

27 February 2025

FIRST HALF FY25 RESULT

H1 FY25 HIGHLIGHTS

- CARR¹ of A\$31.8M at 31 Dec 2024, up 19% or A\$5.0M on PCP²
- ARR¹ run rate of A\$25.1M at 31 Dec 2024, up 35% or A\$6.5M on PCP
- Total revenue of A\$17.7M, up 33% or A\$4.4M on PCP
- OPEX growth of 15% on PCP; recurring revenue³ 80% of OPEX (H1 FY24: 72%)
- Sales orders of A\$16.2M (TCV⁴) compared to A\$49.5M in H1 FY24
- Cash of A\$23.6M at 31 Dec 2024, up 4% on PCP; A\$25.3M at 29 Jan 2025
- On-market share buy-back of up to A\$5M expected to commence on 3 Mar 2025⁵
- Reaffirm FY25 guidance for 15-25% growth in CARR and revenue on PCP and for OPEX growth to be less than revenue growth

Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T), a company specialising in innovative medical imaging software solutions, today provides its half year results for the six months ended 31 December 2024.

Mach7 CEO and Managing Director Mike Lampron said: “Mach7 has delivered a pleasing H1 FY25 result with strong revenue and CARR growth alongside disciplined cost control, notwithstanding the targeted investment in our three strategic pillars of cloud enablement, service & supportability and integration & interoperability. The improvement in our operating leverage was highlighted by the progress made towards covering OPEX with recurring revenue which now sits around 80%, as well as the achievement of positive EBITDA and NPATA for the first half. We are in a strong financial position with cash of approximately A\$25m at the end of January and no debt. Our commitment to maximising shareholder value was illustrated last month with the announcement of an on-market share buy-back. This is an efficient capital management initiative and demonstrates our confidence in the future performance of Mach7.

“Looking ahead, we have realigned our sales team to ensure we are laser focused on net new sales and pipeline conversion. This involves prioritising customer intimacy, a key objective of our strategic pillars, with the creation of dedicated customer success roles that reflect the importance of our ‘land and expand’ model in driving revenue growth. We have also implemented a cost out program which will further drive operating leverage as we head into the next financial year. The targeted investment that we have undertaken in our three strategic pillars will help further differentiate our product and position the company for long term growth.”

¹ Contracted Annual Recurring Revenue (CARR); Annual Recurring Revenue (ARR)

² Prior corresponding period (PCP)

³ Recurring revenue consists of Subscription revenue and Maintenance and Support revenue recognised

⁴ Total Contract Value: capital software licence fees, professional service fees, annual Subscription fees + annual Maintenance and Support fees over contract life

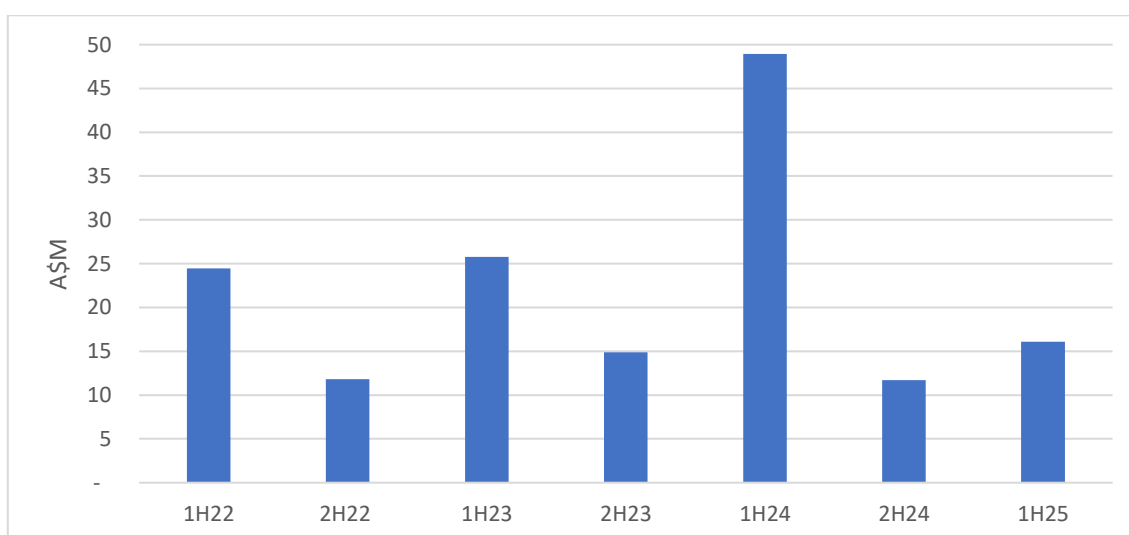
⁵ Refer to ASX announcement on 30 January 2025.

SALES ORDERS

Mach7 delivered sales orders of A\$16.2M TCV compared to A\$49.5M in H1 FY24 which was a large renewal period with record sales orders. Sales order composition for H1 FY25 is shown below.

- **Annual Recurring Revenue (ARR)-type sales of A\$10.1M** (62% of sales orders) represents Subscription and Maintenance and Support Fees which will be recognised as revenue when the customer achieves First Productive Use (FPU) or from the date of renewal. (H1 FY24: A\$43.0M, 87% of sales orders)
- **Capital Software sales of A\$3.5M** (22% of sales orders) were primarily for existing customer add-on and expansion orders (H1 FY24: A\$1.6M, 3% of sales orders). Capital software sales are immediately recognised as revenue upon delivery.
- **Professional Services sales of A\$2.6M** (16% of sales orders) were down on PCP (H1 FY24: A\$4.9M, 10% of sales orders). These sales are recognised as revenue over time upon completion of services.

