cash balance in four years. Operating cashflow positive in FY24 with cash on hand of $26.2 million, compared to $23.4 million at the end of FY23.

Cash receipts from customers in FY24 amounted to $34.9 million, up 42% on FY23 ($24.6 million). Mach7 reported positive operating cashflow of $3.5 million for FY24 which was a significant achievement in the context of its transition to a predominantly subscription sales model.

The financial position of the Company remains solid, with no debt and $26.2 million cash on hand at 30 June 2024 ($23.4 million at 30 June 2023).

REVENUE

Marginal decline in revenue due to subscription transition. $29.1 million or -3% on prior year

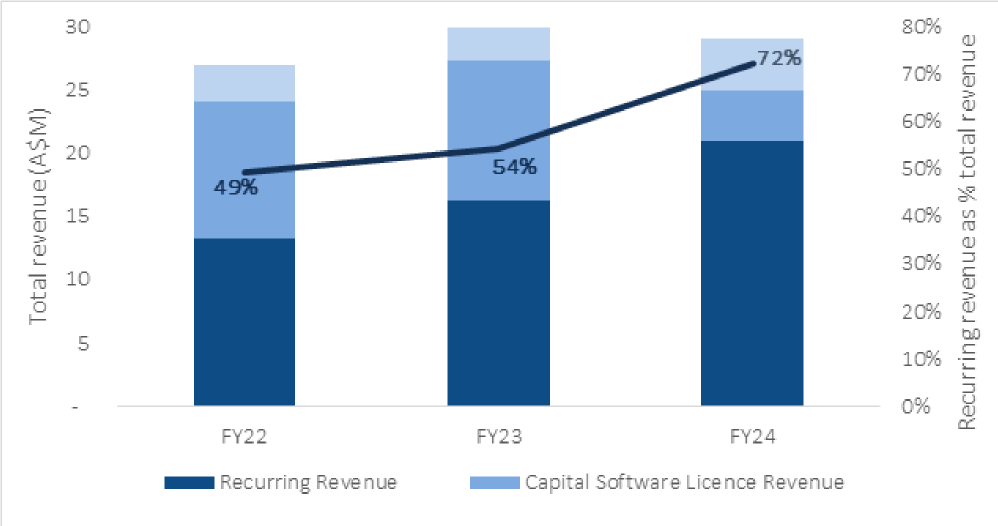
The Group reported $29.1 million revenue from operations (FY23: $30.1 million), a decrease of $0.9 million or 3% on the prior year due to the short-term impact of the capital to subscription transition. Pleasingly the Group's ARR recognised for the year (that is Maintenance and Support revenue and Subscription revenue) increased by 29% over the prior year, to $21.1 million (FY23: $16.3 million), accounting for 72% of total revenue (FY23: 54%) and representing 72% of operating expenditure (FY23: 63%). Capital Software Licence revenue decreased by 64% to $4.0 million (FY23: $11.0 million) due to the subscription transition. Professional Services revenue increased by 52% to $4.1 million (FY23: $2.7 million).

	30 June 2024 $	30 June 2023 $	Change $	Change %
Subscription revenue*	9,203,681	6,539,388	2,664,293	41%
Maintenance and Support revenue	11,868,361	9,791,611	2,076,750	21%
Total recurring revenue	21,072,042	16,330,999	4,741,043	29%
Software Licence revenue*	3,966,869	11,040,535	(7,073,666)	(64%)
Professional Services revenue**	4,073,952	2,678,232	1,395,720	52%
	8,040,821	13,718,767	(5,677,946)	(41%)
	29,112,863	30,049,766	(936,903)	(3%)

* Subscription and Software Licence revenue above comprises the total software licence revenue amounting to $13,170,550 as disclosed in note 6 to these financial statements.

** Represents combination of implementation, training, migration and other custom services disclosed in note 6 to these financial statements.

72% OF MACH7'S REVENUE IS NOW RECURRING



EXPENSES

Disciplined cost management capped opex growth at 13%.

Operating expenditure increased by 13% (FY23: 19%) due to the increased cost of operations mainly driven by company growth, inflation and increased labour force to meet customer needs.

Operating expenditure (excluding right-of-use lease liability interest expense, share-based payments expense, foreign exchange losses/gains, depreciation and amortisation) presents in the following table:

	30 June 2024 $	30 June 2023 $	Change $	Change %
Employment and related expenses	23,350,307	20,282,346	3,067,961	15%
General administration and office expenses	2,331,116	2,022,953	308,163	15%
Professional fees and corporate expenses	1,479,917	1,722,535	(242,618)	(14%)
Travel and related expenses	1,324,641	1,123,796	200,845	18%
Marketing and investor relations expenses	818,245	755,985	62,260	8%
TOTAL OPERATING EXPENDITURE	29,304,226	25,907,615	3,396,611	13%

PROFITABILITY

NPATA* of -$1.2 million and Adjusted EBITDA** of -$2.0 million impacted by subscription transition.

The Group continues to deliver strong Gross Margin of 95% or $27.7 million (FY23: 95% or $28.4 million), a decrease of $0.8 million or 3%.

The short-term decline in revenue from the subscription transition translated to lower EBITDA (on an adjusted basis) of -$2.0 million (FY23: $2.5 million).

The Group reported a net loss for the year of $8.0 million, compared to $1.0 million for FY23 which benefited from an additional $3.8 million income tax benefit primarily from the recognition of additional deferred tax assets on historical net operating tax losses. The FY24 increase in net loss is directly attributable to the short-term decline in revenue.

	30 June 2024 $	30 June 2023 $	Change $	Change %
Revenue from contracts with customers	29,112,863	30,049,766	(936,903)	(3%)
Cost of sales	(1,443,205)	(1,625,139)	181,934	(11%)
Gross Margin	27,669,658	28,424,627	(754,969)	(3%)
Gross Margin%	**95%**	**95%**		
Operating expenditure	(29,304,226)	(25,907,615)	(3,396,611)	13%
Net foreign exchange (loss)/gain (realised)	(21,518)	125,896	(147,414)	(117%)
Other income/(expenses) (net)	(307,315)	(120,907)	(186,408)	154%
	(29,633,059)	(25,902,626)	(3,730,433)	14%
EBITDA Adjusted**	**(1,963,401)**	**2,522,001**	**(4,485,402)**	**(178%)**
Interest income	886,364	394,442	491,922	125%
Net foreign exchange (loss)/gain (unrealised)	(90,571)	253,002	(343,573)	(136%)
Share-based payments expense (non-cash)	(1,274,433)	(1,077,401)	(197,032)	18%
Right-of-use lease liability interest expense	(61,866)	(66,903)	5,037	(8%)
Depreciation and amortisation (non-cash)	(7,251,053)	(8,680,824)	1,429,771	(16%)
Income tax benefit (non-cash)	1,784,636	5,607,571	(3,822,935)	(68%)
	(6,006,923)	(3,570,113)	(2,436,810)	68%
Loss for the year	(7,970,324)	(1,048,112)	(6,922,212)	660%

* NPATA (Net Profit After Tax and before Amortisation) is NPAT adjusted for amortisation of acquired intangibles.

** Adjusted EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation) is EBITDA adjusted for unrealised net foreign exchange gains/losses and non-cash item share-based payments expense.

ORGANISATIONAL OVERVIEW

Global Operations

The structure of our global operations and how they impact of financial outcomes in summarized below:

Australia	North America	Asia Pacific/Middle East
The majority of Mach7's shareholder base is located in Australia. Certain regulatory and governance activities are undertaken by the Board of Directors and other administration functions in Australia. Mach7 does not yet derive revenue from customers based in Australia.	North America is where Mach7's executive team resides and where the vast majority of Mach7's employees reside including sales, marketing, research & development (engineering), product and professional services teams. Operations are conducted in both the US and Canada. Research & development (engineering) teams are located in both the US & Canada, each having a principal product focus of Mach7 Vendor Neutral Archive (US) and Mach7 eUnity Viewer (Canada). Overall, revenue has decreased in North America by 2% compared to the prior year. This is attributed to the subscription transition. Excluding software licence revenue, North America revenue has increased year-on-year in all product areas and revenue categories. Growth is attributed to new customers as well as existing customer expansions, renewals and add-ons, together with organic growth from price increases.	Mach7's Asia Pacific team undertakes the sales and support activities in the Asia Pacific and Middle East Regions. Our team is mainly located in Singapore and Malaysia. Overall, revenue has decreased in Asia Pacific by 1% compared to the prior year.

EXTERNAL ENVIRONMENT

Adoption of Electronic Medical Records (EMR)

The mandate in the US that all medical records be converted to and stored in an electronic format continues to drive investment in software and technology across the healthcare industry and generates demand for Mach7 products. Medical images are the largest component of the medical record and the necessity to store and provide diagnostic reading and viewing capabilities both inside and outside the walls of the hospital is an essential operational function that is becoming more complex with ever increasing volumes, file types, file sizes and data repositories. As these complexities increase for healthcare providers, the enterprise-wide medical imaging solutions provided by Mach7 empowers our customers with the functionality, inter-operability and efficiencies that they need to provide the best possible patient care.

Volume-based business model - capital and subscription pricing options

Mach7 has a volume-based business model and offers all customers the flexibility of procuring their software as either a term capital software licence (a capex purchase) or a subscription licence (an opex purchase). This allows our customers full procurement flexibility to suit their individual business needs and provides them with multiple options to suit their budgetary requirements.

Mach7's incoming sales orders are showing a shift of procurement preference by its customers from term capital software licence sales (a capex purchase) to subscription licence sales (an opex purchase), as more customers lean towards spreading the cost of software over the term of usage rather than paying 100% upfront. This also benefits Mach7 by increasing its ARR. This is an industry-wide trend and one that Mach7 believes will continue over time.

OUR BUSINESS STRATEGIES

The Group continues to focus on gaining market share in the enterprise imaging market within its core regions of North America, Asia Pacific and the Middle East. This past year, the Group has increased its sales, marketing and services expertise in support of further revenue growth. Furthermore, the Company's products have resonated with the Acute Care market as well as the Ambulatory Care market. This has given the company continued growth in sales funnel and is a key contributing factor to the overall success of the business across the spectrum of customer types.

The Group continues to invest in internal product development and innovation, with a major focus on enterprise imaging and interoperability. Mach7 prides itself on providing leading-edge products and services to its customers and product development remains a core focus of the Group.

Risk Management

The Board takes a proactive approach to risk management. The Board oversees the Audit and Risk Management Committee, which is responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities take these risks and opportunities into account.

Key Business Risks

The Group's operations are subject to several risks. The Board, through its Audit and Risk Management Committee, regularly reviews the possible impact of these risks and seeks to minimise this impact through a commitment to its corporate governance principles and its various risk management functions. A number of specific risk factors that may impact the future performance of the Company are described below.

Shareholders should note that this list is not exhaustive, and only includes risks that could affect the Group's financial prospects, taking into account the nature and business of the Group and its business strategy.

Commercialisation risk

The principal activity of the Group is the provision of enterprise imaging data storage, sharing and interoperability for healthcare enterprises. There is a risk that the Group will be unable to attract ample customers to be sufficiently profitable to fund future operations. In addition, commercial success of new technology is subject to inherent uncertainty due to unknown variables.

Competition and new technologies

The industry in which the Group is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. Whilst the Group will undertake all business decisions and operations with reasonable care and diligence, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of its business. For instance, the image management platform may be superseded by new and cheaper technology creating competitive pressures, in which case, the Group's revenues and profitability could be adversely affected.

Risks associated with the regulatory environment

The Group operates in a highly regulated market both in Australia and internationally. Success can be impacted by changes to the regulatory environment. Mach7 continues to monitor changes and proposed changes to the regulatory environment to which it is exposed.

