

FY24 Investor Presentation

28 August 2024

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

Agenda



Mike Lampron | CEO



Dyan O'Herne | CFO

- 1 Business Overview
- 2 FY24 Results
- 3 Strategy & Outlook
- 4 Appendix

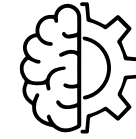
Business Overview

Our Business



Our Purpose

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



Our Offering

Innovative data storage, management and image viewing solutions for the healthcare enterprise.

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 performance 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 tele-mammography workflows.



A secure solution designed to incorporate the latest advanced applications including AI algorithms, analytics and business intelligence tools.

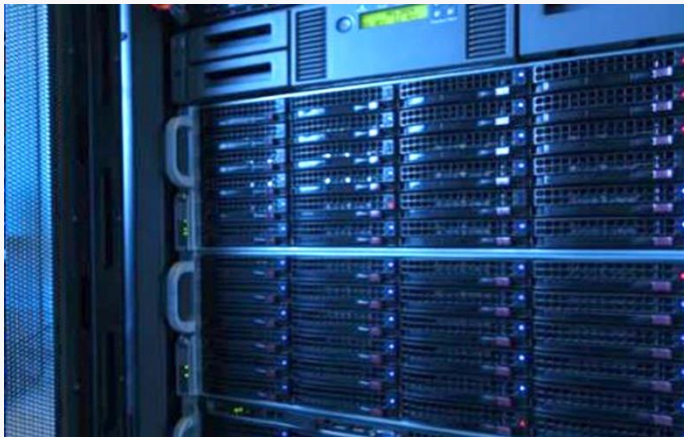
Our Solution: Enterprise Imaging Platform



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

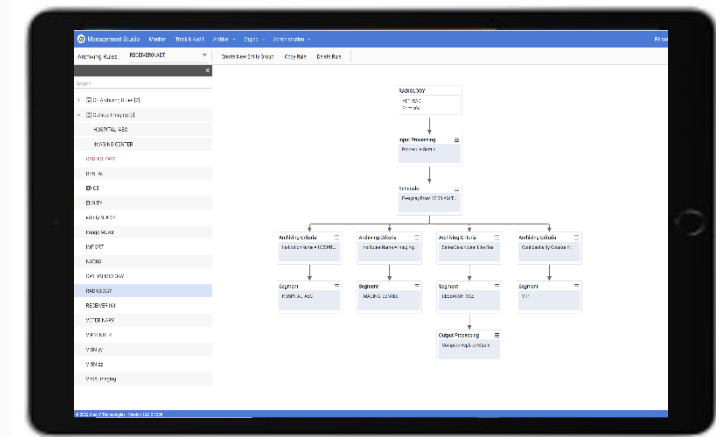
- ✓ Zero footprint HTML-5 viewer; 100% fidelity
- ✓ Virtual aggregation of imaging data across the enterprise
- ✓ 3D/MIP/MPR/**Mammography**/Pet CT
- ✓ Image enable the EMR
- ✓ Image enablement for downtime PACS solution
- ✓ Research and **AI** test platform



