MACH7

Independence through Innovation

2023 ANNUAL REPORT

Record growth and continued expansion with a commitment to being a leader in Enterprise Imaging for Healthcare Organisations

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Our Company

What We Do

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

We give healthcare organisations the independence and flexibility to deploy our solutions according to their needs, either through individual product components or via a unified, comprehensive end-to-end enterprise imaging platform. In this way we help our customers improve efficiency, achieve operational cost savings, leverage their existing IT investments, improve the experience for patients and medical professionals, and support healthier outcomes.

Our Values

When healthcare organisations and industry solution providers are looking for healthcare software/IT companies to contract or partner with, a key aspect in this vetting process is considering the company's core values and understanding their approach to their employees' work environment. Mach7 prioritises these aspects and is committed to the core tenants of trust, customer engagement, discovery, accountability, respect, and ethical conduct.

Trust

Trust is the core of every action we take. Internally and externally, we will always take steps in building trust among our employees, shareholders, partners, and customers. We prioritise building trust by operating with integrity, honesty, and transparency in all our interactions. We encourage open and transparent communication, providing timely and accurate information to our shareholders and stakeholders, fostering trust through effective communication channels.

Customer Engagement

We prioritise building trust with our customers. We strive to have an enhanced understanding of our customers and the solutions they require. We will provide exceptional service, and consistently deliver value that exceeds their expectations. This will allow us to become trusted advisors for our customers.

Discovery

We work to drive innovation through our unique offerings. We will always take a holistic approach to understanding our customers and where we can add value to our market, the impact we can make to the healthcare community and how we can impact patient outcomes. We strive to lead the way in modern medical imaging software and provide innovative ways for our customers to improve their ability to share images efficiently and effectively with providers and patients.

Accountability

We take responsibility for our actions and outcomes, and we hold ourselves accountable for maintaining the trust our shareholders and stakeholders place in us.

Respect

We value and respect the opinions, needs and perspectives of our stakeholders, fostering an inclusive and collaborative environment built on trust.

Ethical Conduct

We uphold ethical principles and comply with legal and regulatory requirements, ensuring that our actions align with our values and ethical standards.

Through these core values and actions, Mach7 has gained an impeccable reputation as a trusted partner in the healthcare IT industry. Once a customer contracts with Mach7, they typically not only maintain a long-term relationship with the company but also expand upon that relationship by purchasing additional products and services. Through a focus on customer success and satisfaction, our customers become advisors who provide advocacy for the company in many ways including clinical use case/ success stories, educational sessions, participation in industry forums and by fostering a reference network to open opportunities for future achievements and company growth.

In addition, our partner relationships provide product solution augmentation and give Mach7 a solid sales distribution channel to aid in growing and expanding our presence throughout the globe. These partner companies include some of the most prominent healthcare IT solution providers in the market that offer tremendous added value to our core offerings such as encounter based imaging, business intelligence/analytics, AI-embedded workflows, cloud technology and a host of other capabilities. Finally, healthcare IT consultants and subject matter experts throughout the healthcare industry count on Mach7 for participation in customer panels, consultative committees, and trade show conferences. More than ever, we are seen as thought leaders with insight into future Imaging IT trends and solution requirements that will provide valuable input for healthcare decision makers looking to modernise their imaging, data management and diagnostic workflow system capabilities.

Vision and Mission

Our Vision

To enable exceptional patient care by empowering clinicians to make more informed diagnostic and treatment decisions. We believe every healthcare organisation should be an open and connected environment where patient information flows easily and can be viewed and accessed instantly.

Our Mission

To develop innovative software that connects imaging data across the healthcare enterprise, enabling care providers to have the information they need to improve health outcomes. We will become the definitive technology partner that guides healthcare organisations through their transformation from unconnected, standalone imaging departments to an open, vendor neutral, integrated healthcare enterprise.

How We Deliver on This Mission

We embrace and encourage in-depth customer and industry engagement to understand imaging and data management challenges and needs for healthcare providers throughout the globe.