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Robert Bazzani - Chairman (Independent Non-Executive Director until 16 November 2023 and appointed Chairman effective 16 November 2023)

Mr Michael Lampron - Managing Director and Chief Executive Officer

Mr Eliot Siegel, MD - Independent Non-Executive Director

Ms Rebecca Thompson - Independent Non-Executive Director (Appointed effective 16 November 2023)

Mr David Chambers - Chairman (Resigned effective 16 November 2023)

Mr Philippe Houssiau - Independent Non-Executive Director (Resigned effective 16 November 2023)

Name:	**Robert Bazzani**
Title:	Independent Non-Executive Director until 16 November 2023 and appointed Chairman effective 16 November 2023
Qualifications:	Master of Business Administration, Bachelor of Laws and Bachelor of Science
Experience and expertise:	Mr. Robert Bazzani spent 20 years with the global consulting firm KPMG, where he rose to the top and served as Chairman of KPMG Victoria, National Managing Partner for KPMG Australia's Enterprise Division and National Managing Partner for KPMG's M&A Division. Whilst in these roles, Rob was a member of KPMG's National Executive Committee (NEC), which oversees and is responsible for the Firm's turnover, strategic decision making, profitability and operations. Rob has a demonstrated track record of leading and growing large scale and complex businesses. He has played a significant role in advising clients (public, private, and global subsidiaries) on commercial matters, public transitions, corporate governance, investment banking and law, M&A and has engaged with Government and Regulators. With extensive experience in corporate advisory, Rob has deep commercial and industry knowledge across financial services, asset and wealth management, technology, property, insurances and consumer & industrial markets.
Other current directorships:	Keypath Education International Inc. (ASX:KED)* OFX Group Ltd (ASX: OFX)
Former directorships (last 3 years):	Class Limited (ASX:CL1)
Special responsibilities:	Remuneration & Nomination Committee – Chair, and Audit & Risk Management Committee - member
Interests in shares:	119,300
Interests in options:	325,000
Interests in rights:	None

**Resigned on 10 September 2024*

Name:	**Eliot Siegel, MD**
Title:	Independent Non-executive Director
Qualifications:	Doctor of Medicine
Experience and expertise:	Dr. Eliot Siegel is a well-known thought leader in the world of radiology and imaging informatics and artificial intelligence applications in medicine. He is currently Professor at the University of Maryland School of Medicine, Department of Diagnostic Radiology, and also works for the Veterans Affairs Maryland Healthcare System, both in Baltimore, MD as well as adjunct professor of computer science and biomedical engineering at the undergraduate campuses of the University of Maryland. He is a pioneer and co-founder of United Theranostics, a company created to bring state-of-the-art radiopharmaceuticals to patients for cancer therapy. Under his guidance, the VA Maryland Healthcare System became the first filmless healthcare enterprise in the World. He has written over 300 articles and book chapters about PACS (Picture Archiving and Communication Systems) and digital imaging, and has edited numerous books on the topic, including Filmless Radiology and Security Issues in the Digital Medical Enterprise. He has given more than 1,000 presentations throughout the world on a broad range of topics involving the use of computers in medicine and artificial intelligence. Dr. Siegel was symposium chairman for the Society of Photo-optical and Industrial Engineers (SPIE) Medical Imaging Meeting for three years and has been honored as a fellow in that organisation as well as the American College of Radiology and the Society of Imaging Informatics in Medicine. He is also a Board member of Carestream Health and serves on numerous advisory boards in medical imaging.
Other current directorships:	None.
Former directorships (last 3 years):	Carestream Health
Special responsibilities:	Audit & Risk Management Committee - member, and Remuneration & Nomination Committee - member
Interests in shares:	246,100
Interests in options:	125,000
Interests in rights:	None

Name:	**Michael Lampron**
Title:	Managing Director and Chief Executive Officer
Qualifications:	B.S. Health Science, Sports Medicine
Experience and expertise:	Mr. Michael Lampron is the CEO of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Michael brings a broad experience ranging from private start-up organizations as well as long established companies such as IBM and GE. Michael was previously the Chief Executive Officer for a National Teleradiology Company and has a proven ability to drive results through a combination of astute analysis, innovative execution and cross-functional teamwork. Michael is responsible for our customers' success while driving excellence throughout Mach7.
Other current directorships:	None
Former directorships (last 3 years):	Watchtower Consultants, LLC
Special responsibilities:	None
Interests in shares:	833.405
Interests in options:	750,000
Interests in rights:	1,825,185

Name:	**Rebecca Thompson**
Title:	Independent Non-Executive Director (Appointed effective 16 November 2023)
Qualifications:	Bachelor of Economics, Graduate Diploma in Applied Finance and Investment
Experience and expertise:	Ms Rebecca Thompson has more than 25 years of financial markets experience gained at global investment banks, listed companies and a fintech start-up. Rebecca's executive career included seven years at J.P, Morgan as the Head of Corporate Broking followed by a role at KPMG Australia as the Head of Capital Advisory and most recently Head of Investor Relations for CSR Limited (ASX:CSR). Rebecca has a broad skillset across equities, property, and foreign exchange with experience in the real estate, building materials, healthcare, resources and software industries. Stakeholder relations, communications, sustainability and financial analysis are core competencies.
Other current directorships:	Independent Community Living Australia (ICLA), Non-Executive Director; MarketMeter, Non-Executive Director
Former directorships (last 3 years):	None
Special responsibilities:	Audit & Risk Management Committee – Chair, and Remuneration & Nomination Committee - member
Interests in shares:	69,934
Interests in options:	225,000
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Name:	**Mr Tony Panther**
Title:	Company Secretary
Appointment date:	1 February 2023
Qualifications:	B.Ec., LLB, CA, FGIA, FCIS.
Experience and expertise:	Mr Panther is a Chartered Accountant with over 30 years' experience in a variety of fields. Following completion of university commerce and law degrees he worked as an external auditor with a major international chartered accounting firm and has progressed to a range of internal audit, compliance, senior finance, and company secretarial roles with a number of ASX-listed and unlisted public companies and professional services firms, covering financial services, utilities, biotech, IT services, mineral exploration and environmental technologies. He specialises in financial reporting and company secretarial practice.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Management Committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Mr David Chambers	5	6	2	2	1	2
Eliot Siegel, MD	11	12	1	1	5	5
Mr Robert Bazzani	12	12	3	3	5	5
Mr Michael Lampron	12	12	-	-	-	-
Mr Philippe Houssiau	2	6	-	2	-	-
Ms Rebecca Thompson	6	6	1	1	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Outlook

Mach7's innovative and interoperable products are the foundation of an enterprise imaging strategy that provides both hospital networks and private practices with a consolidated image data management solution with diagnostic image viewing from any location.

Mach7 continues to benefit from market dynamics influencing the adoption of enterprise imaging with buying decisions increasingly being made by the C-suite or CIO for the whole hospital system and outpatient practice or enterprise rather than the radiology department.

The Company is well positioned to take advantage of a highly fragmented market for medical imaging and the 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 different regions, care settings and product combinations.

The record sales orders achieved in FY24 reflected the ongoing shift to subscription sales, especially in North America, and a large renewal program which demonstrated strong retention among existing customers. The changing customer preference for subscription licencing will ultimately provide Mach7 with a more predictable and scalable business model.

In FY25, Mach7 will leverage its capabilities to innovate and create new solutions which will further differentiate the Company from its competitors and increase the scalability of the business. This will involve investment in its people, processes and tools which is expected to be in the range of $2M-$3M.

Mach7 expects to deliver growth in FY25 of 15-25% in both revenue and contracted annual recurring revenue with revenue growth to exceed the growth in operating expenses.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements. The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Group will continue to announce material contract wins as and when they occur. In addition, it will aim to grow its revenues from smaller product sales via its customer install base and community hospitals, which the Group will endeavour to keep the market updated on a regular basis. The Group will continue its product development strategy to ensure its product is at the forefront of medical imaging software to meet the customers’ needs.

Environmental regulation

The Group’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia, or any of the regions where it operates.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The KMP included in this report are as follows:

Non-executive Directors (NED)	Role	Period covered for remuneration
Mr Robert Bazzani	Independent, Non-Executive Director until 16 November 2023 and appointed Chairman effective 16 November 2023	Full year
Dr Eliot Siegel, MD	Independent, Non-Executive Director	Full year
Ms Rebecca Thompson	Independent, Non-Executive Director (Appointed effective 16 November 2023)	16 November 2023 to 30 June 2024
Mr David Chambers	Independent, Non-Executive Chairman (Resigned effective 16 November 2023)	Till 16 November 2023
Mr Philippe Houssiau	Independent, Non-Executive Director (Resigned effective 16 November 2023)	Till 16 November 2023

Executives		
Michael Lampron	Chief Executive Officer & Managing Director	Full year
Ms Dyan O'Herne	Chief Financial Officer	Full year
Mr David Madaffri	Chief Operating Officer	Full year

REMUNERATION PHILOSOPHY

The performance of the Group depends on the quality of its directors and executives. The Group's remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

REMUNERATION STRUCTURE

The Board, through its Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for the Group's directors and executives. In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company. The framework is designed to:

- ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of directors and management who will create value for shareholders
- fairly and responsibly reward directors and senior management having regard to the Group's performance, the performance of the senior management and the general pay environment; and
- comply with all relevant legal and regulatory provision.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

NON-EXECUTIVE DIRECTORS' REMUNERATION FRAMEWORK

Objective

Remuneration for Non-Executive Directors is set with the objective of attracting and retaining highly experienced and skilled directors, and which reflect the demands and responsibilities of their role.

Structure

The financial position of the Company is considered when determining the mix between cash and non-cash remuneration. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, seek advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with market standards. Remuneration for Non-Executive Directors (NEDs) may contain any or all of the following:

- Annual fees, reflecting the value of the individual's personal performance, time commitment and responsibilities of the role;
- Equity based remuneration, issues of shares or securities, reflecting the contribution of the Director toward the Group's medium and long-term performance objectives (each award is subject to shareholder approval); and
- Other benefits required by law, for example, superannuation payments.

All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Following the adoption of a revised Company Constitution on 31 March 2016, the aggregate remuneration for all non-executive directors has been set at a maximum amount of $500,000 per annum under clause 50 (a) of the Company's Constitution.

The annual fees awarded to non-executive Directors are as follows:

Base fee	From 1 July 2023 $
Chair	110,000
Director	90,000
Additional fees for each Chair of Board Committees	10,000

EXECUTIVE REMUNERATION FRAMEWORK

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

Structure

Fixed Remuneration:

Fixed remuneration is set with reference to the skills, experience and performance of the individual performing the role, comparable market remuneration for the role being performed, and the overall size and financial position of the Group as a whole. Fixed remuneration is reviewed annually by the Board (via its Nomination & Remuneration Committee).

Fixed remuneration for key management personnel includes the following:

- Annual base salary
- Benefits in compliance with local laws (e.g. paid leave, medical insurance and superannuation payments)

Performance-based (variable) remuneration:

Performance-based remuneration for key management personnel includes:

- Bonuses to reward individuals following an outstanding business contribution having regard to clearly specified performance targets;
- Sales commission (sales executives only); and
- Equity based remuneration, reflecting the Group's medium and long-term performance objectives.

The Group has both a short-term incentive program (STIP) and a long-term incentive plan (LTIP).

SHORT TERM INCENTIVE PLAN (STIP)

STIP is designed to align corporate and departmental goals with the targets of executives responsible for meeting those goals. STI payments are granted to executives based on the achievement of specific annual targets/key performance indicators (KPI's). KPI's can include (but are not necessarily limited to) the following elements:

- Achievement of financial targets (e.g. revenue, earnings/profitability, cash flows, sales orders, budgeted operating expenses)
- Excellence in customer service and satisfaction
- Leadership contribution
- Product development
- Capital management
- Corporate transactions

Description of the plan

The STIP is an annual incentive plan under which executives are eligible to receive an annual award if they satisfy challenging strategic, operational and individual performance targets. Executives will be entitled to a STIP award up to a maximum fixed percentage of their annual fixed remuneration. The maximum amount will differ between individuals.

Appropriate STIP incentive

The STIP is designed to motivate and reward high performance. It puts a significant proportion of the executive's remuneration at-risk against targets linked to the Group's performance objectives, thereby aligning executive's interests with shareholders.

Choice of performance conditions

The choice of performance conditions for the STIP will be relevant to the Group in its current phase of growth and will be heavily focussed on financial metrics, such as revenue, earnings, cash flow, and sales orders targets. The Directors believe these targets are most closely aligned with growing shareholder value. In addition, the performance conditions will be set with relevance to the individuals' role, such that the person is appropriately incentivised and motivated to achieve the best they can.

Performance period

The STIP is an annual plan.

Performance conditions - current year

Any payment made under the STIP is on the basis that performance conditions are met. For the current period, performance conditions were outlined in a business plan approved by the Board and included:

- Sales Orders
- Revenue
- Annual Recurring Revenue
- EBITDA
- Cashflow positive

Assessment of performance conditions

Financial targets as assessed by the Board with reference to annual financial statements and sales order information. For non-financial and individual targets, the Board assesses the personal performance of each executive against non-financial and personal performance of other executives and makes recommendations to the Remuneration & Nomination Committee in relation to the payment of any STI. The Remuneration and Nomination Committee review these recommendations and provide a final recommendation to the Board for its approval of STIs to be paid.

Payment of the STIP

Any STI payment is generally made within two to three months of the end of the performance period. The Board may, in its discretion, vary the general payment period.

Cessation of employment

In order to qualify for inclusion in the STIP plan, the executive must remain employed with a Group Company as an eligible employee at the end of the fiscal year and must have been employed for all or portion of the performance period. If the executive leaves for a qualifying reason, the Board may award the STI in its full discretion.

LONG-TERM INCENTIVE PROGRAM (LTIP)

The LTIP provides for the issue of equity instruments such as performance rights, shares and options that are linked to the achievement of targets related to the Group's medium to long-term performance. Option awards typically vest over a period of between one and three years, expire within five years and have an exercise price that may include a premium to the market price as at the date of issue. The most recent LTIP was approved by shareholders in November 2023.

Performance conditions

The performance conditions must be satisfied in order for performance rights or equity options to vest. Performance conditions can include time-based conditions, whereby the holder must remain employed by the Group through to vesting date, or financial targets. Each performance right or equity option entitles the holder to acquire one share in the Company for a stated exercise price, subject to meeting specific performance conditions. The performance rights and equity options do not carry rights to dividends or voting.

As of 30 June 2024, the Company has 1,825,185 performance rights on issue, including:

- 402,185 which were to vest on 30 June 2024 and are under the Board's consideration for the performance conditions;
- 723,000 performance rights which will vest on 30 June 2025; and
- 700,000 performance rights which will vest on 30 June 2026

provided the following performance conditions are met and the holder remains employed on this date. The total shareholder return (TSR) will be measured over the three-year period ending on the vesting date.