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

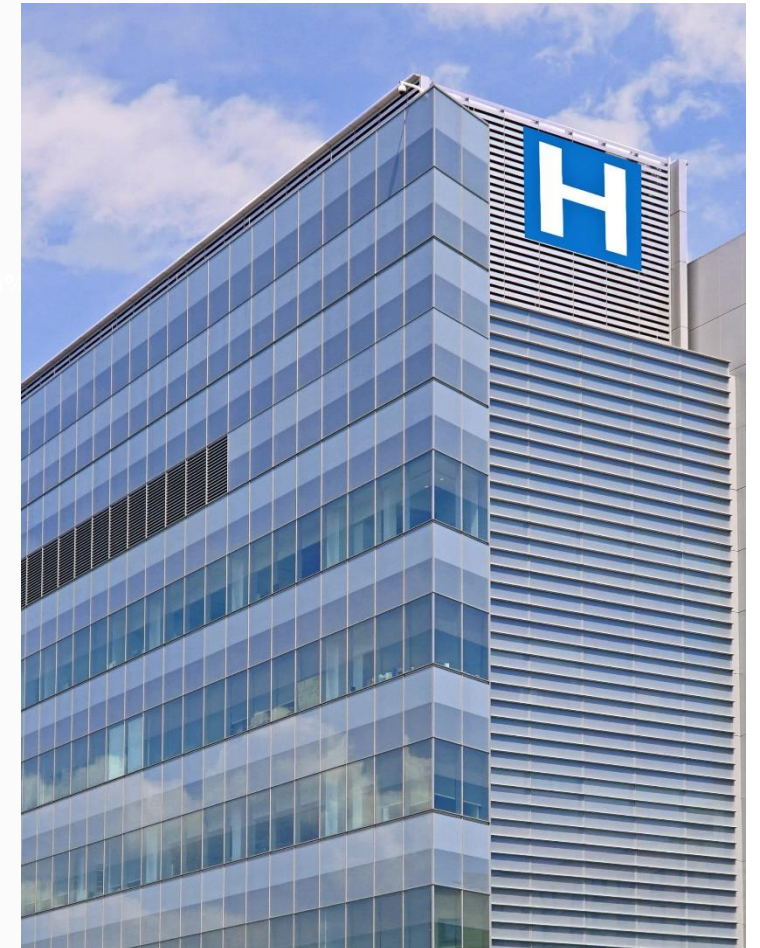


FY24 Results

FY24 in Review

Positioning Mach7 for long-term growth

- 1 Successfully navigated subscription transition with strong growth in high quality recurring revenue while delivering positive operating cashflow
- 2 Record sales orders of A\$61.3M and successful completion of large renewal program creating foundational book of business for medium term
- 3 Record results and strong growth in CARR and ARR
- 4 Maintained a disciplined approach to cost management with operating expenditure growth in line with FY24 guidance (<15% on pcp)
- 5 Strong financial position with no debt and met FY24 guidance to be cash flow positive
- 6 Invested in people, processes and tools to further differentiate from competitors



A Transformational Year



Building a foundational book of business

80

Number of
contract wins

19

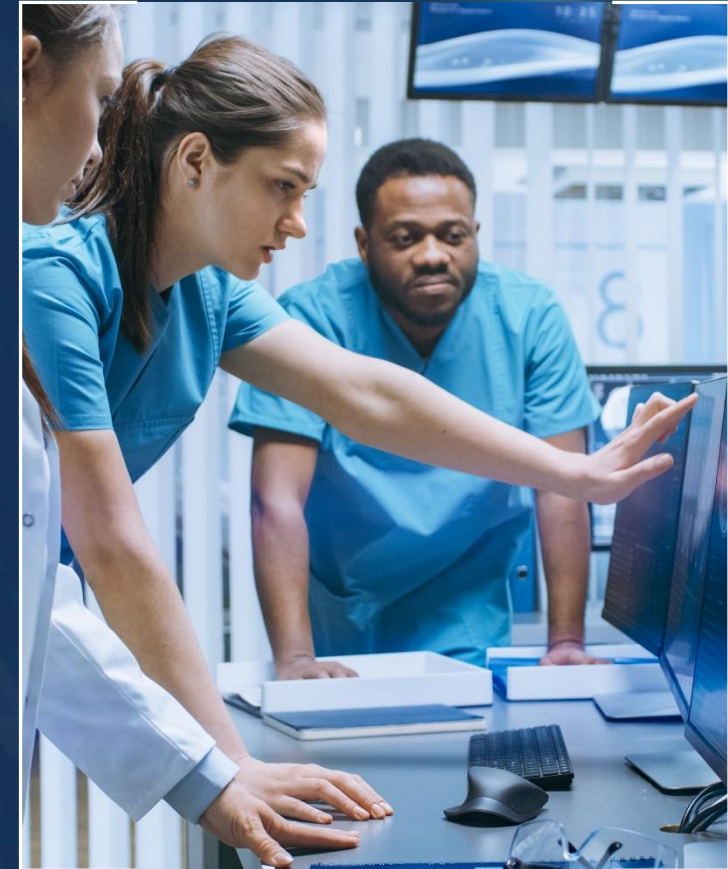
Number of
renewals

32

Number of
implementations
completed

A\$50.9M

Forward revenue
FY24 secured book of business
over 5 years



FY24 Financial Highlights



A\$29.1M

Revenue

-A\$0.9M or -3% on PCP¹
In line with revised
FY24 Guidance²

A\$21.1M

Recurring Revenue³

+A\$4.7M or +29% on PCP
72% of total revenue
(FY23: 54%)
72% of opex (FY23: 63%)

A\$27.9M

CARR⁴

+A\$7.3M or 35% on PCP

A\$22.0M

ARR⁵ 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 Guidance²

-A\$2.0M

EBITDA (adjusted)⁷

(FY23: A\$2.5M)