Mach7 invests in a highly skilled workforce of professionals built upon our core values of trust, customer engagement, discovery, accountability, respect, and ethical conduct.

There is a clear and unobstructed focus on customer value and satisfaction. This is purposely designed to provide healthcare professionals with the tools and capabilities they need to deliver high quality care to their patients to improve outcomes and promote health and well-being.

We develop best-in-market Enterprise Imaging products and services that deliver:

- True vendor neutral independence and flexibility.
- Future proof performance, reliability, stability, and scalability for the entire healthcare enterprise.
- The ability to implement solutions quickly with minimal administrative overhead.
- Intuitive application use and access without the need for extensive IT resources or training.
- Robust standards-based interoperability that allows healthcare professions to make the most of their EHR and leverage their existing IT system investments.
- Comprehensive image enablement and visualisation with diagnostic (full resolution) quality images available anywhere, anytime.
- Unification of patient data with a wide breadth of user capabilities.
- The ability for healthcare providers to implement customised workflows and use cases.
- The ability to integrate with the latest and most advanced clinical applications including reading worklists, advanced visualisation, business intelligence/analytics and 3rd party workflow tools.
- The capability for clinicians to maintain quality control of imaging studies to improve diagnostic confidence and support treatment plans.
- The ability to enable the latest cloud technologies and promote the adoption and use of AI algorithms and AI workflows to form a modern imaging architecture throughout the healthcare enterprise.

Key Achievements for FY23

Financial Highlights

Record Sales Orders (TCV)[1]
$40.3M
+$7.1M or 21% on PCP[2]

Record Revenue
$30.1M
+$3.0M or 11% on PCP

CARR[3]
$20.6M
+$3.6M or 21% on PCP
$24.8M at July 2023

ARR[4]
$17.0M run rate
+$2.6M or 18% on PCP
$17.7M run rate July 2023

New contracts in high growth market
Akumin
Nuvodia
VHA & DIA in Q1 FY24

EBITDA (adjusted)[5]
$2.5M
-$1.3M or -34% on PCP

NPAT
-$1.0M
+$3.1M or 75% on PCP
NPATA[6]
$7.2M
+$2.8M or 61% on PCP

Strong financial position
Cash: **$23.4M** 30 June 23
$25.9M 3 July 23
no debt

1. *TCV: Total Contract Value*
2. *PCP: Prior Corresponding Period*
3. *CARR: Contracted Annual Recurring Revenue*
4. *ARR: Annual Recurring Revenue*
5. *EBITDA adjusted for foreign exchange impacts and non-cash share-based payments*
6. *NPATA: (Net Profit After Tax and Before Amortisation) is NPAT adjusted for amortisation of acquired intangibles*

Strong Financial Performance and Continued Strong FY24 Outlook

In FY23, Mach7 showed solid financial outcomes with historical company performance across indicators resulting in a strong financial position. These include:

- **Record Sales Orders**
- **Record Revenue**
- **Significant Cash Reserves**
- **No Debt**
- **New Contracts in high growth market**
- **Contract type mix predominantly recurring revenue composition**

Major Contract Wins

New Customers Buy Entire Enterprise Imaging Platform

- **St. Paul's Hospital Hong Kong** – a private hospital with ~500 beds and more than 20 departments. The capital contract has TCV of $1.52M.
- **Nuvodia** – a US radiology and IT service provider focusing on outpatient imaging centres. The subscription contract has a 5-year term with a TCV of $2.5M.
- **Akumin** – an outpatient radiology service provider with a network of 234 outpatient radiology and oncology centers and approximately 1,000 hospitals and health system clients across 48 states. The capital contract has a 10-year term with TCV of $16.7M.

