

FOURTH QUARTER FY24 BUSINESS UPDATE

Q4 FY24 HIGHLIGHTS

- Sales orders of A\$4.4M (TCV¹) in Q4 FY24, up 37% on pcp² (Q4 FY23: A\$3.2M).³
- FY24 sales orders of A\$61.3M, up 52% on FY23 (A\$40.3M); in line with revised guidance for sales orders to exceed A\$60M.⁴
- Contracted Annual Recurring Revenue (CARR) of A\$27.9M at 30 June 2024, up 35% on 30 June 2023 (A\$20.6M).
- Annual Recurring Revenue (ARR) run rate of A\$22.0M at 30 June 2024, up 29% on 30 June 2023 (A\$17.0M).
- Cash on hand of A\$26.2M at 30 June 2024, up 12% on 30 June 2023 (A\$23.4M).
- Mach7 was operating cashflow positive in FY24 and achieved FY24 guidance to be cashflow positive.

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

Mach7 CEO Mike Lampron said: “FY24 has been a transformational year for Mach7 as we laid the foundation for future growth. We achieved our revised guidance for sales orders which were a record A\$61.3M, up 52% on pcp and marked the completion of the largest renewal program in Mach7’s history. This has created a foundational book of business for the medium term and demonstrates the strength of our customer relationships and success of our “land and expand” strategy. We also delivered on our guidance to be cashflow positive in FY24, a significant achievement in the context of our transition from a capital to predominantly subscription sales model. This will provide us with higher quality recurring revenue that will allow for greater earnings reliability. Mach7 is in a strong financial position with no debt and a cash balance of A\$26.2M at 30 June 2024, its highest level in four years.

“Looking ahead to FY25, our focus will be on net new logos as our pipeline continues to grow and generate opportunities across different geographies and product combinations. Our strategic priorities reflect our purpose of enabling exceptional patient care and will be underpinned by our ongoing investment in people, processes and tools to further innovate and improve our product suite and differentiate Mach7 from our competitors.”

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

² Prior Corresponding Period

³ Average exchange rate for quarter ended 30 June 2024: AUD/USD = \$0.659.

⁴ In January 2024, Mach7 revised its FY24 sales order guidance from A\$48M to >A\$60M.

SALES ORDERS

Sales orders for the fourth quarter of FY24 were A\$4.4M (TCV) bringing FY24 sales orders to A\$61.3M, up 52% on FY23 (A\$40.3M) and in line with revised sales order guidance for FY24 of >A\$60M. In Q4 FY24, the majority of sales orders received were for ARR-type sales highlighting the ongoing transition to a Subscription revenue model.

- **Annual Recurring Revenue (ARR)-type sales of A\$3.0M** (68% of total sales orders) representing Subscription fees and Maintenance and Support fees which will be recognised as revenue over the contract term when the customer achieves First Productive Use (FPU).
- **Capital software sales of A\$0.5M** (11% of total sales orders) which are immediately recognised as revenue upon delivery.
- **Professional Services sales of A\$0.9M** (21% of total sales orders) to be recognised as revenue on a percent completion basis.

Chart 1 provides a summary of the total contract value (TCV) of quarterly sales orders since Q1 FY21 as Mach7 has secured larger customers and expanded into new market segments. Sales orders continue to be an important measure of Mach7’s financial progress as the timing of cash receipts and revenue can be affected by contract milestones, revenue recognition rules and the mix of Capital and Subscription agreements.