-A\$1.2M

NPATA⁸

(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

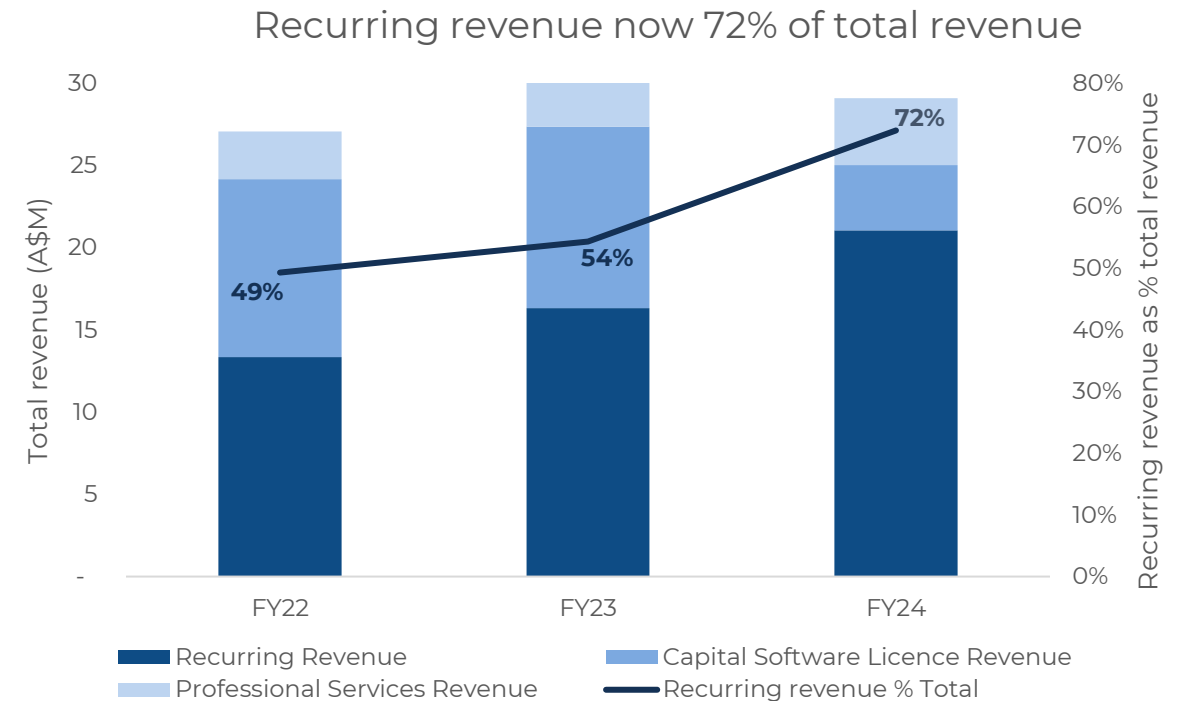
1. PCP – Prior Corresponding Period.; 2. On 24 Jan 2024, Mach7 revised FY24 sales order guidance from A\$48M to exceed A\$60M and FY24 revenue guidance to A\$27M-\$30M from growth of 15-25% as transition to subscription sales orders accelerated; 3. Recurring revenue consists of Subscription revenue and 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.

Marginal revenue decline due to subscription transition



Recurring revenue up 29% on pcp

- **Revenue** of A\$29.1M, down 3% on pcp (FY23: A\$30.0M) due to short-term impact from subscription transition
- **Recurring Revenue** of A\$21.1M, up 29% on pcp, accounting for 72% of total revenue (FY23: 54%) and representing 72% of opex (FY23: 63%)
- **Professional Services Revenue** of A\$4.1M, up 52% to represent 14% of total revenue (FY23: A\$2.7M; 9% of total revenue)
- **Capital Licence Revenue** of A\$4.0M down 64% on pcp, as customers increasingly choose a subscription model (14% of total revenue). (FY23: A\$11.0M; 37% of total revenue)¹
- **Product revenue** split similar to FY23 at approximately 60/40 between VNA and Viewer