Q1 FY24 Highlights – Public Sector Entry and Outpatient Focus

- **Veterans Health Administration (VHA)** – National Teleradiology Program (NTP) contract. Phase I will see Mach7's VNA and eUnity viewer solutions form the core of NTP's NextGen PACS and has a potential TCV of $11.7 million with a 12-month implementation fee period, then a fee/study subscription licence over a 3-year term.
- **Diagnostic Imaging Associates (DIA)** – an onsite and teleradiology service provider to public and private radiology departments throughout Oklahoma and surrounding states. The subscription contract has a TCV of $3.7M and a 5-year term.

Product Ranking and Performance

Mach7's **eUnity Diagnostic Viewer** is consistently ranked as one of the top performing viewers in the US healthcare market based on data from KLAS Research (KLAS). KLAS is the predominant research firm in the US for medical technology providers whereby they survey healthcare organizations to obtain insights and findings on several factors and variables to rank and score IT vendors in specific product and service segments.

Mach7 is considered an Enterprise Imaging provider and currently listed in the **Universal Viewer** and **VNA** product categories of KLAS research data and reports.

KLAS provides many services and reports but at its core foundation is the ability to capture industry and market attention through the scoring and ranking of healthcare IT companies for both products and services.

Universal Viewer and VNA KLAS Results

For the second year in a row, Mach7 was ranked as a top performer in the **Best in KLAS Software and Services** report in the Universal Viewer segment, placing number 2 overall in the 2023 report. Mach7 was also recognized with a notable performance in this segment – when asked, 'Would you buy again?', 96% of respondents answered 'yes'. This once again affirms Mach7's position as a leader and top-ranked solution provider for the Universal Viewer product segment.

In addition, the Mach7 Vendor Neutral Archive was ranked with the most prevalent industry leading VNA vendors in the Solutions Comparison rankings. These results solidify Mach7's standing as one of the highest-regarded companies in the healthcare IT market in both products and services.

Highlights from 2023 Best in KLAS Software and Services Report

Best in KLAS 2023:
Universal Viewer Segment

#2 Placed #2 overall for the second year in a row

#1 Held the #1 spot in KLAS Live Data for most of CY 2022

96% Notable performance: 96% "yes" response to the question, "Would you buy again?"

Mach7 VNA
(Vendor Neutral Archive)

Ranked alongside large legacy PACS vendors by KLAS including GE, Agfa and Philips

v12 Version 12 of the Mach7 VNA being rolled out to customer sites; expected to drive scores up over the coming year

Product Development and Releases

We work to drive innovation through our unique offerings. We take a holistic approach to understanding our customers and continually assess the positive impact we can make on the healthcare community to affect better patient outcomes. We strive to lead the way in modern medical imaging software and provide innovative ways for our customers to improve their ability to share images efficiently and effectively with providers and patients.

Driven by "voice of the customer" enhancements and healthcare industry feedback, Mach7 prides itself on continuing to develop and release innovative software offerings to meet the most prominent needs of clinicians to add value and promote patient care. Our new product releases and development activities in FY23 focused on several key areas:

- Enhance eUnity viewing and visualisation usability and performance
- Add clinical workflow capabilities to support diagnostic confidence
- Management of imaging data more efficiently with a wider range of administrative tools
- Additional image manipulation and navigation workflow capabilities
- Greater integration capabilities to promote utilisation and effectiveness of AI algorithms/programs
- Further support connectivity to today's latest cloud technologies
- Continue to advance our interoperability with 3rd party systems and applications
- Infrastructure improvements to our VNA as requested by customer prioritisation
- Further support for DICOMweb services and standards
- Focus on continued development of our Mammography/Breast Imaging capabilities with a goal of becoming the top tier Mammography solution on the market with industry leading performance
- Additional support for non-DICOM imaging
- Advanced Quality Control (QC) functions

Service and Operational Achievements

We prioritise building trust with our customers. We strive to have an enhanced understanding of our customers and the solutions they require. Our services and support team's top goals are to provide exceptional service and consistently deliver value that exceeds customer expectations. This will allow us to become our customers' trusted advisors. In FY23 we initiated several key programs to improve the overall customer experience.

