Mach7 Technologies Limited

ABN 26 007 817 192

ASX Appendix 4E Preliminary Final Report
&
Directors’ Report and Audited Financial Statements

For the year ended 30 June 2024

(Previous corresponding period: year ended 30 June 2023)

Provided to the ASX in accordance with listing rule 4.3A

Mach7 Technologies Limited (ACN 007 817 192 ABN 26 007 817 192)
Level 4 | 100 Albert Road | South Melbourne
VIC 3205 Australia

Mach7 Technologies Limited
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30 June 2024

Mach7 Technologies Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Mach7 Technologies Limited
ABN:	26 007 817 192
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	3.1%	to	29,112,863
Loss from ordinary activities after tax attributable to the owners of Mach7 Technologies Limited	up	660.4%	to	(7,970,324)
Loss for the year attributable to the owners of Mach7 Technologies Limited	up	660.4%	to	(7,970,324)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $7,970,324 (30 June 2023: $1,048,112). Please refer to the Directors' Report for a detailed explanation and analysis of the Group's performance for the year ended 30 June 2024.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	10.0	10.0

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

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11. Attachments

Details of attachments (if any):

The Directors’ Report and Audited Financial Statements of Mach7 Technologies Limited for the year ended 30 June 2024 is attached.

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12. Signed

Signed ______________________________ Date: 28 August 2024

Robert Bazzani
Chairman
Melbourne

Mach7 Technologies Limited
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[1]) (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.

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.

[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.

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

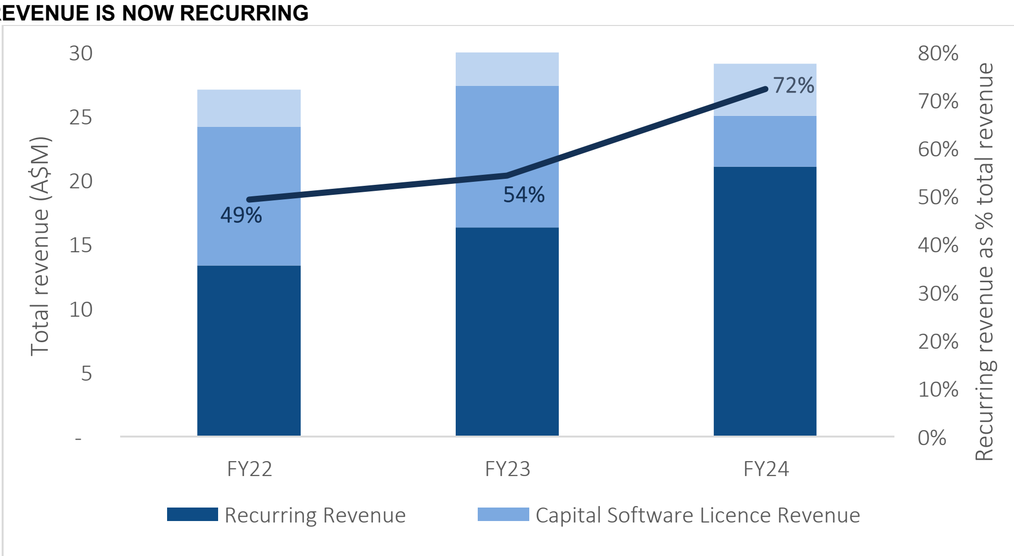
The Group reported $29.1 million revenue from operations (FY23: $30.1 million), a decrease of $0.9 million or 3% on the prior year due to the short-term impact of the capital to subscription transition. Pleasingly the Group's ARR recognised for the year (that is Maintenance and Support revenue and Subscription 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 effective16 November 2023)

Board of Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows:

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

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, AGIA, ACIS.
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 effective16 November 2023)	Till 16 November 2023
Mr Philippe Houssiau	Independent, Non-Executive Director (Resigned effective16 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**	
30 June 2024	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**$**	**Total $**
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	
30 June 2023	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**$**	**Total $**
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:

Name	Remuneration 30 June 2024	Remuneration 30 June 2023	At risk - STI 30 June 2024	At risk - STI 30 June 2023	At risk - LTI 30 June 2024	At risk - LTI 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 30 June 2024	**Number of options granted during year 30 June 2023**	**Number of options vested during year 30 June 2024**	**Number of options vested during year 30 June 2023**	**Value of options granted during year 30 June 2024**	**Value of options exercised during year 30 June 2024**	**Value of options lapsed during year 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:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
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

Mach7 Technologies Limited
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

Mach7 Technologies Limited
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

Mach7 Technologies Limited
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital $	Share based payments Reserves $	Foreign exchange translation $	Accumulated losses $	Total equity $
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

Consolidated	Issued capital $	Share based payments Reserves $	Foreign exchange translation $	Accumulated losses $	Total equity $
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

Mach7 Technologies Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 30 June 2024 $	Consolidated 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

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'.

Note 2. Material accounting policy information (continued)

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.

Note 2. Material accounting policy information (continued)

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.

Note 2. Material accounting policy information (continued)

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

Note 2. Material accounting policy information (continued)

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.

Note 2. Material accounting policy information (continued)

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.

Note 2. Material accounting policy information (continued)

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.

Note 2. Material accounting policy information (continued)

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.

Note 2. Material accounting policy information (continued)

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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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

Note 6. Revenue from contracts with customers (continued)

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 30 June 2024 $	Consolidated 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

Note 12. Trade and other receivables (continued)

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 $	Consolidated 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 $	Consolidated 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 30 June 2024 $	Consolidated 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 $	Consolidated 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.

Note 17. Intangibles (continued)

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 $	Consolidated 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 $	Consolidated 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 $	Consolidated 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 $	Consolidated 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:

Consolidated	Options reserve $	Foreign Exchange Translation Reserve $	Total $
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

Note 25. Financial instruments (continued)

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:

Sensitivity	Profitability (post-tax) higher/(lower) 2024 $	Profitability (post-tax) higher/(lower) 2023 $	Equity (excluding accumulated losses) 2024 $	Equity (excluding accumulated losses) 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

Note 25. Financial instruments (continued)

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):

Consolidated	30 June 2024 Balance $	30 June 2023 Balance $
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.

Note 25. Financial instruments (continued)

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 effective16 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)

Note 31. Parent entity information (continued)

Statement of financial position

	Parent 30 June 2024 $	Parent 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:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2024 %	Ownership interest 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 30 June 2024	Weighted average exercise price 30 June 2024	Number of options 30 June 2023	Weighted average exercise price 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

Note 36. Share-based payments (continued)

30 June 2024

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
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

Note 36. Share-based payments (continued)

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

Note 36. Share-based payments (continued)

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

Mach7 Technologies Limited
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.

Mach7 Technologies Limited
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

RSM Australia Partners

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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)

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 6 in the financial statements	
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.	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*;

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