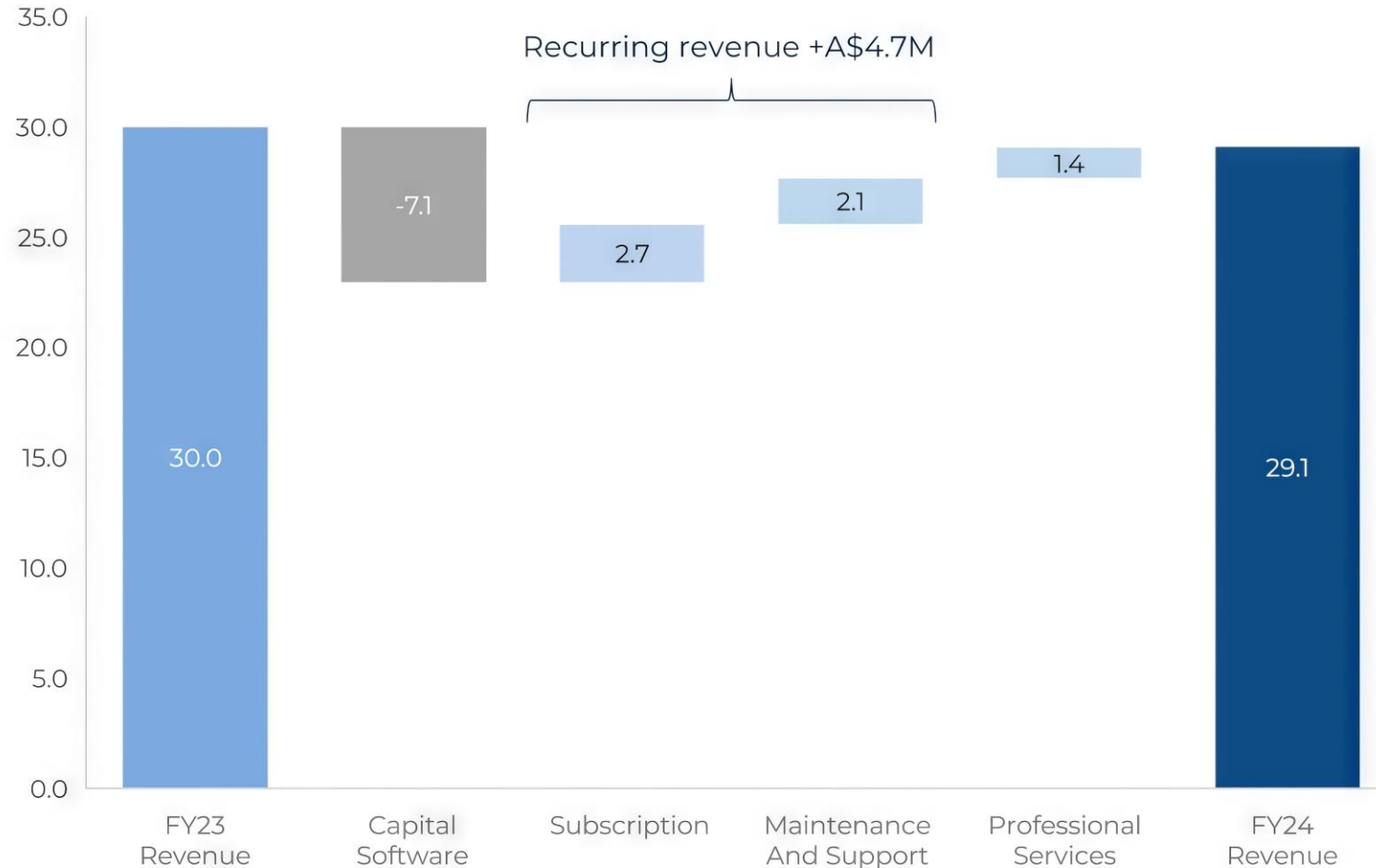
	FY24	FY23	% Change
Enterprise Diagnostic Viewer (eUnity)	12.4	12.2	1%
Enterprise Data Management (VNA) ²	16.7	17.8	-6%
Total	29.1	30.0	-3%

1. Mach7 will continue to have some component of capital licences especially for customers in the APAC region
 2. Includes departmental workflow applications

Strong growth in recurring revenue in FY24



Key drivers of revenue growth reflect subscription transition



Marginal decline in FY24 revenue

(-A\$0.9M) with growth in Recurring Revenue and Professional Services Revenue almost offsetting the decline in Capital Software Licence revenue (-A\$7.1M)

Recurring revenue was up A\$4.7M on pcp to A\$21.1M

The two components of Recurring Revenue: Subscription Revenue and Maintenance and Support Revenue each **recorded strong growth** (41% and 21% respectively on pcp)