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

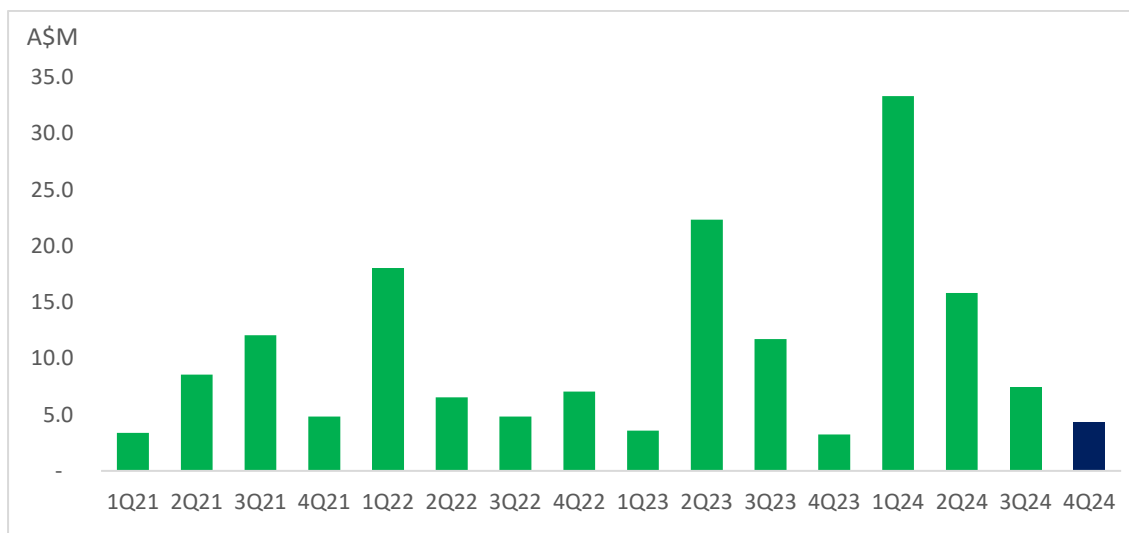
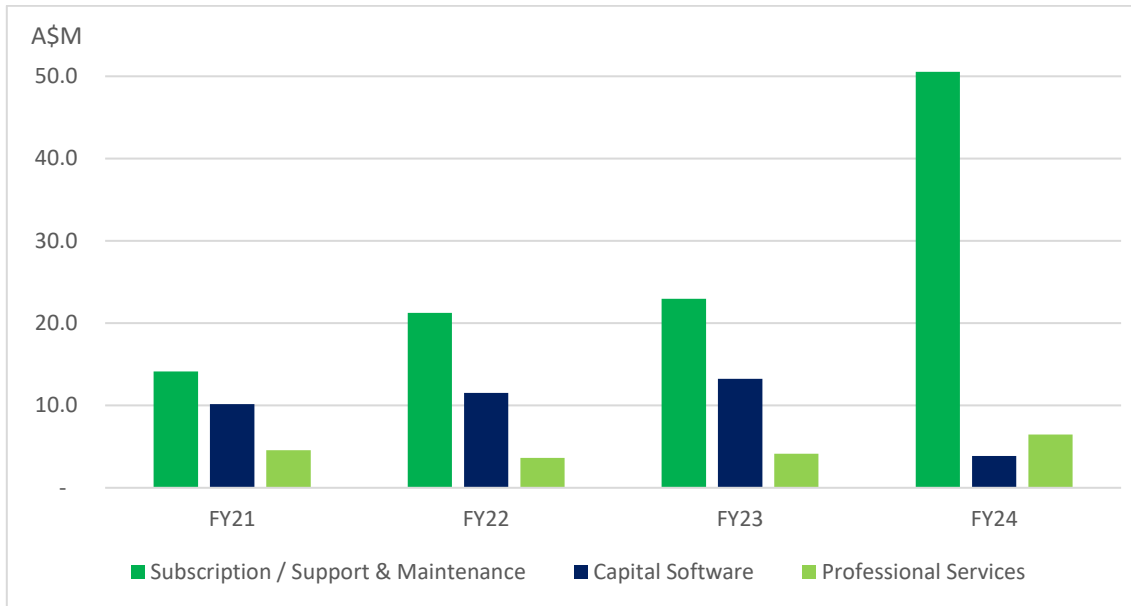


Chart 2 compares the composition of sales orders over the past four financial years. It highlights that subscription sales orders more than doubled in FY24 compared to FY23 as customers increasingly choose this model over the Capital model, especially in North America.