Account Management Program Implementation

We have successfully established and staffed an Account Management program that places a strong emphasis on proactive communication, strategic planning, and value-added engagement. We piloted this program with a select group of customers and are planning to expand key elements to encompass all customers in FY24.

Launch of Organisational Readiness Program

We introduced the Organisational Readiness Program with the overarching goal of enhancing the quality of our service offerings and ensuring an exceptional customer experience when introducing new software.

Introduction of the HealthCheck Program

We have defined a HealthCheck program designed to assess the growth of our customers' usage of their Mach7 solution. This initiative aims to identify opportunities for workflow, dataflow, and performance optimisation. The HealthCheck program is scheduled for deployment in FY24 as an integral part of our upgrade process.

Enhanced Implementation Methodology

We have updated our Implementation Methodology to improve the implementation experience for our valued customers. This enhancement includes updated components focusing on knowledge transfer, decision-making processes, clinical workflow optimisation, user acceptance testing, and change management for end users. These improvements are designed to ensure a seamless and efficient implementation process, further reinforcing our commitment to delivering exceptional value to our customers.

People and Culture

Mach7 is committed to employee well-being and satisfaction. This past year, we have put effort into enacting several initiatives designed to foster collaboration, teamwork and overall professional development and satisfaction.

This includes several in-person meetings and gatherings at our company headquarters and regional offices to ensure we foster a supportive environment where employee voices are heard and respected. These efforts resulted in heightened employee fulfillment and have allowed our teams to utilise these personal growth and collaborative experiences to enhance their professional skills that contribute to greater productivity and overall customer success.

In addition, Mach7 has invested in employee professional development and training programs which are customised to employee needs and aspirational growth plans. This will assist with our goal of creating an increasingly talented and knowledgeable workforce that is highly motivated and diverse in skill sets and capabilities.

These efforts have also contributed to recruitment and employee retention that have resulted in organic employee development and advancement. New employee headcount also increased in FY23 despite economic headwinds, thereby indicating strong market preference and established brand identity that fosters a high interest for Mach7 within the industry talent pool.

Mach7 employs a diverse group of industry experts from a variety of different backgrounds. Our global team share a passion for developing innovative medical technologies that will improve the lives of physicians and clinicians while positively impacting patient outcomes. Our teams are centred around offices in five locations:

United States
(Global HQ)

Canada

Australia
(ASX Listing)

Singapore

Malaysia

Letter from the Chairman

Mr. David Chambers, Independent Non-Executive Chairman

"I believe Mach7 is well positioned to continue to deliver strong ongoing sales order growth given it has the largest and most diverse pipeline of opportunities in the Company's history."

Dear Shareholders,

The 2023 Fiscal Year saw Mach7 Technologies (Mach7) deliver a record-breaking sales order intake, several strategically important contract wins and a solid financial result. The market is continuing to change with the rise of 'network radiology' and the shift in diagnostic imaging in all forms from the acute care sector to the private practice (ambulatory) sector. Artificial intelligence along with cloud technology enablement are gathering momentum in their application, and Electronic Medical Records (EMRs) are becoming standard work tools as shown by the rapid growth in adoption internationally. These technological shifts are enhancing patient treatment and enabling medical practitioners to become more productive and manage ever increasing workloads. They also happen to be immensely beneficial to Mach7 as our technological innovations and business strategies are directly aligned to maximising the benefits derived from all of them.

Let's focus initially on the Fiscal Year 2023 results and then look further at some of the other notable hallmarks that underpinned our strategy of growing our business financially and operationally together with the delivery of ever improving levels of customer satisfaction.

