

31 January 2025

SECOND QUARTER FY25 BUSINESS UPDATE¹

Q2 FY25 HIGHLIGHTS

- Contracted Annual Recurring Revenue (CARR) of A\$31.8M at 31 Dec 2024, up 15.6% on 30 Sep 2024 on reported basis (A\$27.5M); up 4.3% in constant currency (A\$30.5M)
- Annual Recurring Revenue (ARR) Run Rate of A\$25.1M at 31 Dec 2024, up 14.1% on 30 Sep 2024 on reported basis (A\$22.0M); up 2.9% on 30 Sep 2024 in constant currency (A\$24.4M)
- Sales orders of A\$14.0M (TCV²) in Q2 FY25 (Q2 FY24: A\$16.0M in constant currency)
- Cash of A\$23.6M at 31 Dec 2024, up 4% on pcp; A\$25.3M at 29 Jan 2025
- On-market share buy-back of up to A\$5M expected to commence on 3 Mar 2025³
- Reaffirm FY25 guidance for 15-25% growth in CARR and revenue on pcp and for opex growth to be less than revenue growth

Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T), a company specialising in innovative medical imaging software solutions, today provides a business update and quarterly cashflow report for the quarter ended 31 December 2024 (Appendix 4C).

Mach7 CEO Mike Lampron said: “We are on track to meet our FY25 guidance. Mach7 delivered a solid result in Q2 FY25 as we signed new contracts with existing customers demonstrating the importance of our strategic focus on customer intimacy and success of our “land and expand” model. We continued to make targeted investments in line with our three strategic pillars of cloud enablement, customer service, integration and interoperability. This will further differentiate us as a platform that enables our customers to grow and integrate with new technologies over time. Our partnership with NewVue and proprietary integration to create UnityVue has resonated well with our customers allowing us to target workflow challenges within IDNs and radiology group practices.

“Mach7’s products were showcased at over 10 booths at RSNA⁴ resulting in a 78% increase in net new leads. Mach7 is in a strong financial position with no debt, growing cash balances and a disciplined approach to costs and cash management. Our commitment to maximising shareholder value was highlighted yesterday with our announcement of an on-market share buy-back. This is an efficient capital management initiative and illustrates our confidence in the future performance of Mach7. We have a strong pipeline of opportunities as we head into the second half.”

¹ Unaudited financial information.

² Total Contract Value: Capital Software Licence Fees, Professional Service Fees, Annual Subscription Fees plus Annual Maintenance and Support Fees over contract life.

³ Refer to ASX announcement on 30 January 2025.

⁴ Radiological Society of North America trade show held in December 2024.

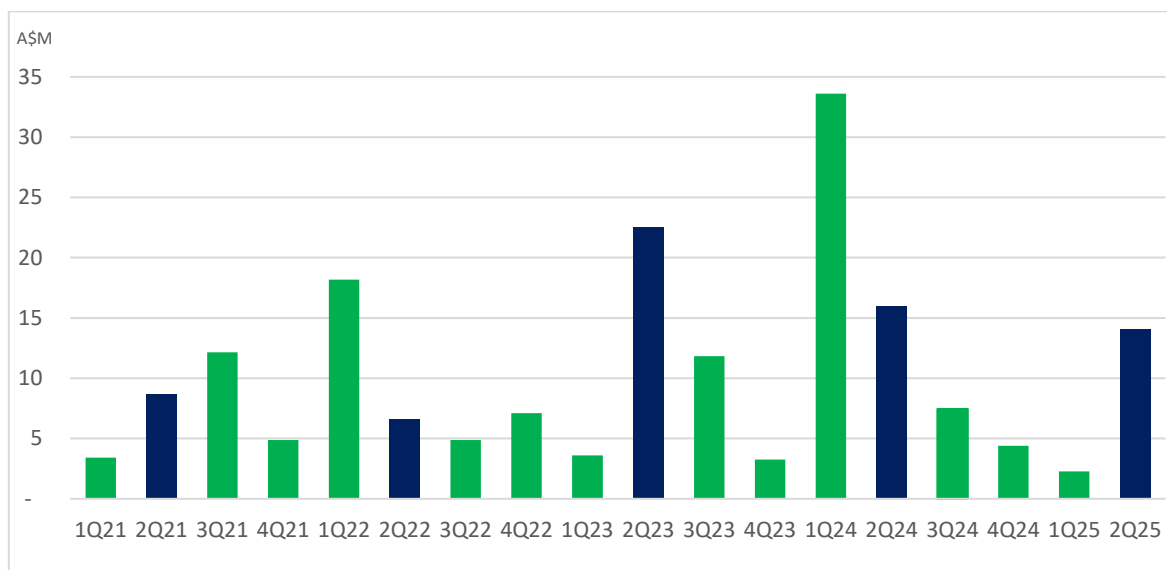
SALES ORDERS

Sales orders for the second quarter of FY25 were A\$14.0M (TCV) with the majority of sales orders received for ARR-type sales.