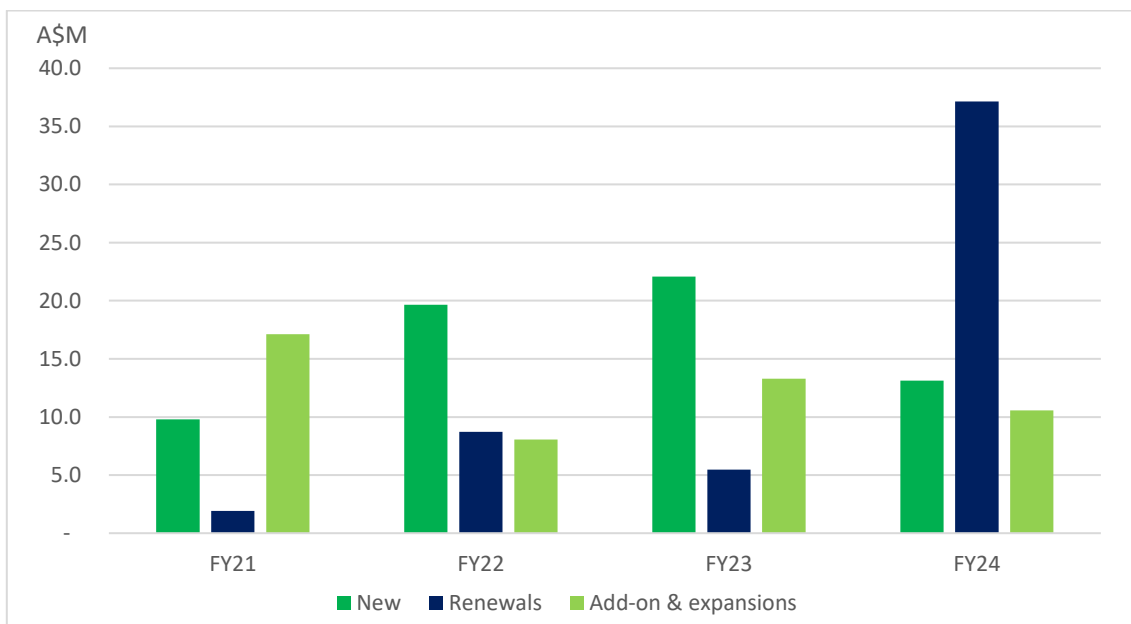
CHART 2: SALES ORDER COMPOSITION (\$AM) - TCV IN CONSTANT CURRENCY



In Q4 FY24, renewals accounted for A\$2.6M (60% of sales orders) and add-ons and expansions for A\$1.8M (40%) illustrating the “sticky and loyal” nature of Mach7’s customers and the success of its “land and expand” strategy.

Chart 3 highlights the successful completion of a large renewal program in FY24 with renewals representing A\$37.5M (61%) of sales orders. New logos accounted for A\$13.2M (22%) in sales orders and add-ons and expansions A\$10.6M (17%).

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



RECURRING REVENUE GROWTH

Annual Recurring Revenue (ARR)

Mach7 is currently generating A\$22.0M in ARR, a run rate calculated by annualising the revenue earned from Subscription and Maintenance and Support fees. This run rate declined marginally (by 1% or A\$0.3M) since 31 March 2024 due to foreign exchange movements and attrition. ARR 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)

CARR was A\$27.9M at 30 June 2024, a marginal decline on CARR at 31 March 2024 (A\$28.2M). Mach7's CARR consists of the A\$22.0M ARR run rate for customers that have achieved FPU of the software, plus A\$5.9M of Subscription and Maintenance and Support fees not yet recognised as revenue (A\$5.9M at 31 March 2024). CARR is up A\$7.3M or 35% since 30 June 2023.

The gap between CARR and ARR represents future revenue once FPU is achieved for new customers as well as additional revenue from existing customers from the effective date of renewal or once FPU is achieved for add-ons. CARR is based on contracts in hand as at 30 June 2024 and includes the revenue associated with Q4 FY24 contract wins.