Hurdle: M7T relative TSR performance compared to the S&P/ASX All Technology Index	Percentage of Performance Rights to vest
<50th percentile	No vesting
≥50th percentile to 75th percentile	Pro–rata straight line vesting between 50% and 100%
≥75th percentile	100% vesting

Cessation of employment

If a KMP ceases to be employed or engaged by the Group for any reason other than as a result of a Qualifying Event, any unvested performance rights and equity options held by the participant will lapse immediately on the participant ceasing to be employed. Any vested performance rights and equity options must be exercised within 30 days of termination date. A Qualifying Event means:

- Death;
- Serious injury, disability or illness which prohibits continued employment;
- Retirement or retrenchment; or
- Such other circumstances which the Board determines to be a Qualifying Event.

Where a participant in the LTIP scheme ceases to be employed by the Group as a result of a Qualifying Event, the Board may, in its absolute discretion, make a determination as to whether some or all of those performance rights or equity options become vested at the time of the cessation of employment of the participant or another date determined by the Board.

In the event of a change of control, the Board has discretion to determine that the vesting of some or all of non-vested performance rights and equity options should be accelerated. Any remaining unvested performance rights or options will immediately lapse.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	[1]Share-based payments	Other cash payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled		Total
30 June 2024	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:								
David Chambers*	40,840	-	-	4,493	-	(13,739)	-	31,594
Eliot Siegel	90,000	-	-	-	-	9,269	-	99,269
Robert Bazzani	101,351	-	-	11,149	-	9,269	-	121,769
Philippe Houssiau*	26,664	-	-	-	-	(25,864)	-	800
Rebecca Thompson*	55,180	-	-	6,070	-	38,985	-	100,235
Executive Director:								
Michael Lampron**	596,084	146,475	79,928	-	-	574,145	-	1,396,632
Other Key Management Personnel:								
Dyan O'Herne	488,177	119,958	69,142	-	-	69,335	-	746,612
David Madaffri***	674,980	78,722	82,890	-	-	85,654	-	922,246
	2,073,276	345,155	231,960	21,712	-	747,054	-	3,419,157

* Mr David Chambers resigned as Chairman and Mr Philippe Houssiau resigned as Non- Executive Director effective 16 November 2023. Negative share-based payment expense represents the net of the charge for year on options vested during the year and the reversal of option reserve into share-based payment expense that were related to the unvested options forfeited on resignation. Ms Rebecca Thompson was appointed as Independent Non-Executive Director effective 16 November 2023.

** Equity settled share-based payment of $574,145 includes $234,000 towards the value of 325,000 shares issued as compensation to Mr Lampron in November 2023.

*** Mr David Madaffri was appointed as Chief Operating Officer effective 1 July 2023. Cash salary and fees for the year includes sales commission.

[1]Equity-settled share-based payments in the table above represents the valuation of the options and/or performance rights granted to the relevant KMP, as required by Accounting Standard AASB 2- Share-based Payment to be accounted as the cost to the company. The amount disclosed for equity-settled share-based payments represents the accounting valuation recognised as cost to the company during the year as disclosed in note 36 and does not represent cash remuneration to the KMP.

	Short-term benefits			Post-employment benefits	Long-term benefits	[1]Share-based payments	Other cash payments	
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled		Total
30 June 2023	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:								
David Chambers	90,498	-	-	9,502	-	16,169	-	116,169
Eliot Siegel	80,000	-	-	-	-	11,852	-	91,852
Robert Bazzani	72,398	-	-	7,602	-	14,866	-	94,866
Philippe Houssiau[2]	259,992	-	-	-	-	32,760	-	292,752
Executive Director:								
Michael Lampron	558,088	141,942	77,466	-	-	296,456	-	1,073,952
Other Key Management Personnel:								
Steven Parkes*	529,314	171,569	168,528	-	-	55,745	-	925,156
Dyan O'Herne**	167,112	85,005	31,641	-	-	46,052	-	329,810
	1,757,402	398,516	277,635	17,104	-	473,900	-	2,924,557

* Mr Steven Parkes resigned as Chief Financial Officer on 1 January 2023. Cash salary for the year includes severance payments in additional to the normal salary for the period.

** Ms Dyan O'Herne was appointed as Interim Chief Financial Officer on 1 January 2023 and Chief Financial Officer effective 1 July 2023.

[1]Equity-settled share-based payments in the table above represents the valuation of the options and/or performance rights granted to the relevant KMP, as required by Accounting Standard AASB 2- Share-based Payment to be accounted as the cost to the company. The amount disclosed for equity-settled share-based payments represents the accounting valuation recognised as cost to the company during the year as disclosed in note 36 and does not represent cash remuneration to the KMP.

[2]Cash salary and fees for Mr Houssiau for the year ended 30 June 2023 comprised fees of $80,000 for performance of non-executive director duties and additional fees of $179,992 for the performance of extra services, in addition to and outside the scope of his services as a non-executive director, in connection with work performed by a technical sub-committee, as approved by the Board. The amount of the extra services fees was based on normal commercial rates for services of that kind.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Remuneration		At risk - STI		At risk - LTI	
Name	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**
Non-Executive Directors:						
David Chambers	143%	86%	-	-	(43%)	14%
Eliot Siegel	91%	87%	-	-	9%	13%
Robert Bazzani	92%	84%	-	-	8%	16%
Philippe Houssiau	3321%	89%	-	-	(3221%)	11%
Rebecca Thompson	61%	-	-	-	39%	-
Executive Directors:						
Michael Lampron	48%	59%	11%	13%	41%	28%
Other Key Management Personnel:						
Steven Parkes	-	75%	-	19%	-	6%
Dyan O’Herne	75%	60%	16%	26%	9%	14%
David Madaffri	82%	-	9%	-	9%	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Component	Requirement
Fixed remuneration	Reviewed annually
Variable remuneration	Participation in the Company's STIP and LTIP; Annual Sales Commission Plan for Sales Executives only
Contract duration	Ongoing
Termination of employment (without cause) by the Company or by individual	6 months' notice (CEO & CFO), 3 months' notice (COO)
Termination of employment (for cause) by Company	Terminated immediately

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Date	Shares	Issue Price	$
Michael Lampron	17/11/2023	325,000	$0.72	234,000

Details of shares issued to directors and other key management personnel upon exercise of remuneration related options during the year ended 30 June 2024 are set out below:

Name	Grant Date	Date of exercise of option	Exercise price	Number of options exercised	Number of shares issued
Michael Lampron	17/10/2018	21/09/2023	$0.185	350,000	350,000
Eliot Siegel	12/11/2018	01/11/2023	$0.244	225,000	225,000
				575,000	575,000

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Eliot Siegel	8,333	18/11/2019	18/11/2020	18/11/2024	$0.820	$0.367
Eliot Siegel	8,333	18/11/2019	18/11/2021	18/11/2024	$0.820	$0.367
Eliot Siegel	8,334	18/11/2019	18/11/2022	18/11/2024	$0.820	$0.367
Michael Lampron	250,000	18/11/2019	01/07/2020	18/11/2024	$0.800	$0.370
Michael Lampron	250,000	18/11/2019	01/07/2021	18/11/2024	$0.950	$0.347
Michael Lampron	250,000	18/11/2019	01/07/2022	18/11/2024	$1.100	$0.326
Robert Bazzani	75,000	18/11/2019	01/01/2021	18/11/2024	$0.820	$0.367
Robert Bazzani	75,000	18/11/2019	01/01/2022	18/11/2024	$0.820	$0.367
Robert Bazzani	75,000	18/11/2019	01/01/2023	18/11/2024	$0.820	$0.367
Eliot Siegel	8,333	01/12/2020	01/12/2021	30/11/2025	$1.400	$0.790
Eliot Siegel	8,333	01/12/2020	01/12/2022	30/11/2025	$1.400	$0.790
Eliot Siegel	8,334	01/12/2020	01/12/2023	30/11/2025	$1.400	$0.790
Robert Bazzani	8,333	01/12/2020	01/12/2021	30/11/2025	$1.400	$0.790
Robert Bazzani	8,333	01/12/2020	01/12/2022	30/11/2025	$1.400	$0.790
Robert Bazzani	8,334	01/12/2020	01/12/2023	30/11/2025	$1.400	$0.790
Eliot Siegel	8,333	11/11/2021	11/11/2022	11/11/2026	$0.910	$0.380
Eliot Siegel	8,333	11/11/2021	11/11/2023	11/11/2026	$0.910	$0.380
Eliot Siegel	8,334	11/11/2021	11/11/2024	11/11/2026	$0.910	$0.380
Robert Bazzani	8,333	11/11/2021	11/11/2022	11/11/2026	$0.910	$0.380
Robert Bazzani	8,333	11/11/2021	11/11/2023	11/11/2026	$0.910	$0.380
Robert Bazzani	8,334	11/11/2021	11/11/2024	11/11/2026	$0.910	$0.380
Eliot Siegel	8,333	12/12/2022	12/12/2023	12/12/2027	$0.610	$0.320
Eliot Siegel	8,333	12/12/2022	12/12/2024	12/12/2027	$0.610	$0.320
Eliot Siegel	8,334	12/12/2022	12/12/2025	12/12/2027	$0.610	$0.320
Robert Bazzani	8,333	12/12/2022	12/12/2023	12/12/2027	$0.610	$0.320
Robert Bazzani	8,333	12/12/2022	12/12/2024	12/12/2027	$0.610	$0.320
Robert Bazzani	8,334	12/12/2022	12/12/2025	12/12/2027	$0.610	$0.320
Dyan O'Herne	23,333	11/10/2019	01/10/2020	11/10/2024	$0.680	$0.450
Dyan O'Herne	23,333	11/10/2019	01/10/2021	11/10/2024	$0.680	$0.450
Dyan O'Herne	23,334	11/10/2019	01/10/2022	11/10/2024	$0.680	$0.450
Dyan O'Herne	23,333	03/02/2021	30/06/2021	30/06/2025	$1.480	$0.800
Dyan O'Herne	23,333	03/02/2021	30/06/2022	30/06/2025	$1.480	$0.800
Dyan O'Herne	23,334	03/02/2021	30/06/2023	30/06/2025	$1.480	$0.800
Dyan O'Herne	16,667	10/09/2021	01/09/2022	31/08/2026	$0.980	$0.390
Dyan O'Herne	16,667	10/09/2021	01/09/2023	31/08/2026	$0.980	$0.390
Dyan O'Herne	16,666	10/09/2021	01/09/2024	31/08/2026	$0.980	$0.390
Dyan O'Herne	200,000	01/01/2023	01/07/2023	01/01/2028	$0.570	$0.340
Michael Lampron*	402,185	11/11/2021	30/06/2024	30/09/2024	$0.000	$0.519
Michael Lampron*	723,000	17/11/2022	30/06/2025	30/09/2025	$0.000	$0.572
David Madaffri**	116,667	10/09/2021	01/09/2022	31/08/2026	$0.980	$0.394
David Madaffri**	116,667	10/09/2021	01/09/2023	31/08/2026	$0.980	$0.394
David Madaffri**	116,666	10/09/2021	01/09/2024	31/08/2026	$0.980	$0.394
David Madaffri	66,667	01/07/2023	01/07/2026	01/07/2028	$0.582	$0.358
David Madaffri	66,667	01/07/2023	01/07/2025	01/07/2028	$0.582	$0.358
David Madaffri	66,666	01/07/2023	01/07/2024	01/07/2028	$0.582	$0.358
Dyan O'Herne	66,666	01/07/2023	01/07/2024	01/07/2028	$0.582	$0.358
Dyan O'Herne	66,667	01/07/2023	01/07/2025	01/07/2028	$0.582	$0.358
Dyan O'Herne	66,667	01/07/2023	01/07/2026	01/07/2028	$0.582	$0.358
Rebecca Thompson	75,000	16/11/2023	16/11/2024	16/11/2028	$0.710	$0.457
Rebecca Thompson	75,000	16/11/2023	16/11/2025	16/11/2028	$0.710	$0.457

Rebecca Thompson	75,000	16/11/2023	16/11/2026	16/11/2028	0.710	0.457
Robert Bazzani	8,334	01/12/2023	01/12/2026	01/12/2028	0.725	0.416
Robert Bazzani	8,333	01/12/2023	01/12/2024	01/12/2028	0.725	0.416
Robert Bazzani	8,333	01/12/2023	01/12/2025	01/12/2028	0.725	0.416
Eliot Siegel	8,333	01/12/2023	01/12/2024	01/12/2028	0.725	0.416
Eliot Siegel	8,333	01/12/2023	01/12/2025	01/12/2028	0.725	0.416
Eliot Siegel	8,334	01/12/2023	01/12/2026	01/12/2028	0.725	0.416
David Madaffri	50,000	18/12/2023	18/12/2025	18/12/2028	0.730	0.461
David Madaffri	50,000	18/12/2023	18/12/2026	18/12/2028	0.730	0.461
David Madaffri	50,000	18/12/2023	18/12/2024	18/12/2028	0.730	0.461
Dyan O'Herne	50,000	18/12/2023	18/12/2024	18/12/2028	0.730	0.461
Dyan O'Herne	50,000	18/12/2023	18/12/2025	18/12/2028	0.730	0.461
Dyan O'Herne	50,000	18/12/2023	18/12/2026	18/12/2028	0.730	0.461
Michael Lampron*	140,000	16/11/2023	30/06/2026	30/09/2026	-	0.501
Michael Lampron*	105,000	16/11/2023	30/06/2026	30/09/2026	-	0.647
Michael Lampron*	350,000	16/11/2023	30/06/2026	30/09/2026	-	0.647
Michael Lampron*	105,000	16/11/2023	30/06/2026	30/09/2026	-	0.647

* performance rights subject to performance hurdles.