- **Annual Recurring Revenue (ARR)-type sales of A\$8.8M** (62% of total sales orders) representing Subscription fees and Maintenance and Support fees which will be recognised as revenue over the contract term from the effective date of renewal or when the customer achieves First Productive Use (FPU).
- **Capital software sales of A\$2.8M** (20% of total sales orders) which are immediately recognised as revenue upon delivery.
- **Professional Services sales of A\$2.4M** (18% of total sales orders) to be recognised as revenue on a percent completion basis.

Chart 1 provides a summary of the Total Contract Value (TCV) of quarterly sales orders since Q1 FY21 and highlights the variable nature of sales orders over time. In Q2 FY25, add-ons and expansions accounted for 67% of sales orders with renewals making up the remainder. This reflects Mach7’s focus on customer intimacy and the success of its “land and expansion” strategy.

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



RECURRING REVENUE GROWTH

Annual Recurring Revenue (ARR)

Mach7 is currently generating A\$25.1M in ARR, a run rate calculated by annualising the revenue earned from Subscription and Maintenance and Support fees. This run rate has increased by A\$0.7M since 30 September 2024, in constant currency (A\$24.4M). ARR will continue to grow as new customers achieve FPU and existing customers expand, renew at increased rates or achieve FPU on add-ons.

Contracted Annual Recurring Revenue (CARR)

CARR was A\$31.8M at 31 December 2024, an A\$1.3M increase compared to 30 September 2024 in constant currency (A\$30.5M). Mach7's CARR consists of the A\$25.1M ARR run rate for customers that have achieved FPU of the software, plus A\$6.7M of Subscription and Maintenance and Support fees not yet recognised as revenue (A\$6.1M at 30 September 2024 in constant currency).⁵

The gap between CARR and ARR represents future revenue once FPU is achieved for new customers as well as additional revenue from existing customers from the effective date of renewal or once FPU is achieved for add-ons. CARR is based on contracts in hand as at 31 December 2024 and includes the revenue associated with Q2 FY25 contract wins.

CASHFLOW AND CASH RECEIPTS

Cash receipts from customers in Q2 FY25 were A\$9.6M, up 34.2% compared to A\$7.2M in Q2 FY24 reflecting the signing of significant expansion and renewal agreements during the quarter.

Operating activity payments in Q2 FY25 were A\$1.2M lower compared to Q1 FY25 which included annual fees of approximately A\$0.9M related to the Company's three strategic pillars.

In Q2 FY25, Mach7 reported operating cash inflows of A\$0.9M compared to operating cash outflows of A\$0.2M in Q2 FY24 and A\$3.5M in Q1 FY25. The second quarter is not usually operating cashflow positive due to higher costs mainly associated with RSNA.

Mach7 capitalised A\$0.1M in development costs related to an R&D project which commenced in FY24 and is expected to be completed in Q4 FY25 at a total cost of A\$0.7M. This project is expected to deliver annualised cost savings of approximately A\$1M when it is fully implemented. Mach7 capitalised a further A\$0.1M in development costs related to other R&D projects which commenced in FY25.

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

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

⁵ On a reported basis, the gap between CARR and ARR Run Rate was A\$5.5M at 30 September 2024.

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

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

- A\$77,989 for Directors' fees and superannuation for the quarter
- A\$164,644 for Executive Director's salary and superannuation for the quarter

OUTLOOK

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

Looking ahead, the Company expects to see continued demand and volume growth from both new and existing customers across North America, APAC and the Middle East.

Q2 FY25 INVESTOR WEBINAR

CEO Mike Lampron and CFO Dyan O'Herne will host a zoom webinar including a Q&A session with the investment community at **9:30am (AEDT) today, 31 January 2025**.

Please use the link below to register for the webinar.

https://mach7t.zoom.us/webinar/register/WN_Rf3etq_HRnuTZ5GKE6A3BA

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

Released on authority of the Board by:

Mike Lampron
Managing Director and Chief Executive Officer

For more information, contact:

Investor Relations

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About Mach7 Technologies:

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

Forward-looking statements

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

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



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Appendix 4C

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

Name of entity

Mach7 Technologies Limited

ABN

26 007 817 192

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,603	15,919
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(231)	(1,016)
(c) advertising and marketing	(372)	(609)
(d) leased assets	(40)	(79)
(e) staff costs ¹	(6,461)	(13,702)
(f) administration and corporate costs	(1,630)	(3,269)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	125	265
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(50)	(51)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	944	(2,542)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(498)	(525)

¹ Mach7 has capitalised A\$248k of development costs in Q2 FY25 and reclassified A\$106k of development costs for additional development projects incurred as of 30 September 2024 from Operating Activities (Staff Costs) to Investing Activities (Intellectual Property).

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) investments	-	-
(e) intellectual property ¹	(248)	(513)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired in acquisition)	-	-
2.6 Net cash from / (used in) investing activities	(746)	(1,038)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21,857	26,175
4.2	Net cash from / (used in) operating activities (item 1.9 above)	944	(2,542)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(746)	(1,038)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1,542	1,002
4.6	Cash and cash equivalents at end of period	23,597	23,597

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	13,877	14,546
5.2	Call deposits	9,720	7,311
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,597	21,857

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	243
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	944
8.2 Cash and cash equivalents at quarter end (item 4.6)	23,597
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	23,597
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date:31 January 2025.....

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

Notes

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