CASHFLOW AND CASH RECEIPTS

Cash receipts from customers in Q4 FY24 were A\$10.5M, consistent with Q4 FY23 (A\$10.5M) and 19% ahead of Q3 FY24 (A\$8.9M). Total cash receipts from customers in FY24 were A\$34.9M, up 40% on FY23 (A\$25.0M).

Mach7 reported positive operating cash flow of A\$2.0M in Q4 FY24 and A\$3.2M for FY24, which is a significant milestone as it transitions to a predominately Subscription sales model. Mach7's FY24 cashflow positive guidance was also achieved due to disciplined cost management, increased fees for licence renewals and improved receipts predictability for Subscription contracts.

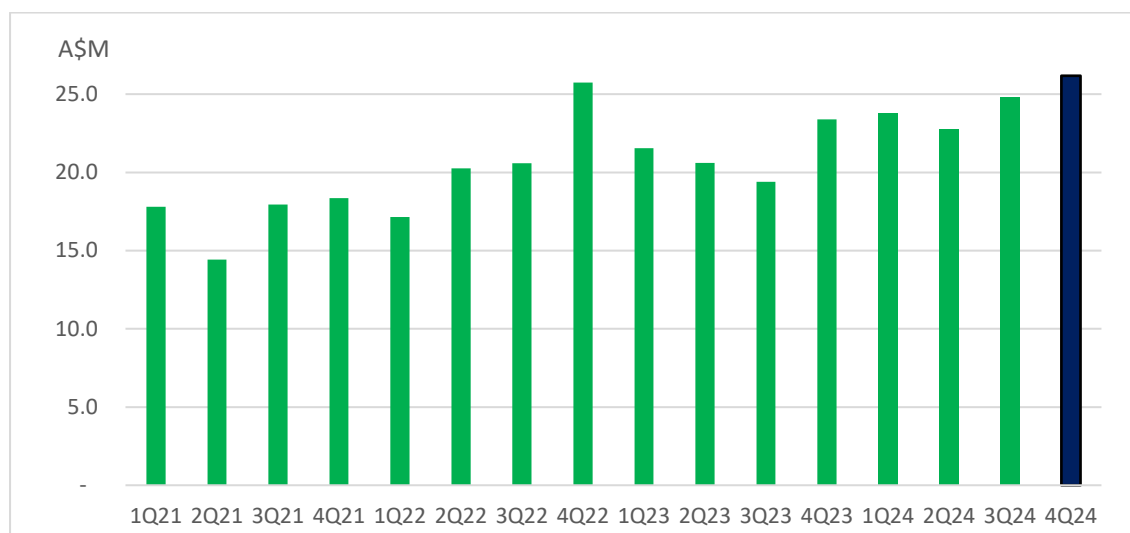
Following a review of costs associated with an R&D project, the Board has decided to capitalise development costs related to this project which commenced in FY24 and is expected to be completed in Q3 FY25. As a result, A\$0.1M of development costs incurred as of 31 March 2024 have been reclassified from Operating Activities (Staff Costs) to Investing Activities (Intellectual Property). A further A\$0.1M of development costs were capitalised in Q4 FY24 bringing total capitalised development costs associated with the project to A\$0.2M in FY24.

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

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

Chart 4 shows that Mach7’s closing cash position at the end of June 2024 was at its highest level in four years.

CHART 4: Q4 FY24 CASH BALANCE AT HIGHEST LEVEL IN 4 YEARS DESPITE SUBSCRIPTION TRANSITION



MANAGEMENT CHANGES

Ravi Krishnan, General Manager, APAC/ME has resigned from Mach7 and will leave the Company at the end of September 2024. Sathyan Vaidyanathan, who joined Mach7 in May 2023 and has worked closely with Ravi as Senior Vice President, Strategy & Business Development for APAC/ME, will replace him in the role. Sathyan has extensive experience in the region and Ravi and Sathyan will work together over the next two months to ensure a smooth transition.