** Mr David Madaffri held 350,000 options granted on 10 September 2021 at the time of his appointment as Chief Operating Officer effective 1 July 2023.

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel in-lieu of their fees/salaries during the year ended 30 June 2024.

	Number of options granted during year	Number of options granted during year	Number of options vested during year	Number of options vested during year	Value of options granted during year	Value of options exercised during year	Value of options lapsed during year
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2024	30 June 2024
David Chambers*	-	35,000	-	109,999	-	-	-
Eliot Siegel	25,000	25,000	25,000	100,000	10,398	34,335	-
Robert Bazzani	25,000	25,000	100,000	91,666	10,398	-	-
Philippe Houssiau*	-	250,000	-	83,333	-	-	-
Dyan O'Herne****	350,000	200,000	216,667	63,335	207,788	-	-
Michael Lampron**	700,000	723,000	-	250,000	433,546	45,780	315,839
Steven Parkes****	-	-	-	200,000	-	-	-
Rebecca Thompson*	225,000	-	-	-	102,786	-	-
David Madaffri***	350,000	-	116,667	-	140,748	-	-

* Mr David Chambers resigned as Chairman and Mr Philippe Houssiau resigned as Non-Executive Director effective 16 November 2023. Ms Rebecca Thompson was appointed as Independent Non-Executive Director effective 16 November 2023.

** Performance rights granted to Mr Michael Lampron during year ended 30 June 2024 and 30 June 2023 subject to performance hurdles.

*** Mr David Madaffri was appointed as Chief Operating Officer effective 1 July 2023.

**** Mr Steven Parkes resigned as Chief Financial Officer on 1 January 2023. Ms Dyan O'Herne was appointed as Interim Chief Financial Officer effective 1 January 2023 and Chief Financial Officer effective 1 July 2023.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024	2023	2022	2021	2020
	$	$	$	$	$
Profit/(loss) for the year	(7,970,324)	(1,048,112)	(4,167,850)	(9,357,196)	169,293
Basic earnings per share (EPS) (Cent)	(3.4)	(0.4)	(1.8)	(4.0)	0.1
Improvement in EPS	(3.0)	1.4	2.2	(4.1)	5.1
Share price ($)	0.640	0.620	0.490	1.065	0.970
% change in share price (%)	3%	27%	(54%)	10%	105%

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions*	Other movements**	Balance at the end of the year
Ordinary shares					
Robert Bazzani[1]	89,900	-	29,400	-	119,300
Eliot Siegel[2]	21,100	-	225,000	-	246,100
Rebecca Thompson[3]	-	-	-	69,934	69,934
Michael Lampron[4]	248,215	325,000	350,000	(89,810)	833,405
Dyan O'Herne	178,205	-	-	-	178,205
David Chambers[5]	385,000	-	-	(385,000)	-
	922,420	325,000	604,400	(404,876)	1,446,944

[1] Additions of 29,400 shares from on-market purchase during the year.

[2] Additions of 225,000 shares from exercise of 225,000 options on 1 November 2023.

[3] Ms Rebecca Thompson was appointed as Independent Non-Executive Director effective 16 November 2023. Other movement of 69,934 represents the shares held at the time of becoming a KMP of the Company.

[4] On 17 November 2023, 325,000 shares were issued to Mr Lampron as compensation. Addition of 350,000 shares from exercise of 350,000 options 21 September 2023 and 89,810 in other movement represents disposal of shares.

[5] Mr David Chambers resigned as Chairman effective 16 November 2023. Other movement of 385,000 represents the shares held at the time of exiting as a KMP of the Company.

Option and performance rights holding

The number of options and performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Robert Bazzani[6]	300,000	25,000	-	-	325,000
Eliot Siegel[7]	325,000	25,000	(225,000)	-	125,000
Rebecca Thompson[8]	-	225,000	-	-	225,000
Michael Lampron[9]	2,603,299	700,000	(350,000)	(378,114)	2,575,185
Dyan O'Herne[6]	390,000	350,000	-	-	740,000
David Madaffri[10]	-	350,000	-	350,000	700,000
David Chambers[11]	140,000	-	-	(140,000)	-
Philippe Houssiau[12]	275,000	-	-	(275,000)	-
	4,033,299	1,675,000	(575,000)	(443,114)	4,690,185

6 During the year 25,000 options were granted to Mr Bazzani and 350,000 options were granted to Ms O'Herne.

7 During the year 25,000 options were granted to Mr Siegel and 225,000 options were exercised on 1 November 2023.

8 225,000 sign-on options were granted to Ms Rebecca Thompson upon her appointment as Independent Non-Executive Director effective 16 November 2023.

9 Mr Michael Lampron's closing balance includes 402,185 performance rights granted on 11 November 2021, 723,000 performance rights granted on 17 November 2022, 700,000 performance rights granted on 16 November 2023 and share options of 750,000 granted in previous years. During the year 378,114 performance rights expired and Mr Lampron exercised 350,000 options.

10 Mr David Madaffri was appointed as Chief Operating Officer effective 1 July 2023. On this date, Mr Madaffri held 350,000 options granted during previous years. Subsequent to becoming a KMP as Chief Operating Officer, he was granted 200,000 options on 1 July 2023 and 150,000 Options on 18 December 2023.

11 Mr David Chambers resigned as Chairman effective 16 November 2023. Other movement of 140,000 represents the options held at the time of exiting as a KMP of the Company.

12 Mr Philippe Houssiau resigned as Non-Executive Director effective 16 November 2023. Other movement of 275,000 represents the options held at the time of exiting as a KMP of the Company.

	Vested and exercisable	Unvested	Balance at the end of the year
Options over ordinary shares			
Robert Bazzani	274,999	50,001	325,000
Eliot Siegel	74,999	50,001	125,000
Rebecca Thompson	-	225,000	225,000
Michael Lampron	750,000	1,825,185	2,575,185
Dyan O'Herne	373,334	366,666	740,000
David Madaffri	233,334	466,666	700,000
	1,706,666	2,983,519	4,690,185

Other transactions with key management personnel and their related parties

There have been no other transactions with KMPs during the year.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Mach7 Technologies Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
11/10/2019	11/10/2024	$0.680	881,666
18/11/2019	18/11/2024	$0.820	285,000
18/11/2019	18/11/2024	$0.800	250,000
18/11/2019	18/11/2024	$0.950	250,000
18/11/2019	18/11/2024	$1.100	250,000
01/12/2020	30/11/2025	$1.400	73,334
03/02/2021	30/06/2025	$1.480	1,440,000
10/09/2021	31/08/2026	$0.980	2,240,000
10/09/2021	21/07/2024	$0.980	26,666
11/11/2021	11/11/2026	$0.910	89,999
11/11/2021	31/12/2025	$1.380	150,000
20/01/2022	20/01/2027	$0.782	200,000
24/02/2022	24/02/2027	$0.731	250,000
12/12/2022	12/12/2027	$0.610	50,000
01/01/2023	01/01/2028	$0.570	200,000
01/05/2023	01/05/2028	$0.636	200,000
10/07/2023	01/07/2028	$0.582	400,000
14/08/2023	14/08/2028	$0.800	50,000
01/09/2023	01/09/2028	$0.760	30,000
16/11/2023	16/11/2028	$0.710	225,000
01/12/2023	01/12/2028	$0.725	50,000
18/12/2023	18/12/2028	$0.730	2,335,000
15/01/2024	15/01/2029	$0.732	200,000
01/03/2024	01/03/2029	$0.679	200,000
			10,326,665

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Mach7 Technologies Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
17/10/2018	$0.185	626,666
12/11/2018	$0.244	225,000
2/05/2019	$0.265	50,000
11/10/2019	$0.680	5,000
		906,666

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001 (Cth).

On behalf of the Directors

Robert Bazzani
Chairman

28 August 2024

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mach7 Technologies Limited and its controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 28 August 2024
Melbourne, Victoria

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	Consolidated 30 June 2024 $	Consolidated 30 June 2023 $
Revenue from contracts with customers	6	29,112,863	30,049,766
Other income	7	899,547	407,838
Expenses			
Cost of sales		(1,443,205)	(1,625,139)
Employment and related expenses	8	(23,350,307)	(20,282,346)
Depreciation and amortisation	8	(7,251,053)	(8,680,824)
Professional fees and corporate expenses		(1,479,917)	(1,722,535)
General administration and office expense		(2,331,116)	(2,022,953)
Marketing and investor relations expense		(818,245)	(755,985)
Travel and related expense		(1,324,641)	(1,123,796)
Share-based payments expense (non-cash)		(1,274,433)	(1,077,401)
Right-of-use lease liability interest expense		(61,866)	(66,903)
Net foreign exchange (losses)/gains		(112,089)	378,898
Other expenses	8	(320,498)	(134,303)
Loss before income tax benefit		(9,754,960)	(6,655,683)
Income tax benefit	10	1,784,636	5,607,571
Loss after income tax benefit for the year attributable to the owners of Mach7 Technologies Limited		(7,970,324)	(1,048,112)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,118,380)	893,918
Other comprehensive income for the year, net of tax		(1,118,380)	893,918
Total comprehensive income for the year attributable to the owners of Mach7 Technologies Limited		(9,088,704)	(154,194)
		Cents	**Cents**
Basic and diluted earnings per share	9	(3.3)	(0.4)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

As at 30 June 2024

	Note	Consolidated 30 June 2024 $	Consolidated 30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents	11	26,175,405	23,394,568
Trade and other receivables	12	3,552,783	6,707,403
Customer contract assets	13	2,621,409	3,897,609
Other assets	14	1,559,318	890,916
Total current assets		33,908,915	34,890,496
Non-current assets			
Customer contract assets	13	4,549,814	5,005,951
Right-of-use assets	15	1,204,648	1,181,128
Property, plant and equipment	16	711,630	815,602
Intangibles	17	27,781,577	35,466,096
Deferred tax asset	21	4,087,764	4,153,583
Other assets	14	786,991	793,131
Total non-current assets		39,122,424	47,415,491
Total assets		73,031,339	82,305,987
Liabilities			
Current liabilities			
Trade and other payables	18	3,280,712	3,397,681
Customer contract liabilities	19	11,632,669	11,223,534
Lease liabilities	20	181,259	209,614
Total current liabilities		15,094,640	14,830,829
Non-current liabilities			
Lease liabilities	20	1,087,019	991,039
Deferred tax liability	21	4,992,802	7,000,453
Total non-current liabilities		6,079,821	7,991,492
Total liabilities		21,174,461	22,822,321
Net assets		51,856,878	59,483,666
Equity			
Issued capital	22	116,244,526	115,697,098
Reserves	23	6,617,819	7,312,323
Accumulated losses		(71,005,467)	(63,525,755)
Total equity		51,856,878	59,483,666

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the year ended 30 June 2024

	Issued capital	Share based payments Reserves	Foreign exchange translation	Accumulated losses	Total equity
Consolidated	$	$	$	$	$
Balance at 1 July 2022	115,295,443	4,080,659	2,494,548	(63,495,432)	58,375,218
Loss after income tax benefit for the year	-	-	-	(1,048,112)	(1,048,112)
Other comprehensive income for the year, net of tax	-	-	893,918	-	893,918
Total comprehensive income for the year	-	-	893,918	(1,048,112)	(154,194)
Transactions with owners in their capacity as owners:					
Share-based payments	-	1,077,401	-	-	1,077,401
Issue of shares upon option exercises	185,241	-	-	-	185,241
Transfers upon lapse of options	-	(1,017,789)	-	1,017,789	-
Transfers upon exercise of options/ rights	216,414	(216,414)	-	-	-
Balance at 30 June 2023	115,697,098	3,923,857	3,388,466	(63,525,755)	59,483,666

	Issued capital	Share based payments Reserves	Foreign exchange translation	Accumulated losses	Total equity
Consolidated	$	$	$	$	$
Balance at 1 July 2023	115,697,098	3,923,857	3,388,466	(63,525,755)	59,483,666
Loss after income tax benefit for the year	-	-	-	(7,970,324)	(7,970,324)
Other comprehensive income for the year, net of tax	-	-	(1,118,380)	-	(1,118,380)
Total comprehensive income for the year	-	-	(1,118,380)	(7,970,324)	(9,088,704)
Share-based payments expense (note 36)	-	1,040,433	-	-	1,040,433
Issue of shares upon option exercises	187,483	-	-	-	187,483
Transfers upon lapse of options	-	(490,612)	-	490,612	-
Transfers upon exercise of options/ rights	125,945	(125,945)	-	-	-
Shares issued as remuneration (note 36)	234,000	-	-	-	234,000
Balance at 30 June 2024	116,244,526	4,347,733	2,270,086	(71,005,467)	51,856,878

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		$	$
Cash flows from operating activities			
Receipts from customers		34,865,625	24,566,804
Payments to suppliers and employees		(31,893,140)	(27,334,186)
Interest received		477,863	155,335
Net cash from/(used in) operating activities	26	3,450,348	(2,612,047)
Cash flows from investing activities			
Payments for property, plant and equipment		(147,271)	(361,007)
Payments for intangibles	17	(244,041)	-
Net cash used in investing activities		(391,312)	(361,007)
Cash flows from financing activities			
Proceeds from exercise of share options		187,483	185,241
Repayment of lease liabilities		(219,567)	(253,872)
Net cash used in financing activities		(32,084)	(68,631)
Net increase/(decrease) in cash and cash equivalents		3,026,952	(3,041,685)
Cash and cash equivalents at the beginning of the financial year		23,394,568	25,747,608
Effects of exchange rate changes on cash and cash equivalents		(246,115)	688,645
Cash and cash equivalents at the end of the financial year	11	26,175,405	23,394,568

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

Note 1. Corporate information

The financial statements cover Mach7 Technologies Limited as a consolidated entity consisting of Mach7 Technologies Limited (the “Company” or the “Parent”) and the entities it controlled at the end of, or during, the year.