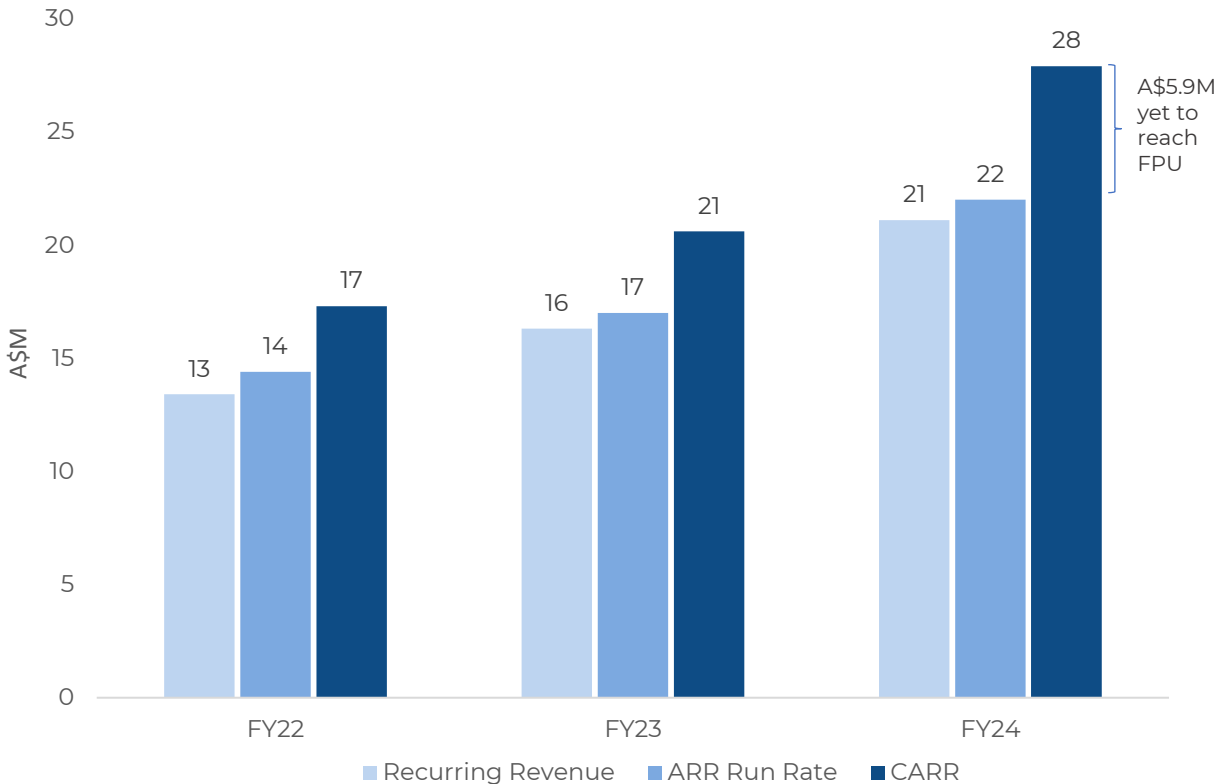
Professional Services Revenue increased by A\$1.4M to A\$4.1M reflecting increased implementation activity

CARR leading indicator of future recurring revenue



ARR recognition begins when FPU achieved, usually 12-18 months after contract signing

- **Contracted Annual Recurring Revenue (CARR)** of A\$27.9M, up 35% on 30 June 2023 (A\$20.6M)
- **Annual Recurring Revenue (ARR) Run Rate** of A\$22.0M, up 29% on 30 June 2023 (A\$17.0M)
- **Backlog** - The A\$5.9M differential between CARR and the ARR run rate at 30 June 2024 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
- **ARR coverage of opex** is increasing, up to 72% (FY23: 63%)



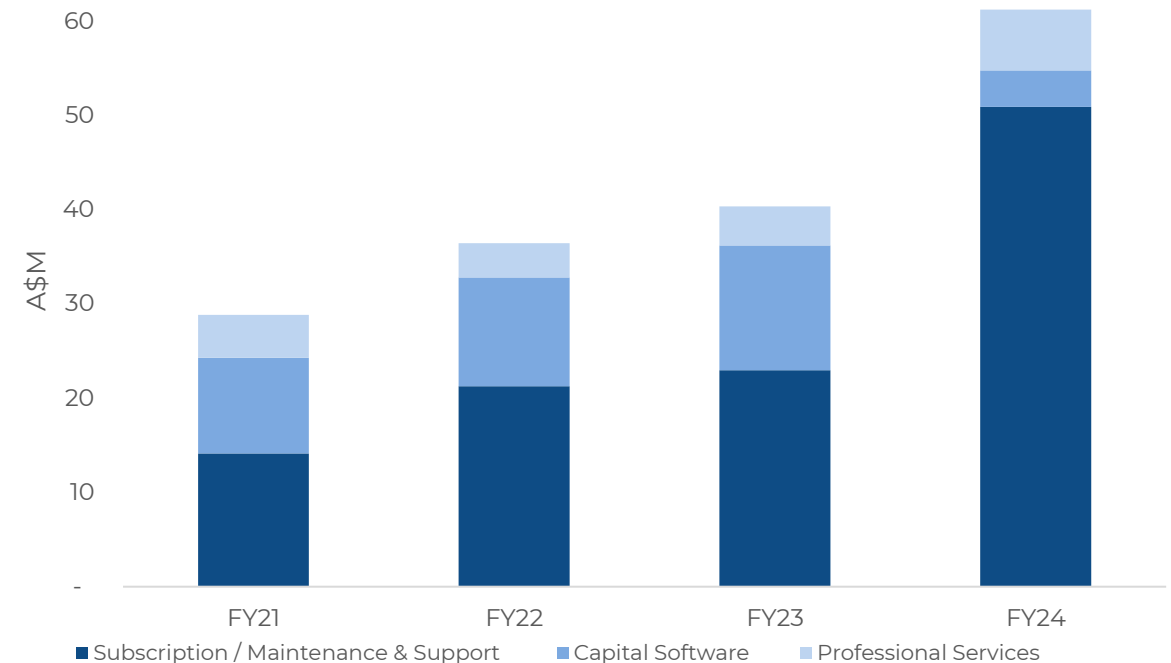
ARR Run Rate: revenue earned from subscription and maintenance and support fees at the end of June / December, annualised
CARR: ARR Run Rate + annual subscription and maintenance and support fees where FPU or renewal date is yet to occur; FPU: First Productive Use