CHART 1: SALES ORDERS BY HALF (TCV IN CONSTANT CURRENCY)⁶



REVENUE

H1 FY25 revenue of A\$17.7M, was up 33% on PCP reflecting strong growth in high quality recurring revenue (up 28% on PCP) which represented 71% of total revenue. The split between products was similar to H1 FY24 at approximately 60/40 between the VNA and eUnity Viewer.

Recurring revenue coverage of operating expenditure increased to 80% in H1 FY25, compared to 72% in H1 FY24 as Mach7 continued to make progress towards its target of having recurring revenue cover OPEX.

⁶ Constant currency – at average exchange rate for H1 FY25 of AUD/USD of \$0.66

Annual Recurring Revenue (ARR)

At 31 December 2024, Mach7 generated A\$25.1M of ARR, a run rate calculated by annualising the revenue earned from Subscription and Maintenance and Support Fees in December 2024. This run rate was A\$6.5M or 35% higher when compared to 31 December 2023. ARR will continue to grow as new customers achieve FPU and existing customers expand, renew at increased rates or achieve FPU on add-ons.

Contracted Annual Recurring Revenue (CARR)

CARR was A\$31.8M at 31 December 2024, up A\$5.0M or 19% since 31 December 2023. Mach7's CARR consists of the A\$25.1M ARR run rate for customers that have achieved FPU of the software, plus A\$6.7M of Subscription and Maintenance and Support fees not yet recognised as revenue.

The gap between CARR and ARR represents future revenue once FPU is achieved for new customers as well as additional revenue from existing customers from the effective date of renewal or once FPU is achieved for add-ons. CARR is based on contracts in hand as at 31 December 2024 and includes the revenue associated with H1 FY25 contract wins.

EARNINGS

EBITDA of A\$0.5M compared to -A\$2.3M in H1 FY24 reflected the strong growth in revenue during the period and disciplined cost control. Cost growth of 15% on PCP included targeted investment in Mach7's three strategic pillars in H1 FY25.

In H1 FY25, Mach7 capitalised \$0.5M in development costs associated with R&D projects. One project commenced in FY24 and is expected to be completed in Q4 FY25 at a total cost of approximately A\$0.7M. This project is expected to deliver annualised cost savings of approximately A\$1.0M when it is fully implemented.

Adjusted EBITDA of A\$0.8M showed significant improvement reflecting enhanced operating leverage within the business compared to -A\$1.6M in PCP.⁷

NPATA⁸ of A\$1.4M (H1 FY24: -A\$1.2M) and NPAT of -A\$1.9M (H1 FY24: -A\$4.6M) improved due to significant revenue growth and cost discipline. In the absence of amortisation for acquired intangibles, Mach7 had a profitable half year.

CASHFLOW AND CASH RECEIPTS

Cash receipts from customers in H1 FY25 were A\$15.9M, up 3% on PCP (A\$15.5M). The first half of the financial year is traditionally a more expensive period for the Company due to the timing of trade shows and other operating expenses. Total payments to suppliers increased by 18% when compared to PCP. The increase includes targeted investments for our three strategic pillars.

The financial position of the Company remains strong with no debt and A\$23.6M cash on hand at 31 December 2024 (A\$22.7M at 31 December 2023). At 29 January 2025, Mach7 had cash of A\$25.3M.

⁷ Adjusted EBITDA excludes unrealised net foreign exchange movements and non-cash share-based payments expense.

⁸ NPATA (Net Profit after Tax and before Amortisation) is NPAT adjusted for amortisation of acquired intangibles.

OUTLOOK

In H2 FY25, Mach7 has undertaken a realignment of its sales team to ensure a more targeted focus on net new sales and existing customers. These changes are expected to improve pipeline conversion and further enhance the Company's long-standing customer relationships.

At the same time, Mach7 has implemented a cost out program which reflects its focus on driving operating leverage as it continues to progress towards profitability. Mach7's targeted investment in its three strategic pillars is now substantially completed. Mach7 will continue to prioritise disciplined cost and cash management and is on track to be operating cash flow positive in FY25.

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

H1 FY25 INVESTOR WEBINAR

CEO Mike Lampron and CFO Dyan O'Herne will host a zoom webinar including a Q&A session with the investment community at **9:30am (AEDT) today, 27 February 2025**.

Please use the link below to register for the webinar.

https://mach7t.zoom.us/webinar/register/WN_IVrO5PQ8TgyAlC2y6g8ikA

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

Released on the authority of the Board by Mike Lampron, CEO and Managing Director.

For more information, contact:

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About Mach7 Technologies:

Mach7 Technologies (ASX:M7T) is a medical imaging technology provider that develops innovative data management and image viewing solutions for healthcare organizations. Its core offering is the Mach7 Enterprise Imaging Solution (EIS), a next-generation platform built for the future of healthcare, comprised of a Vendor Neutral Archive (VNA), eUnity Enterprise Diagnostic Viewer, and Diagnostic Workflow Applications. Designed to maximize flexibility and scalability, Mach7 gives customers the independence to deploy a full enterprise solution or individual components. Mach7 serves a global network of customers, ranging from expansive IDNs and National Health Systems to small, independent provider groups and private radiology practices. Visit Mach7t.com for more information.

Forward-looking statements

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

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



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