Mach7 Technologies Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:M7T). Its registered office and principal place of business are:

Registered office	Principal place of business
Level 4, 100 Albert Road, South Melbourne VIC 3205	120 Kimball Avenue, Suite 210 South Burlington, VT 05403, United States

The nature of the operations and principal activities of Mach7 Technologies Limited and its consolidated entities (the “Group” or "Consolidated entity") are described in the Directors’ Report.

The financial report of Mach7 Technologies Limited for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on **28 August 2024**.

Note 2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mach7 Technologies Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Mach7 Technologies Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

Foreign currency translation

The financial statements are presented in Australian dollars, which is Mach7 Technologies Limited's presentation currency. The Group has multiple functional currencies including Australian dollar, US dollar, Canadian dollar and Singapore dollar.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Sale of software

Revenue from the sale of software licences is recognised at the point in time when the customer obtains control of the software, which is generally at the time of delivery. The provision of the software licence is a distinct performance obligation as the customer can derive substantial benefits from the licence on its own when the licence is delivered and installed. Therefore, revenue from the sale of software is recognised when the software is delivered to the customer.

Subscription of software licence

Subscription revenue from software licence subscription is recognised over the annual subscription period as the services are rendered.

Rendering of professional services

Revenue from a contract to provide professional services, such as implementation, training and annual support services, is recognised over time as the services are rendered. This is because the professional services price is based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss
- equity instruments at fair value through other comprehensive income
- debt instruments at fair value through other comprehensive income

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition of that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30-45 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer hardware and software	2 - 5 years
Furniture, fixtures & office equipment	5 - 7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired separately are initially measured at cost. Intangible asset acquired in a business combination are initially measured at their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Software development costs

Software development costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related projects.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are measured as short-term employee benefits when expected to be settled wholly within 12 months of the reporting date or as long-term benefits when not expected to be settled within 12 months of the reporting date.

Termination benefits

Termination benefits are recognised when a detailed plan of termination has been communicated to affected employees. They are measured as short-term employee benefits when expected to be settled wholly within 12 months of the reporting date or as long-term benefits when not expected to be settled within 12 months of the reporting date.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mach7 Technologies Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year,

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Restatement of comparatives

Reclassification

There were changes in the presentation of the comparative balances in the statement of profit or loss and other comprehensive income for the year ended 30 June 2023, due to the presentation of :

(i) commission expenses and distributor and licence fees as cost of sales; and

(ii) share-based payments expenses as a separate expense item

in the statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

The impact of the change in the comparative for the year ended 30 June 2023 is as below:

	30 June 2023	Reclass	30 June 2023 Restated
Cost of sales	-	1,625,139	1,625,139
Distributor and licence fees	988,332	(988,332)	-
Employment and related expenses	21,996,554	(1,714,208)	20,282,346
Share-based payments expense (non-cash)	-	1,077,401	1,077,401
	22,984,886	-	22,984,886

Note 5. Operating segments

Description of segments and principal activities

Mach7 Technologies is a global provider of enterprise imaging solutions for healthcare institutions, predominantly throughout the North America, Asia Pacific and the Middle East region. The Group's performance is monitored and reported for one main segment, which is enterprise imaging. In addition, revenue is monitored at a regional and product/services level. This information is presented in Note 6.

Profit or Loss

The Group's profit and loss is managed as a whole and is the same as what is presented in the statement of financial performance and other comprehensive income. In addition, management and the directors monitor Gross Margins, Earnings Before Interest, Tax and Depreciation (EBITDA), and EBITDA adjusted for non-cash items. This is presented below:

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Revenue from contracts with customers	29,112,863	30,049,766
Cost of sales	(1,443,205)	(1,625,139)
Operating expenditure	(29,304,226)	(25,907,615)
Net foreign exchange (loss)/gain (realised)	(21,518)	125,896
Other income/(expenses) (net)	(307,315)	(120,907)
EBITDA – before the following items	(1,963,401)	2,522,001
Share-based payments expense (non-cash)	(1,274,433)	(1,077,401)
Net foreign exchange (loss)/gain (unrealised)	(90,571)	253,002
EBITDA	(3,328,405)	1,697,602
Depreciation and amortisation expense	(7,251,053)	(8,680,824)
Right-of-use lease liability interest expense	(61,866)	(66,903)
Interest income	886,364	394,442
Income tax benefit	1,784,636	5,607,571
Net loss after tax	(7,970,324)	(1,048,112)

Segment assets and liabilities

The Group's chief decision makers review and monitor assets and liabilities as a whole.

Geographical non-current assets

The total of non-current assets, other than intangible assets, broken down by location of the assets, is shown in the table below:

	Consolidated	
	30 June 2024 $	30 June 2023 $
North America	10,937,608	11,553,773
Asia	403,239	395,622
	11,340,847	11,949,395

Note 6. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

Mach7 is a global provider of medical imaging software solutions. Every software sale, or provision of services, is subject to a software licence agreement, statement of work and/or an order form. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Consolidated	
	30 June 2024 $	30 June 2023 $
Software Licence Revenue (major segment) *	13,170,550	17,579,923
Professional Services Revenue		
- implementation and training services	3,734,024	2,077,742
- migration services	339,928	600,490
Maintenance and Support (recurring revenue)	11,868,361	9,791,611
Total segment Revenue	29,112,863	30,049,766
Geographical segment revenues		
North America	24,249,369	25,027,853
Asia Pacific	3,320,017	3,798,638
Middle East	857,017	828,580
Europe and other regions	686,460	394,695
	29,112,863	30,049,766
Timing of revenue recognition		
Revenue recognised at a point in time	3,966,869	11,040,535
Revenue recognised over time	25,145,994	19,009,231
	29,112,863	30,049,766

* Software Licence Revenue is comprised of Subscription Revenue (annual recurring revenue) and Capital Software Licence Revenue (recognised upfront upon delivery of software and is recurring at the end of each term, which is normally 5 years)

Revenues of approximately $2.8 million, 9.8% (2023: $5.9m, 20%) are derived from a single external customer.

Assets and liabilities related to contracts with customers

Refer to note 13 and note 19 for current assets and current liabilities (respectively) related to contracts with customers.

Revenue recognised in relation to prior year contract liabilities

The following table shows revenue recognised in the current reporting period that relates to carried-forward contract liabilities:

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Maintenance and Support and Subscription Revenue	7,984,079	5,176,913
Professional Services Revenue	1,110,364	545,279
Software Licence Revenue	37,780	37,088
	9,132,223	5,759,280

Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from fixed-price professional services and annual maintenance and support and subscription contracts.

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	$	$
Contracted Maintenance and Support and Subscription Revenue: (recurring)	27,937,856	20,593,604
Contracted Professional Services Revenue: (non-recurring)	3,043,876	3,789,465
Contracted Capital Software Licence Revenue: (non-recurring)	183,471	128,452
	31,165,203	24,511,521
Amounts expected to be recognised as revenues:		
Contracted Maintenance and Support and Subscription Revenue within one year	24,390,537	19,205,849
Contracted Maintenance and Support and Subscription Revenue within two years	2,629,117	436,719
Contracted Maintenance and Support and Subscription Revenue beyond two years	918,202	951,036
	27,937,856	20,593,604
Contracted Professional Services and Capital Software Licence Revenue within one year	3,045,458	3,355,706
Contracted Professional Services and Capital Software Licence Revenue within two years	181,889	487,376
Contracted Professional Services and Capital Software Licence Revenue beyond two years	-	74,835
	3,227,347	3,917,917

Note 7. Other income

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Interest Income	886,364	394,442
Other revenues	13,183	13,396
Other income	899,547	407,838

Interest income of $886,364 includes interest of approximately $0.6 million from term deposits and cash at banks and interest of approximately $0.3 million, from the long-term Akumin contract asset (refer to note 13).

Note 8. Expenses

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Amortisation of intangible asset	6,739,988	8,209,074
Depreciation of right-to-use assets	244,592	242,843
Depreciation of property, plant and equipment	266,473	228,907
	7,251,053	8,680,824
Employment and related expenses		
Salaries and wages	17,439,723	15,454,781
Employee benefits	1,783,762	1,537,083
Employer tax	1,069,820	925,166
Contractors	1,041,352	454,217
Other employment related expenses	266,585	278,708
Bonuses	1,272,227	1,000,298
Severance	58,977	273,668
Defined contribution plan expense (superannuation)	430,801	373,548
Annual leave provision movement	(12,940)	(15,123)
	23,350,307	20,282,346
Other expenses		
Losses (net of any gains during the year) on fixed asset disposals	10,341	-
Other tax	369,932	83,430
Doubtful debt (recovery)/expense	(71,847)	50,443
Other miscellaneous	12,072	430
	320,498	134,303

Note 9. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The income and share data used in the calculations of basic and diluted EPS is as follows:

	Consolidated	
	30 June 2024 $	30 June 2023 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Mach7 Technologies Limited	(7,970,324)	(1,048,112)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	240,894,930	239,385,710
	Cents	Cents
Basic and diluted earnings per share	(3.3)	(0.4)

Number of share options and performance rights not included in the diluted earnings per share calculation as they are anti-dilutive: 12,151,850 (FY23: 9,859,964).

Note 10. Income tax benefit

a) Unused tax losses

At 30 June 2024, the Group has gross tax losses of $53,169,591 (FY23: $53,983,075) arising in Australia ($23.3m), US ($17.8m), Singapore ($1.6m) and Canada ($10.5m) that are likely to be available indefinitely for offset against future taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules.

b) Deferred tax liabilities

The Group has recognised a deferred tax liability of as a result of the acquisition of Mach7 Technologies Canada Inc. in accordance with AASB112 Income Taxes. Refer note 21.

	Consolidated	
	30 June 2024 $	30 June 2023 $
(c) Income tax expense/(benefit)		
The major components of income tax expense are:		
Current income tax on profits		
(Increase) / decrease in deferred tax assets	-	(3,518,610)
(Decrease) / increase in deferred tax liabilities	(1,784,636)	(2,088,961)
	(1,784,636)	(5,607,571)

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(9,754,960)	(6,655,683)
Tax at the statutory tax rate of 25%	(2,438,740)	(1,663,921)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	31,120	22,848
Unrealised foreign exchange (gains)/losses	84,713	(123,333)
Other non-deductible expenses/non-assessable income	149,260	77,548
	(2,173,647)	(1,686,858)
Deferred tax liability not recognised for temporary differences	(261,417)	(244,936)
Option exercises deductible for tax	100,969	122,427
Tax losses not recognised*	764,029	986,798
Tax losses utilised	(149,833)	(977,159)
Differences in local tax rates	(64,737)	(289,233)
Tax losses recognised*	-	(3,518,610)
Income tax benefit	(1,784,636)	(5,607,571)

*Tax losses recognised and tax losses unrecognised are related to different tax jurisdictions.

Note 11. Cash and cash equivalents

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Current assets		
Cash at bank	18,863,998	16,083,161
Cash on deposit	7,311,407	7,311,407
	26,175,405	23,394,568

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 12. Trade and other receivables

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Current assets		
Trade receivables	3,410,057	6,618,876
Less: Allowance for expected credit losses	-	(74,366)
	3,410,057	6,544,510
Interest receivable	102,152	54,359
GST receivable	36,896	74,628
	139,048	128,987
Other receivables	3,678	33,906
	3,552,783	6,707,403

Trade receivables typically have 30-45 day payment terms.

The carrying amounts of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

Allowance for expected credit losses

The consolidated entity has recognised no allowance (FY23: $74,366) in profit or loss in respect of expected credit losses net of recoveries for the year ended 30 June 2024. The aging of the trade and other receivables and allowance for expected credit losses provided for above are as follows:

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consolidated	%	%	$	$	$	$
Not overdue	-	-	1,376,923	2,644,088	-	-
0 to 3 months overdue	-	-	834,786	1,083,029	-	-
3 to 6 months overdue	-	-	265,968	2,430,534	-	-
Over 6 months overdue	-	16.00%	932,380	461,225	-	74,366
			3,410,057	6,618,876	-	74,366

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Opening balance	74,366	-
Additional provisions recognised	-	74,366
Amounts recovered	(74,366)	-
Closing balance	-	74,366

Note 13. Customer contract assets

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Current assets		
Contract assets	2,621,409	3,897,609
Non-current assets		
Contract assets	4,549,814	5,005,951
	7,171,223	8,903,560

Customer contract assets (or accrued revenue) represents fees which have been recognised as revenue which are yet to be invoiced to the customer. The customer is invoiced when certain contract milestones have been met. This can fluctuate from period to period, as these balances are impacted by the timing of when contracted sales occur, performance obligations are met and the payment milestones that are specified within each contract. The carrying values are assumed to approximate the fair values for these balances.