Record sales orders

Subscription sales dominate reflecting changing customer preference

- **Record sales orders** of A\$61.3M (TCV), up 52% on FY23 and in line with revised FY24 Guidance²
- **Annual Recurring Revenue (ARR)-type Sales of A\$50.9M** (83% of sales orders) representing Subscription and Maintenance and Support Fees. Recognised as revenue when customer achieves FPU or from date of renewal (FY23: 58% of sales orders)
- **Capital Software Sales of A\$3.9M** (6% of sales orders) as customers increasingly choose a subscription model (FY23: 32% of sales orders)
- **Professional Services Sales of A\$6.5M** (11% of sales orders) were up on A\$4.1M (10% of sales orders) in FY23

Sales Order Composition (TCV)¹



1. Constant Currency - At average exchange rate for FY24 of AUD/USD \$0.656
2. On 24 January 2024, Mach7 revised its FY24 sales order guidance from A\$48M to greater than A\$60M

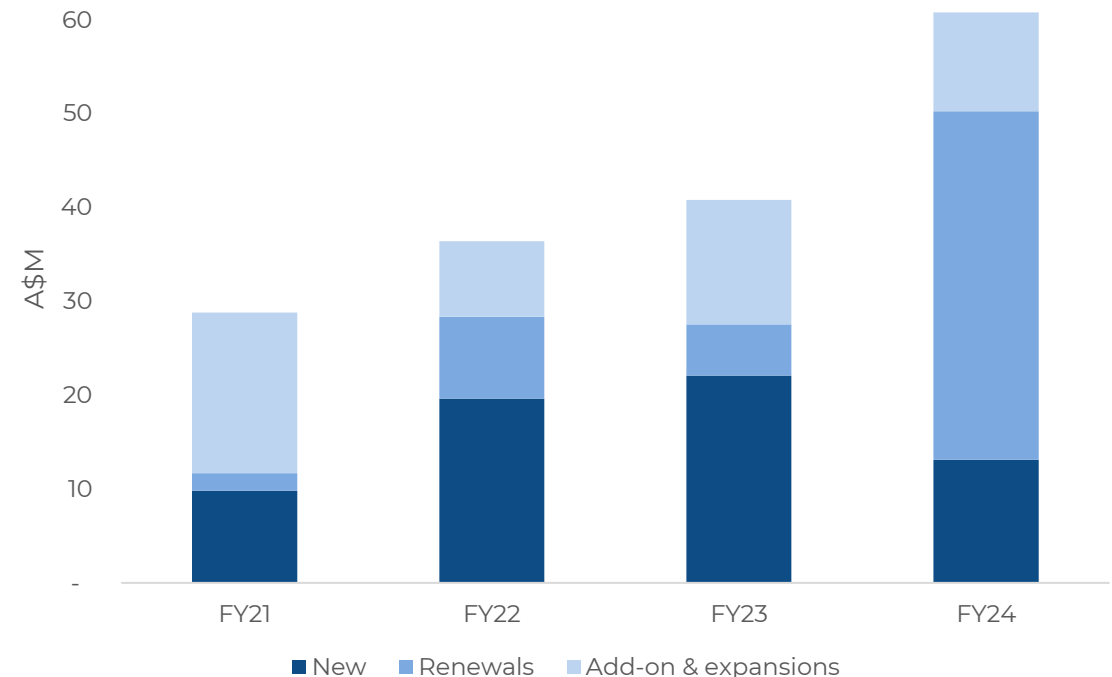
Large renewal program completed



Builds foundational book of business for the medium term

- **New customer** sales orders of A\$13.2M (22% of sales orders) includes Veterans Health Administration National Teleradiology Program (Phase I) which expands Mach7's footprint into the US public health sector
- **Renewals** of A\$37.5M (61% of sales orders) includes cornerstone customers such as the Hospital Authority of Hong Kong (HAHK) and Sentara Healthcare with some renewals generating additional revenue through price increases or add-ons / expansions
- **Add-ons** of extra products or services represented A\$5.6M (9% of sales orders) and highlights the success of Mach7's "land and expand" strategy
- **Expansions** of A\$5.0M (8% of sales orders) occur when a customer expands the licence volume for a product they are already using and reflects volume growth at customer sites

Sales Order by Type (TCV)¹



1. Constant Currency - At average exchange rate for FY24 of AUD/USD \$0.656

Strong recurring revenue growth and cost discipline drive positive operating cash flow