Mach7 CEO Mike Lampron said: “Ravi has played an important role in the growth of Mach7 and we are highly appreciative of his efforts and contribution. We wish him all the best in his future endeavours. I look forward to working closely with Sathyan as we continue to build our presence in APAC/ME.”

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

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

- A\$77,402 for Directors’ fees and superannuation for the quarter
- A\$151,265 for Executive Director’s salary and superannuation for the quarter

OUTLOOK

Mach7 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 multiple regions, care settings and product combinations.

Mach7 has achieved FY24 guidance for sales orders to exceed A\$60M and to be cashflow positive for the financial year. Mach7 reaffirms its FY24 guidance for revenue of A\$27M-30M and opex growth of less than 15% on pcp.

Mach7 will release its FY24 result on Wednesday 28 August 2024. Refer to the ASX announcement on 11 July 2024 for further details.

Q4 FY24 INVESTOR WEBINAR

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

Please use the link below to register for the webinar.

https://mach7t.zoom.us/webinar/register/WN_jgouyPfyToaLcixSKnQB6w

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

Released on authority of the Board by:

Mike Lampron
Managing Director and Chief Executive Officer

For more information, contact:

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About Mach7 Technologies:

Mach7 Technologies (ASX:M7T), founded in 2007, is a medical imaging software company that enables exceptional patient care by empowering healthcare providers to make better informed decisions. Mach7's Enterprise Imaging Solution comprises Enterprise Data Management, Enterprise Diagnostic Viewing and Departmental Workflow applications. Mach7's Enterprise Data Management solution, consisting of a powerful Vendor Neutral Archive (VNA) and data administration tools, allows for the fast storage, access, retrieval and viewing of images across a healthcare network with connectivity to the Cloud. Mach7's eUnity Enterprise Diagnostic Viewing technology is a zero-footprint, FDA-approved, image viewing solution that makes images accessible on any workstation. This, together with Mach7's Departmental Workflow applications, offers healthcare professionals consolidated access to all patient images and data, ensuring radiologists and clinical staff have timely access to the right information to diagnose and treat patients. Uniquely, the Company gives customers the independence to deploy its solutions either on a component basis or in a unified comprehensive platform. With more than 165 customers across 15 countries, Mach7 has built a global network of customers ranging from expansive Integrated Delivery Networks, National Health Systems, medical research facilities, and large academic medical institutions to regional community hospitals, private radiology practices, and independent provider groups. Visit Mach7t.com.

Forward-looking statements

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

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



Appendix 4C

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

Name of entity

Mach7 Technologies Limited

ABN

26 007 817 192

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,533	34,865
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(550)	(1,246)
(c) advertising and marketing	(143)	(813)
(d) leased assets	(47)	(219)
(e) staff costs ¹	(6,044)	(23,655)
(f) administration and corporate costs	(1,714)	(5,894)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	132	478
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(153)	(286)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	2,014	3,230
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(67)	(147)

¹ Mach7 has capitalised A\$125k of development costs in Q4 FY24 and reclassified A\$119k of development costs incurred as of 31 March 2024 from Operating Activities (Staff Costs) to Investing Activities (Intellectual Property). Refer to the accompanying ASX announcement for more detail.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) investments	-	-
(e) intellectual property ¹	(125)	(244)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired in acquisition)	-	-
2.6 Net cash from / (used in) investing activities	(192)	(391)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	187
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	187

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	24,801	23,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,014	3,230
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(192)	(391)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	187
4.5	Effect of movement in exchange rates on cash held	(448)	(246)
4.6	Cash and cash equivalents at end of period	26,175	26,175

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	18,864	17,490
5.2 Call deposits	7,311	7,311
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	26,175	24,801

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	229
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	2,014
8.2 Cash and cash equivalents at quarter end (item 4.6)	26,175
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	26,175
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30 July 2024.....

Authorised by: ..Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.