Under the accounting standards, contracts in which payment by the customer and performance by the Group occur at significantly different times will need to be assessed to determine whether the contract contains a significant financing component. In the FY23 reporting period, the Group identified that its customer contract with Akumin contains a significant financing component due to the performance obligation in relation to the delivery of the capital licence being completed in December 2022 but payment for the capital software licence occurring over a 10-year period. In determining the promised amount of consideration adjusted for the significant financing component, the Group used a discount rate that would be reflected in a separate financing transaction between the Group and Akumin at contract inception which takes into account the credit characteristics of Akumin. The difference between the contract value and the capital software licence revenue recognised at contract inception will unwind over the 10-year contract term as interest income in the statement of profit or loss and other comprehensive income. The contract asset recognised in relation to the Akumin contract is split between current and non-current based on the invoicing schedule in the contract.

Note 14. Other assets

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Current assets		
Prepayments	876,335	628,952
Deferred expenses	636,489	215,072
Security deposits	46,494	46,892
	1,559,318	890,916
Non-current assets		
Contract deposits	786,991	793,131
	2,346,309	1,684,047

Contract deposit relates to a 5% contract deposit in cash to a customer, Hospital Authority of Hong Kong, as security for the due and faithful performance of Mach7's services under the current and future contracts.

Note 15. Right-of-use assets

	Consolidated	
	30 June 2024 $	30 June 2023 $
Non-current assets		
Land and buildings - right-of-use	1,455,978	1,579,445
Less: Accumulated depreciation	(251,330)	(398,317)
	1,204,648	1,181,128

	Consolidated	Consolidated
	30 June 2024 $	30 June 2023 $
Net book value - opening balance	1,181,128	1,362,708
Additions	283,234	23,153
Depreciation	(244,592)	(242,843)
Foreign exchange movements	(15,122)	38,110
	1,204,648	1,181,128

The consolidated entity leases land and buildings for its offices in Vermont (USA), Waterloo (Canada) and Johor (Malaysia). The Vermont lease originally commenced 1 August 2014. It was renegotiated in May 2024 to rent additional office space. The seven-year lease term ends 31 July 2031. The Waterloo lease commenced 1 November 2019, for a term of 6 years ending 31 December 2026. This lease was renegotiated in April 2022 to reduce the size of the rented premises by approximately half. This lease has the option to renew for a further two additional periods of five years each. The Johor lease originally commenced 1 June 2019. It was renewed on 1 June 2024 for a term of two years through 31 May 2026, with an option to renew for a further two years.

Note 16. Property, plant and equipment

	Consolidated	
	30 June 2024 $	30 June 2023 $
Non-current assets		
Leasehold improvements - at cost	355,202	363,748
Less: Accumulated depreciation	(226,469)	(191,877)
	128,733	171,871
Computer hardware & software - at cost	1,073,234	1,377,421
Less: Accumulated depreciation	(685,535)	(980,348)
	387,699	397,073
Office equipment - at cost	484,923	530,785
Less: Accumulated depreciation	(289,725)	(284,127)
	195,198	246,658
	711,630	815,602

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Office Equipment $	Computer Hardware & Software $	Leasehold Improvements $	Total $
Balance at 1 July 2023	246,658	397,073	171,871	815,602
Additions	18,227	161,527	1,383	181,137
Disposals	(4,861)	(5,402)	-	(10,263)
Depreciation expense	(63,466)	(160,937)	(42,070)	(266,473)
Foreign exchange revaluations	(1,360)	(4,562)	(2,451)	(8,373)
Balance at 30 June 2024	195,198	387,699	128,733	711,630

Note 17. Intangibles

	Consolidated	
	30 June 2024 $	30 June 2023 $
Non-current assets		
Goodwill - at cost	4,187,982	4,354,315
Patents and trademarks - at cost	399,322	402,650
Less: Accumulated amortisation	(325,002)	(322,290)
	74,320	80,360
Customer contracts - at cost	11,548,522	11,656,701
Less: Accumulated amortisation	(10,984,733)	(10,504,132)
	563,789	1,152,569
Software - at cost	57,496,457	58,930,559
Less: Accumulated amortisation	(38,979,316)	(33,666,329)
	18,517,141	25,264,230
Brand - at cost	5,996,319	6,172,596
Less: Accumulated amortisation	(1,557,974)	(1,557,974)
	4,438,345	4,614,622
	27,781,577	35,466,096

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Patents $	Customer contracts $	Brand Names $	Software $	Goodwill $	Total $
Balance at 1 July 2023	80,360	1,152,569	4,614,622	25,264,230	4,354,315	35,466,096
Additions	-	-	-	240,171	-	240,171
Amortisation expense	(5,513)	(558,651)	-	(6,175,824)	-	(6,739,988)
Exchange differences	(527)	(30,129)	(176,277)	(811,436)	(166,333)	(1,184,702)
Balance at 30 June 2024	74,320	563,789	4,438,345	18,517,141	4,187,982	27,781,577

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Patents and software acquired – 7 years
- Customer contracts – 5 years
- Brand names – 7 years and indefinite

Customer contracts, software, brand names and patents

In FY24, the Group capitalised approximately $0.2 million development costs related to a specific Research & Development project. The project is expected to be completed in FY25. The remaining software, customer contracts, brand names and patents were acquired as part of two business combinations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

Impairment tests for goodwill and indefinite useful life brand names

For impairment testing, the Group views that its past business combination giving rise to goodwill on acquisition relate to synergistic opportunities for its Enterprise Imaging Segment. Therefore, goodwill is allocated to the Group's Enterprise Imaging Segment, being the only operating and reportable segment of the business. The recoverable amount of that segment (cash generating unit) was determined based on a value-in-use calculation using a discounted cash flow valuation which requires the use of assumptions. The valuation estimates future cash flows over a five-year period. Cash flows beyond the five-year forecast period are extrapolated using the estimated terminal growth rates.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following table sets out the key assumptions for the Enterprise Imaging cash-generating unit to which goodwill and indefinite life intangible have been allocated:

Item	Key Assumption	Rationale
Revenue growth rates	First year = Budget Year 2 to 5 = 17%	Year 2 to 5 growth rate is based on Group results achieved over the past 3 years.
Expenditure growth rates	First year = Budget Year 2 to 5 = Average 10% growth rate across all expenditure	Year 2 to 5 growth rate is based on targeted expenditure growth. Management is focused on controlling expenses and increasing the EBITDA margins each year.
Discount Rate	13.1% post-tax; 16.7% pre-tax	As per management's estimate of the Group's weighted average cost of capital.
Terminal growth rate	2.5%	Growth rate reverts back to long-term inflation targets at Year 5.

Results of impairment testing and sensitivity to changes in assumptions

Based on the discounted cash flow valuation using the assumptions above, the recoverable amount of goodwill and other intangible assets exceeded the carrying amount at 30 June 2024 and no impairment charge was recognised.

Sensitivity

Revenue growth rate for years 2 to 5 will need to decrease to 14.4% per annum for there to be no headroom available when comparing the calculation of the estimated recoverable amount of the cash-generating unit against its carrying value at 30 June 2024. Management believes that other reasonable changes in the key assumption on which the recoverable amount of the cash-generating unit is based would not cause its carrying amount to exceed its recoverable amount.

Note 18. Trade and other payables

	Consolidated	
	30 June 2024 $	30 June 2023 $
Current liabilities		
Trade creditors	823,687	742,045
Accrued expenses	437,089	495,309
Employee entitlements and related costs	1,482,352	1,449,826
Distributor/reseller fees payable	537,584	710,501
	3,280,712	3,397,681

Refer to note 25 for further information on financial instruments.

Trade creditors are non-interest bearing and are normally settled on 30-day terms. Accrued expenses comprise general operating expenses where costs are incurred but have not yet been invoiced. Employee entitlements includes sales commissions, redundancy provisions, withholding taxes, superannuation etc. Distributor/reseller fees will become payable at the time the customer pays their invoice, usually within 30-45 days.

Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate their fair value.

Note 19. Customer contract liabilities

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Current liabilities		
Maintenance and Support Revenue received in advance	6,499,073	6,316,755
Professional Services Revenue received in advance	2,018,610	2,664,481
Subscription Revenue received in advance	3,017,842	2,113,846
Capital Software Licence Revenue received in advance	97,144	128,452
	11,632,669	11,223,534

Customer contract liabilities (or deferred revenue) represents cash amounts that have been collected from customers that will be recognised as revenue in a future period. Revenue is recognised:

- at a point in time when Capital Software Licences are delivered.
- over a period of time when Professional Services are performed.
- over a period of time when Maintenance and Support services are performed.
- for Subscription over the subscription period upon the customer achieving First Productive Use.

The carrying values are assumed to approximate the fair values for these balances. Maintenance and Support revenue and Subscription revenue received in advance are expected to grow year on year as the Group signs new customer contracts, i.e. every new Maintenance and Support contract and Subscription contract signed going forward will add to this balance. Professional Services revenue received in advance is expected to fluctuate from year to year, as timing of sales orders, cash payment milestones and Professional Services performed will impact this balance.

Note 20. Lease liabilities

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Current liabilities		
Lease liability	181,259	209,614
Non-current liabilities		
Lease liability	1,087,019	991,039
	1,268,278	1,200,653

Refer to note 25 for further information on financial instruments.

Note 21. Deferred tax asset and liability

	Consolidated	
	30 June 2024 $	30 June 2023 $
Non-current liabilities		
Deferred tax liability	4,992,802	7,000,453
Initial recognition value	11,892,928	12,365,279
Accumulated amortisation	(6,900,126)	(5,364,826)
	4,992,802	7,000,453
Movements:		
Opening balance	7,000,453	9,023,846
Amortisation credit for the period	(1,784,636)	(2,088,961)
Foreign exchange differences	(223,015)	65,568
Closing balance	4,992,802	7,000,453

	Consolidated	
	30 June 2024 $	30 June 2023 $
Deferred tax asset comprises temporary differences attributable to:		
Unutilised tax losses	4,087,764	4,153,583
Deferred tax asset	4,087,764	4,153,583
Opening balance	4,153,583	579,629
Credited to profit or loss (note 10)	-	3,518,610
Exchange differences	(65,819)	55,344
	4,087,764	4,153,583

Note 22. Issued capital

	Consolidated			
	30 June 2024 Shares	30 June 2023 Shares	30 June 2024 $	30 June 2023 $
Ordinary shares - fully paid	241,241,047	240,009,381	116,244,526	115,697,098

Movements in ordinary share capital

Details		Shares	$
Balance	1 July 2022	238,826,048	115,295,443
Options and performance rights exercised during the year		1,183,333	401,655
Balance	30 June 2023	240,009,381	115,697,098
Options exercised during the year		906,666	313,428
Shares issued as remuneration		325,000	234,000
Balance	30 June 2024	241,241,047	116,244,526

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Options and performance rights outstanding

Options and performance rights do not entitle the holders to voting rights, to participate in dividends or the proceeds on winding up of the Company. Refer to note 36 for details on options and performance rights.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2023 Annual Report.

Note 23. Reserves

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Foreign currency reserve	2,270,086	3,388,466
Options reserve	4,347,733	3,923,857
	6,617,819	7,312,323

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Options reserve

The Company has a share-based payment option scheme under which options to subscribe for the Company's shares have been granted to certain executives and other employees.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Options reserve	Foreign Exchange Translation Reserve	Total
Consolidated	$	$	$
Balance at 1 July 2022	4,080,659	2,494,548	6,575,207
Share-based payments (note 36)	1,077,401	-	1,077,401
Transfer upon lapse of options	(1,017,789)	-	(1,017,789)
Transfer to share capital	(216,414)	-	(216,414)
Foreign exchange on translation of subsidiaries	-	893,918	893,918
Balance at 30 June 2023	3,923,857	3,388,466	7,312,323
Share-based payments (note 36)	1,040,433	-	1,040,433
Transfer upon lapse of options	(490,612)	-	(490,612)
Transfers upon exercise of options/rights	(125,945)	-	(125,945)
Foreign exchange on translation of subsidiaries	-	(1,118,380)	(1,118,380)
Balance at 30 June 2024	4,347,733	2,270,086	6,617,819

Note 24. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 25. Financial instruments

Financial risk management objectives

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board, through the Audit and Risk Management Committee, reviews and agrees policies for managing each of these risks as summarised below. This includes the setting of limits of concentration risks with any one financial institution, credit rate limits, and future cash flow forecast projections.

Market risk

Foreign currency risk

The Group has transactional currency exposure. Such exposure arises from purchases by the Group in currencies other than the functional currency and through foreign currency receipts in the form of milestone, profit share or expense reimbursements under the Group's various collaborations. Generally, the Group does not use financial instruments to hedge the foreign exchange exposure.