Achieved guidance for sales orders, revenue, opex growth and positive cash flow

- **Revenue decline** of 3% due to short-term impact from delay in revenue recognition associated with increase in Subscription sales orders in FY24. Revenue of A\$29.1M was at high end of FY24 guidance (A\$27M-30M)
- **Cost growth of 13%** in line with guidance for opex growth to be <15% in FY24
- **EBITDA (adjusted)** of -A\$2.0M was primarily due to the short-term decline in revenue
- **NPATA of -A\$1.2M and NPAT of -A\$8.0m** were lower on pcp mainly due to lower revenue (A\$0.9m), higher opex (A\$3.4M) and lower income tax benefit (A\$3.8m)
- **Record Cash Receipts** from customers increased by 42% to A\$34.9M due to timing of contract milestones and ARR renewals
- **Positive Operating Cash flow** of A\$3.5M reflected disciplined cost management, increased fees for licence renewals and improved receipts predictability for Subscription contracts
- **A\$26.2M cash** at 30 June 2024 and no debt

Earnings (A\$M) ¹	FY24	FY23	\$ Change	% Change
Revenue	29.1M	30.0M	(0.9M)	(3%)
Cost of sales	(1.4M)	(1.6M)	0.2M	(11%)
Gross Margins %	95%	95%	-	-
Operating Expenses	(29.3M)	(25.9M)	(3.4M)	13%
EBITDA	(3.3M)	1.7M	(5.0M)	(296%)
EBITDA (adjusted) ²	(2.0M)	2.5M	(4.5M)	(178%)
NPATA ³	(1.2M)	7.2M	(8.4M)	(117%)
NPAT	(8.0M)	(1.0M)	(6.9M)	660%

Cashflow (A\$M) ¹	FY24	FY23	\$ Change	% Change
Cash Receipts	34.9M	24.6M	10.3M	42%
Net Operating CF	3.5M	(2.6M)	6.1M	(232%)
Closing Cash Balance	26.2M	23.4M	2.8M	12%

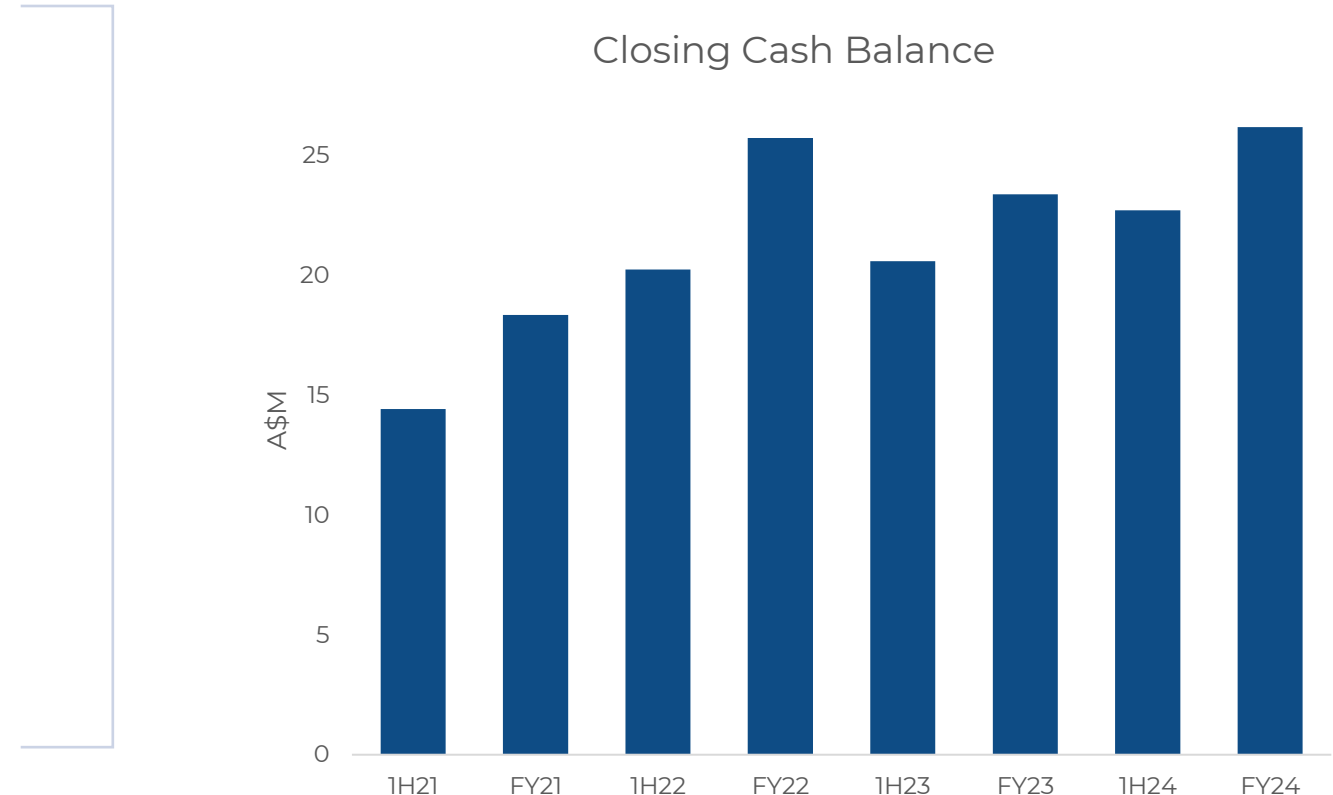
1. Note there may be some minor differences due to rounding
 2. EBITDA adjusted for unrealised net foreign exchange movements and non-cash share-based payments expense
 3. NPATA: (Net Profit After Tax and before Amortisation) is NPAT adjusted for amortisation of acquired intangibles