The Group's exposure to foreign currency risk at the reporting date that are not designated in cash flow hedges was as follows (all amounts are in AUD):

30 June 2024 **Reconciliation of financial assets and liabilities denominated in foreign currency**	**USD** $	**SGD** $	**CAD** $	**GBP** $	**HKD** $	**Total** $
Financial assets						
Cash and cash equivalent	18,057,798	42,979	735,441	-	-	18,836,218
Accounts receivables	3,383,354	-	30,381	-	-	3,413,735
Customer contract assets	7,168,539	-	-	-	2,685	7,171,224
Other assets	-	-	-	-	786,991	786,991
	28,609,691	42,979	765,822	-	789,676	30,208,168
Financial liabilities						
Trade and other payables	(2,399,457)	(134,242)	(474,004)	-	-	(3,007,703)
Lease liabilities	(964,345)	(57,978)	(245,955)	-	-	(1,268,278)
	(3,363,802)	(192,220)	(719,959)	-	-	(4,275,981)
Financial assets	28,609,691	42,979	765,822	-	789,676	30,208,168
Financial liabilities	(3,363,802)	(192,220)	(719,959)	-	-	(4,275,981)
Net exposures	25,245,889	(149,241)	45,863	-	789,676	25,932,187

30 June 2023	USD $	SGD $	CAD $	GBP $	HKD $	Total $
Financial assets						
Cash and cash equivalents	15,685,138	52,838	264,890	-	-	16,002,866
Accounts receivables	6,633,919	-	346	18,517	-	6,652,782
Customer contract assets	8,844,042	-	-	-	59,518	8,903,560
Other assets	-	-	-	-	793,131	793,131
	31,163,099	52,838	265,236	18,517	852,649	32,352,339
Financial liabilities						
Trade and other payables	(2,536,102)	(121,791)	(445,744)	-	-	(3,103,637)
Lease liabilities	(820,416)	(38,800)	(341,437)	-	-	(1,200,653)
	(3,356,518)	(160,591)	(787,181)	-	-	(4,304,290)
Net exposures						
Financial assets	31,163,099	52,838	265,236	18,517	852,649	32,352,339
Financial liabilities	(3,356,518)	(160,591)	(787,181)	-	-	(4,304,290)
Net exposures	27,806,581	(107,753)	(521,945)	18,517	852,649	28,048,049

Based on the financial instruments held at 30 June 2024, had the Australian dollar strengthened/weakened by 10% against the above currencies, with all other variables held constant, the Group's post-tax loss for the year would have been (reduced)/increased by:

	Profitability (post-tax) higher/(lower)	Profitability (post-tax) higher/(lower)	Equity (excluding accumulated losses)	Equity (excluding accumulated losses)
Sensitivity	**2024** **$**	**2023** **$**	**2024** **$**	**2023** **$**
AUD strengthens +10% (2023:+10%)	(2,357,472)	(2,549,822)	-	-
AUD weakens -10% (2023:-10%)	(2,881,355)	3,116,450	-	-

Management believes the balance date risk exposures are representative of the risk exposure inherent in those financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the historical movements and economic forecaster's expectations;
- The reasonably possible movement of 10% was calculated by taking the foreign currency spot rate as at balance date, moving this spot rate by 10% and the re-converting the foreign currency into AUD with the "new spot-rate"; and
- This methodology reflects the translation methodology undertaken by the Group.

Price risk

The consolidated entity does not consider it to have any material exposure to price risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the income earned on the Group's cash and short-term deposits of various deposit terms.

At 30 June 2024, the Group's cash and cash equivalents comprised of deposits on call and foreign currency accounts.

The Group's policy to manage its interest rate risk, given its dependence on cash and cash equivalents is to keep maturities short generally using 30-90 day term deposit and savings facilities. The Group constantly analyses its interest rate exposure with respect to renewal of existing positions, alternative investment opportunities/facilities and whether to consider a mix of fixed and variable instruments.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian and US variable interest rate risk that are not designated as cash flow hedges (other currencies or non-interest bearing accounts are not included):

	30 June 2024 Balance	30 June 2023 Balance
Consolidated	$	$
AUD Term deposit (maturity date < 3 months after 30 June)	7,311,407	7,311,407
USD Deposits at call	8,563,572	5,160,596
AUD Term deposit (maturity date > 3 months after 30 June)	-	-
Net exposure to cash flow interest rate risk	15,874,979	12,472,003

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

The Group believes that the carrying amount approximates fair value because of their short term to maturity. Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on economic forecaster's expectations
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from the balance date.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, short term deposits, trade and other receivables and customer contract assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trades and other receivables.

Term deposits are all held with Westpac Banking Corporation.

Liquidity risk

The Group's objective is to maintain a balance between continuity of product development utilising an optimal combination of equity funding, finance and operating lease commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching maturity profiles in financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2024	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	3,280,712	-	-	-	3,280,712
Interest-bearing - fixed rate						
Lease liability	9.71%	295,616	309,876	676,229	441,415	1,723,136
Total non-derivatives		3,576,328	309,876	676,229	441,415	5,003,848

Consolidated - 30 June 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	3,397,681	-	-	-	3,397,681
Interest-bearing - fixed rate						
Lease liability	5.15%	266,297	273,776	648,852	180,446	1,369,371
Total non-derivatives		3,663,978	273,776	648,852	180,446	4,767,052

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	30 June 2024	30 June 2023
	$	$
Loss after income tax benefit for the year	(7,970,324)	(1,048,112)
Adjustments for:		
Depreciation and amortisation	7,251,053	8,680,824
Lease interest expense	61,866	66,903
Net loss on disposal of property, plant and equipment	10,341	-
Share-based payments	1,274,433	1,077,401
Foreign exchange differences	97,369	(125,457)
Income tax benefits	(1,784,636)	(5,607,571)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,134,453	(4,627,086)
Decrease/(increase) in customer contract deposits	1,732,337	(5,012,343)
Decrease/(increase) in other current assets	(648,711)	(441,155)
Increase/(decrease) in trade and other payables	(116,967)	231,035
Increase in customer contract liabilities	409,134	4,193,514
Net cash from/(used in) operating activities	3,450,348	(2,612,047)

Note 27. Key management personnel disclosures

Directors

The following persons were directors of Mach7 Technologies Limited during the financial year:

Mr Robert Bazzani	Chairman (Independent Non-Executive Director until 16 November 2023 and appointed Chairman effective 16 November 2023)
Mr Eliot Siegel, MD	Independent Non-Executive Director
Ms Rebecca Thompson	Independent Non-Executive Director (Appointed effective 16 November 2023)
Mr Michael Lampron	Managing Director and Chief Executive Officer
Mr David Chambers	Chairman (Resigned effective 16 November 2023)
Mr Philippe Houssiau	Independent Non-Executive Director (Resigned effective 16 November 2023)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Ms Dyan O'Herne (appointed as Chief Financial Officer effective 1 July 2023)
Mr David Madaffri (appointed as Chief Operating Officer effective 1 July 2023)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2024 $	30 June 2023 $
Short-term employee benefits	2,650,391	2,433,553
Post-employment benefits	21,712	17,104
Share-based payments	747,054	473,900
	3,419,157	2,924,557

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	Consolidated	
	30 June 2024 $	30 June 2023 $
Audit services - RSM Australia Partners		
Audit or review of the financial statements	173,000	169,250
Other services - RSM Australia Partners		
Preparation of the tax return	10,250	10,000
	183,250	179,250

Note 29. Commitments

There are no expenditure commitments as at 30 June 2024 (FY23: nil).

Note 30. Related party transactions

Parent entity

Mach7 Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 27.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2024 $	30 June 2023 $
Loss after income tax	(1,017,444)	(1,408,831)
Total comprehensive income	(1,017,444)	(1,408,831)

Statement of financial position

	Parent	
	30 June 2024 $	30 June 2023 $
Total current assets	13,201,888	13,495,154
Total assets	84,252,552	85,522,804
Total current liabilities	444,163	1,668,356
Total liabilities	444,163	1,668,356
Equity		
Issued capital	116,244,526	115,697,098
Options reserve	4,347,733	3,923,857
Accumulated losses	(36,783,870)	(35,766,507)
Total equity	83,808,389	83,854,448

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 32. Interests in subsidiaries

Mach7 Technologies Limited is the ultimate parent of the Group. The consolidated financial statements include the financial statements of Mach7 Technologies Limited and its direct/indirect subsidiaries listed below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2024 %	30 June 2023 %
Direct subsidiary		-	-
Mach7 Technologies International Pty Ltd	Australia	100%	100%
Indirect subsidiaries		-	-
Mach7 Technologies UK Ltd	UK	100%	100%
Mach7 Technologies Pte Ltd	Singapore	100%	100%
Mach7 Technologies, Inc.	U.S.A	100%	100%
Mach7 Technologies Canada Inc.	Canada	100%	100%

Note 33. Contingent assets

The Group has no contingent assets at 30 June 2024 (FY23: none).

Note 34. Contingent liabilities

On 3 November 2021, Mach7 Technologies, Inc. a wholly-owned subsidiary of Mach7 Technologies Limited received a patent infringement claim from AI Visualize, Inc. On 4 April 2024, the United States Court of Appeals for the Federal Circuit affirmed a lower court's dismissal of patent infringement claims asserted by AI Visualize, Inc. In affirming the decision of the United States District Court for the District of Delaware, the Court of Appeals held that the subject patent claims "are patent ineligible because they are directed to an abstract idea and fail to transform that abstract idea into patent-eligible subject matter." In doing so, the Court confirmed that Mach7 Technologies, Inc. did not infringe on any patents.

The Group has no contingent liabilities at 30 June 2024.

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 36. Share-based payments

A share option plan has been established by the entity, whereby the entity may grant options and performance rights over ordinary shares in the company to certain key management personnel, employees and consultants of the entity. The options are issued for nil consideration.

Share-based payments expense during the year is $1,274,433 (FY23: 1,077,401). Out of this $234,000 relates to the value of 325,000 shares issued as remuneration to Mr Michael Lampron, Managing Director and Chief Executive Officer (refer to note 22). The remaining balance of $1,040,433 of Share-based payments expense relates to vesting charge on options and performance rights issued to Directors, KMP and employees of the company.

Types of share-based payment plans

Employee Share Option Plan, 'ESOP'

A Long-Term Incentive Plan has been established and approved by shareholders where Mach7 Technologies Limited may, at the discretion of the Board, grant options over the ordinary shares of Mach7 Technologies Limited to Directors, Executives, contractors and employees of the consolidated entity. Upon vesting, the options, issued for nil consideration, are exercisable any time two to three years after the grant date and expire four to five years after the grant date.

The exercise of the options is not subject to any performance conditions other than the employee remaining in the employ of the Company at the date of exercise. The options cannot be transferred and will not be quoted on the ASX.

Set out below are summaries of options granted under the plan:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	30 June 2024	30 June 2024	30 June 2023	30 June 2023
Outstanding at the beginning of the financial year	8,356,665	$0.924	10,791,665	$0.907
Granted	3,590,000	$0.711	760,000	$0.728
Exercised	(906,666)	$0.207	(983,333)	$0.579
Expired/Forfeited	(713,334)	$0.985	(2,211,666)	$1.102
Outstanding at the end of the financial year	10,326,665	$0.908	8,356,666	$0.924
Exercisable at the end of the financial year	5,756,657	$1.031	5,209,989	$0.885

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30 June 2024							
17/10/2018	17/10/2023	$0.185	646,666	-	(626,666)	(20,000)	-
12/11/2018	12/11/2023	$0.244	225,000	-	(225,000)	-	-
02/05/2019	02/05/2024	$0.265	50,000	-	(50,000)	-	-
11/10/2019	11/10/2024	$0.680	959,999	-	(5,000)	(73,333)	881,666
18/11/2019	18/11/2024	$0.820	285,000	-	-	-	285,000
18/11/2019	18/11/2024	$0.800	250,000	-	-	-	250,000
18/11/2019	18/11/2024	$0.950	250,000	-	-	-	250,000
18/11/2019	18/11/2024	$1.100	250,000	-	-	-	250,000
01/12/2020	30/11/2025	$1.400	85,000	-	-	(11,666)	73,334
03/02/2021	30/06/2025	$1.480	1,550,000	-	-	(110,000)	1,440,000
10/09/2021	31/08/2026	$0.980	2,483,334	-	-	(243,334)	2,240,000
10/09/2021	21/07/2024	$0.980	26,666	-	-	-	26,666
11/11/2021	11/11/2026	$0.910	110,000	-	-	(20,001)	89,999
11/11/2021	31/12/2025	$1.380	225,000	-	-	(75,000)	150,000
20/01/2022	20/01/2027	$0.782	200,000	-	-	-	200,000
24/02/2022	24/02/2027	$0.731	250,000	-	-	-	250,000
12/12/2022	12/12/2027	$0.610	110,000	-	-	(60,000)	50,000
01/01/2023	01/01/2028	$0.570	200,000	-	-	-	200,000
01/05/2023	01/05/2028	$0.636	200,000	-	-	-	200,000
01/07/2023	01/07/2028	$0.582	-	400,000	-	-	400,000
14/08/2023	14/08/2028	$0.800	-	50,000	-	-	50,000
01/09/2023	01/09/2028	$0.760	-	30,000	-	-	30,000
16/11/2023	16/11/2028	$0.710	-	225,000	-	-	225,000
01/12/2023	01/12/2028	$0.725	-	50,000	-	-	50,000
18/12/2023	18/12/2028	$0.730	-	2,435,000	-	(100,000)	2,335,000
15/01/2024	15/01/2029	$0.732	-	200,000	-	-	200,000
01/03/2024	01/03/2029	$0.679	-	200,000	-	-	200,000
			8,356,665	3,590,000	(906,666)	(713,334)	10,326,665
Weighted average exercise price			$0.924	$0.711	$0.207	$0.985	$0.908