Strong financial position with no debt



Cash balance at highest level in 4 years despite subscription transition

- Cash on hand of A\$26.2M at 30 June 2024 and no debt, up 12% on 30 June 2023 (A\$23.4M)
- Total receipts from customers of A\$34.9M, up 42% in FY24 (FY23: A\$24.6M)
- Transition to predominantly Subscription sales orders had little impact on FY24 cashflow
- Mach7 was \$3.5M operating cashflow positive in FY24 due to disciplined cost management, increased fees for licence renewals and improved receipts predictability for subscription contracts
- Met guidance to be cashflow positive in FY24
- In FY24, total capitalised development costs associated with an R&D project were A\$0.2M¹



1. Refer to Mach7's Q4 FY24 Business Update lodged on the ASX on 30 July 2024 for further information.

Strategy & Outlook



Our Business Objectives



Changing medical imaging landscape plays to our strengths



Fragmented imaging market with legacy modality vendors losing market share

Continuing shift towards ambulatory from acute care settings

Consolidation of healthcare providers and demand for centralised imaging IT

Decisions increasingly driven by C-suite focused on enterprise efficiency and cost savings

Enterprise imaging strategies require a simplified image management and diagnostic viewing solution from any location

More complex reading environments and remote workforces becoming the norm

Mandates to invest in new technology for remote work

Opportunity to capitalise on replacement cycles as providers' venture into multi-ology Enterprise Imaging

Leverage strategic pillars to drive next phase of growth

Product innovation

Cloud enablement

Service and Supportability

Integration and Interoperability

Customer Intimacy

Customer-centric focus

Amazing customer support system

Add value by addressing growing use cases



- Focus in FY25 will be on net new logos and conversion of a large and diverse pipeline of opportunities
- Invest in product innovation to reflect a customer-centric mindset and increase the scalability of the business
- Investment in people, process and tools in FY25 is expected to be in the range of A\$2m-\$3m

FY25 expectations

CARR
growth

15-25%

Revenue
growth

15-25%

Opex
growth
<
Revenue
growth

Appendix

Shift to Subscription Model Accelerates



Licence revenue recognition for Subscription is initially lower than Capital but delivers greater total value and revenue predictability

Equivalent Contracts:		Capital Licence		Subscription Licence	
Activity/ Timing	Fee Type	Revenue Recognition	Contribution CARR/ARR	Revenue Recognition	Contribution CARR/ARR
Sales Order Signed/ Software delivered	Licence Fee	100% eg: \$1M	CARR eg: \$0.2M p.a.	0%	CARR eg: \$2.4M over 5 years =\$0.48M p.a.
Implementation/ Migration /Training	Professional Service Fee (one-off)	% Completed eg: \$0.3m	0%	% Completed eg: \$0.3m	0%
Software Live/ First Productive Use (FPU)	Annual Support Fee* (20% of TCV)	20% annually eg: \$0.2M p.a. over 5yrs = \$1M	ARR eg: \$0.2M p.a.	Included in licence fee	
	Licence Fee			20% annually eg: \$0.48M p.a.	ARR Eg. \$0.48M
Year 1 Revenue	Capital Licence Fee and/or Professional Service Fee	\$1.3M		\$0.3M	
Year 2 Revenue (assuming FPU achieved 12 months after Sales Order signed)	Annual Support Fee/ Subscription Licence Fee	\$0.2M		\$0.48M	
Total Contract Value (TCV)		\$2.3M		\$2.7M	

- Annual Recurring Revenue (ARR) - annual subscription licence fees + annual support fees recognised as revenue over the contract term when the customer achieves First Productive Use (FPU)
- Annual Support Fee - Maintenance and Support Fees
- Contracted Annual Recurring Revenue (CARR) - ARR + annual subscription licence fees and annual support fees where customer is yet to achieve FPU
- Total Contract Value (TCV) - capital software licence fee/ annual subscription fee, professional service fees and annual support fees over life of contract

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This document was authorised for release to the
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Mach7 Technologies

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