30 June 2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
03/11/2017	03/11/2022	$0.170	663,333	-	(663,333)	-	-
17/10/2018	17/10/2023	$0.185	768,332	-	(95,000)	(26,666)	646,666
12/11/2018	12/11/2023	$0.244	450,000	-	(225,000)	-	225,000
02/05/2019	02/05/2024	$0.265	50,000	-	-	-	50,000
11/10/2019	11/10/2024	$0.680	911,667	-	-	(118,334)	793,333
11/10/2019	01/10/2024	$0.680	166,666	-	-	-	166,666
11/10/2019	18/10/2022	$0.680	166,666	-	-	(166,666)	-
18/11/2019	18/11/2024	$0.820	285,000	-	-	-	285,000
18/11/2019	18/11/2024	$0.800	250,000	-	-	-	250,000
18/11/2019	18/11/2024	$0.950	250,000	-	-	-	250,000
18/11/2019	18/11/2024	$1.100	250,000	-	-	-	250,000
13/07/2020	30/06/2025	$0.900	533,333	-	-	(533,333)	-
01/12/2020	30/11/2025	$1.400	85,000	-	-	-	85,000
03/02/2021	30/06/2025	$1.480	2,386,667	-	-	(836,667)	1,550,000
10/09/2021	31/08/2026	$0.980	2,790,000	250,000	-	(530,000)	2,510,000
11/11/2021	11/11/2026	$0.910	110,000	-	-	-	110,000
11/11/2021	31/12/2025	$1.380	225,000	-	-	-	225,000
20/01/2022	20/01/2027	$0.782	200,000	-	-	-	200,000
24/02/2022	24/02/2027	$0.731	250,000	-	-	-	250,000
12/12/2022	12/12/2027	$0.610	-	110,000	-	-	110,000
01/01/2023	01/01/2028	$0.570	-	200,000	-	-	200,000
01/05/2023	01/05/2028	$0.636	-	200,000	-	-	200,000
			10,791,664	760,000	(983,333)	(2,211,666)	8,356,665
Weighted average exercise price			$0.907	$0.728	$0.188	$1.102	$0.924

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years 6 months (FY23: 2 years 7 months).

Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the option was granted. The model takes into account the share price volatilities and co-variances of the Company and excludes the impact of any estimated forfeitures related to the service-based vesting conditions on the basis that management has assessed the forfeiture rate to be zero.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/07/2023	01/07/2028	$0.620	$0.582	63.00%	-	3.78%	$0.358
14/08/2023	14/08/2028	$0.800	$0.800	62.00%	-	3.93%	$0.449
01/09/2023	01/09/2028	$0.780	$0.760	63.00%	-	3.76%	$0.442
16/11/2023	16/11/2028	$0.780	$0.710	62.00%	-	4.23%	$0.457
01/12/2023	01/12/2028	$0.725	$0.695	62.00%	-	4.14%	$0.416
18/12/2023	18/12/2028	$0.775	$0.730	67.00%	-	3.37%	$0.461
15/01/2024	15/01/2029	$0.730	$0.732	62.00%	-	3.72%	$0.406
01/03/2024	01/03/2029	$0.695	$0.679	62.00%	-	3.78%	$0.391

Performance rights

The Company has on issue 1,825,185 (FY23: 1,503,299) performance rights of which 402,185 expire on 30 September 2024, 723,000 expire on 30 September 2025 and 700,000 expire on 30 September 2026.

Summaries of performances rights is as below:

	30 June 2024	30 June 2023
Outstanding at the beginning of the financial year	1,503,299	1,180,299
Granted	700,000	723,000
Exercised	-	(200,000)
Expired/Forfeited	(378,114)	(200,000)
Outstanding at the end of the financial year	1,825,185	1,503,299

During the period, the consolidated entity issued 700,000 performance rights to Mr Michael Lampron with various vesting conditions relating to service period and performance hurdles. The fair value of the performance rights was determined using the Black Scholes option pricing model using the following inputs:

Number of performance rights granted	560,000	140,000
Grant date	16 November 2023	16 November 2023
Expiry date	30 September 2026	30 September 2026
Weighted average share price at date of grant ($)	$0.72	$0.72
Weighted average exercise price ($)	-	-
Weighted average volatility %	54.74%	54.74%
Weighted average risk-free rate %	4.177%	4.177%
Vesting conditions with 30 June 2026 target date	Note 1	Note 2
Fair value per performance right $	$0.5096	$0.5096
Fair value of performance right $	$362,208	$71,338

Note 1:

Vesting condition	No. of Performance Rights
Company performance vesting condition linked to Revenue Compound Annual Growth Rate	105,000
Company performance vesting condition linked to EBITDA Margin	350,000
Company performance vesting condition linked to Net Profit After Tax	105,000
	560,000

Note 2:

Vesting condition	No. of Performance Rights
Market-based vesting condition linked to Total Shareholder Return	140,000

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Mach7 Technologies Limited	Body Corporate	Australia	N/A (parent entity)	Australia
Mach7 Technologies International Pty Ltd	Body Corporate	Australia	100%	Australia
Mach7 Technologies UK Ltd	Body Corporate	UK	100%	UK
Mach7 Technologies Pte Ltd	Body Corporate	Singapore	100%	Singapore
Mach7 Technologies, Inc.	Body Corporate	U.S.A	100%	U.S.A
Mach7 Technologies Canada Inc.	Body Corporate	Canada	100%	Canada

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the consolidated entity, partners in a partnership within the consolidated entity or participants in a joint venture within the Group.

Directors' Declaration

30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Robert Bazzani
Chairman

28 August 2024

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INDEPENDENT AUDITOR'S REPORT
To the Members of Mach7 Technologies Limited

Opinion

We have audited the financial report of Mach7 Technologies Limited (the Company) and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td>Recognition of Revenue
Refer to Note 6 in the financial statements</td><td></td></tr>
<tr><td>Revenue recognition was considered a key audit matter, as it involves significant management estimates and judgement.

The Group’s revenue is derived from the sale of software licenses and subscription services, and provision of professional services including implementation and training, migration, and support and maintenance.

Revenue in respect of some of the service contracts is based on percentage of completion, which involves management’s estimate and judgement.</td><td>Our audit procedures in relation to the recognition of revenue included:
• Assessing whether the Group’s revenue recognition policies was in compliance with AASB 15 Revenue from Contracts with Customers;

• For a sample of revenue transactions that were recognised at a point in time (i.e. sale of software license), substantiating transactions by agreeing to supporting documentation, including contracts with customers and proof of delivery to assess whether performance obligation has been satisfied and whether transaction price has been allocated onto each performance obligation correctly;

• For a sample of revenue transactions that were recognised on a percentage of completion basis (i.e. implementation services), our testing included:
- Agreeing the contract price to customer contracts; and
- Assessing the reasonableness of management’s estimated percentage of completion for services delivered up to 30 June 2024

• For a sample of revenue transactions that were recognised overtime (i.e. subscription, support and maintenance service revenue), our testing included:
- Agreeing the value of services to customer contracts; and
- Assessing the reasonableness of revenue recognised for services delivered for the financial year and revenue being deferred at 30 June 2024

• Inquiring management about long-term contracts that might have embedded financing components, and assessing the related accounting treatment against AASB15 Revenue from Contracts with Customers;

• Reviewing the group listing of unbilled receivables to identify any items potentially to be invoiced to the customers over a long period of time that might have embedded financing arrangements with the customers;

• Reviewing sales transactions before and after year-end to ensure that revenue was recognised in the correct period; and

• Reviewing adequacy of disclosures against the requirements of AASB15 Revenue from Contracts with Customers;</td></tr>
</table>

Impairment Assessment of Goodwill and Intangibles Refer to Note 17 in the financial statements	
At 30 June 2024, the Group has intangible assets and goodwill (collectively known as intangibles) with carrying values of $23.6m and $4.2m respectively. We determine this to be a Key Audit Matter due to the materiality of the intangibles. In addition, the directors' assessment of the recoverable amount of the cash generating unit ("CGU") to which these intangibles relate to involves significant judgments and estimates. Namely, the calculation of the recoverable amount of the CGU involves judgements about the future underlying cashflows of the CGU, estimated growth rates for the CGU, and judgments of an appropriate discount rate to apply to the estimated cashflows. Management also performed sensitivity analysis over the calculations, by varying the assumptions used in the revenue growth rate to assess the impact on the valuations.	Our audit procedures, which involved the assistance of our Corporate Finance team, included: • Assessing whether there is a change in assumptions supporting management's determination that the intangible assets should be allocated to a single CGU, based on the nature of the Group's operating business; • Assessing the valuation methodology used to determine the recoverable amount of the intangible assets and CGU to which the goodwill has been allocated to; • Verifying the mathematical accuracy of the impairment assessment calculations; • Evaluating the reasonableness of the key assumptions built into the model which includes the future revenue growth rates, cost of sales growth rates, overhead growth rates, discount rate, terminal value, and working capital; • Performing sensitivity analysis on growth rates applied to cash flows, to determine the extent of headroom for the intangibles; and • Reviewing the adequacy of disclosures against the requirements of *AASB 136 Impairment of Assets*.

Share-Based Payments Refer to Note 36 in the financial statements	
During the year, the Group issued new share options and performance rights to key management personnel and employees, and had options cancelled. Management have accounted for the above in accordance with *AASB 2 Share -Based Payments.* We consider this to be a key audit matter because of the complexity of the accounting required to value the instruments and the judgemental nature of inputs into the valuation models.	Our audit procedures, which involved the assistance of our Corporate Finance team, included: • Reviewing the terms and conditions of the instruments issued; • Reviewing the valuation methodology to ensure it is in compliance with *AASB 2 Share-based Payments*; • Verifying the mathematical accuracy of the underlying model; • Critically evaluating the key assumptions used including considering the grant date share price, expected volatility, vesting period and number of instruments expected to vest; • Recalculating the value and accounting treatment of the share-based payment expense to be recognised and the reserve balance for accuracy, factoring in any cancellations due to expiry, forfeiture of other reasons; and • Reviewing the adequacy of the relevant disclosures against the requirements of *AASB 2 Share-based Payments.*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

Responsibilities of the Directors for the Financial Report (Continued)

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Mach7 Technologies Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner
Dated: 28 August 2024
Melbourne, Victoria

Additional Shareholder Information

The shareholder information set out below was applicable as at 26 September 2024.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: https://www.mach7t.com/about-us/corporate-governance.

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Ordinary shares		Options over ordinary shares		Performance rights	
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total performance rights issued
1 to 1,000	1,003	0.25	-	-	-	-
1,001 to 5,000	1,870	2.11	-	-	-	-
5,001 to 10,000	822	2.67	3	0.29	-	-
10,001 to 100,000	1,328	16.00	37	22.98	-	-
100,001 and over	137	78.97	31	76.73	1	100.00
	5,160	100.00	71	100.00	1	100.00
Holding less than a marketable parcel	750	-	-	-	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
NATIONAL NOMINEES LIMITED	32,877,317	13.63
SANDHURST TRUSTEES LTD (JMFG CONSOL A/C)	31,114,880	12.90
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,668,371	11.47
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,684,257	9.40
CITICORP NOMINEES PTY LIMITED	9,721,484	4.03
UBS NOMINEES PTY LTD	9,233,020	3.83
PT DWI SATRYA UTAMA	4,392,959	1.82
PADMALWAR PRAKASH	3,569,921	1.48
CHEW & PARTNERS (IMPORT & EXPORT) PTE LTD	2,900,074	1.20
PERCO GROUP PTY LTD (F S P A/C)	2,840,000	1.18
MICROEQUITIES ASSET MANAGEMENT PTY LTD (MICROEQTS NANOCAP NO 11 A/C)	2,823,641	1.17
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT)	1,718,707	0.71
SUPERNATURAL SUPER PTY LTD (THE SUPERNATURAL SUPER A/C)	1,715,500	0.71
ALBERT LIONG PAK-FAI	1,544,189	0.64
BPNT PTY LTD (HEANEY FAMILY SUPER FUND A/C)	1,539,283	0.64
TY WEBB PTY LTD (TY WEBB A/C)	1,339,444	0.56
BNP PARIBAS NOMS PTY LTD	1,303,411	0.54
MRS JENNIFER LEE PILCHER	1,294,856	0.54
62 DARLINGHURST ROAD PTY LTD	1,000,000	0.41
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED (GSCO CUSTOMERS A/C)	964,287	0.40
	162,245,601	67.26

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued under the Company's Long Term Incentive Plan	10,299,999	71
Performance rights issued under the Company's Long Term Incentive Plan	1,825,185	1

Substantial holders

Substantial holders in the company, as disclosed in substantial holding notices given to the company under the Corporations Act, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Australian Ethical Investment Limited	32,342,776	13.41
JM Financial Group Limited	28,372,672	11.76
Microequities Asset Management Pty Ltd	16,684,772	6.95

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Other classes of equity securities do not carry voting rights.

On-market buy-back

There is no current on-market buy-back.

MACH7

Independence through Innovation