MACH7

Fiscal Year 2023 Results

- Record sales orders of $40.3M (TCV[1]), up 21% on FY22 and exceeding the $36M FY23 target
- Record Revenue of $30.1M, up 11% on FY22; recurring component up 22% on FY22
- NPAT[2] of -$1.0M, a 75% improvement on FY22; NPATA[3] of $7.2M, up 61% on FY22
- CARR[4] $20.6M as of June 2023, up 21% on June 2022; CARR is $24.8M in July 2023
- ARR[5] run rate $17.0M as of June 2023, up 18% on June 2022; ARR $17.7M in July 2023
- Commenced FY24 with cash on hand of $25.9M compared with $25.7M at the end of FY22
- Management restructuring confirms CFO and creates COO; Board renewal process being undertaken
- Strong start to FY24 with over $15.4M TCV of sales orders reported in Q1 and a large renewal program

Record-Setting Results

Mach7 delivered a third consecutive year of record sales order growth which at $40.3M TCV was up $7.1M or 21% year on year (yoy). We believe sales orders continue to be one of the best measures of the Company's financial progress from year to year, as the timing of cash receipts and revenue can vary over the course of the year. Both cash and revenue can be affected by contract milestones, revenue recognition rules and diversity between capital and subscription agreements. Subscription contracts represented 60% of sales orders in FY23 compared to a 50:50 split between subscription and capital contracts in FY21. Other noteworthy highlights are as follows:

- Major contract wins included strategically important new customer sales orders of $22.1M (55% of total sales orders) with Akumin, Nuvodia and St Paul's Hospital Hong Kong. New customers create a platform for future sales order growth in expansion, add-on, and renewal categories.
- In July 2023, we announced significant contract wins with the Veterans Health Administration's (VHA) National Teleradiology Program (NTP) (Phase I potential TCV of $11.7M and the potential to increase to $59.6M with Phase II) and Diagnostic Imaging Associates (estimated TCV of $3.7M) expanding Mach7's footprint in the outpatient/teleradiology marketplace.
- The balance between sales orders in FY23 from new and existing customers is relatively even with a 55/45 percent split.
- Partnerships increasingly contribute to sales order growth which accounted for 13% of total sales orders in FY23 (up on 8% in FY22).
- Annual Recurring Revenue (ARR)-type sales of $23 million (or 58% of total sales orders) represent support & maintenance fees and subscription fees which will be recognised as revenue over the contract term once the customer achieves First Productive Use (FPU).
- Capital software sales of $13 million (or 32% of total sales orders) immediately recognised as revenue upon delivery in FY23.
- Professional services sales of $4 million (or 10% of total sales orders) to be recognised as revenue over time upon completion of services.

Partnerships and Expansion of Geographical Footprint

Ongoing steps are being taken to expand both our US and global geographic footprint. In FY22, we forged a partnership with Althea Health in Europe, a company that holds a strong position in the imaging arena in Italy, France, and the UK. We appointed AdvaHealth as a strong partner for the Australian and New Zealand markets. In FY23, we forged a strategic partnership with Nuvodia, and added Frontier and Blackford in FY24. We also invested in further resources in our Asia-Pacific (APAC) and Middle East (ME) regions highlighted by the appointment of a new and highly experienced Senior Vice President of Strategy and Business Development - Sathyan Vaidyanathan. We have confidence that by placing further emphasis on growth in these regions and in partnerships and channel partners in underserviced segments of the market, we will accelerate growth in volume, taking full advantage of our partners' market positioning and overcoming barriers to resourcing.

Positive Market Factors

An important next step in the evolution of value-based care has been the incorporation of Enterprise Imaging (EI) into the Electronic Medical Record (EMR). This enables healthcare systems to seamlessly leverage longitudinal imaging records into clinical workflows. The vast adoption of EMRs has been most concentrated in the United States but is gaining increasing traction globally, fueling growth opportunities for Enterprise Imaging (EI) and ongoing opportunities for Mach7 to bring modern medical imaging strategies and capabilities to these global markets.

As more complex reading environments and remote workforces become the norm, Enterprise Imaging strategies require innovation and interoperability to provide hospital networks with a consolidated image management solution and diagnostic viewing from any location. Linked to this, we are seeing an industry trend away from a single vendor owning a customer's entire technology stack, to solutions that provide flexibility and interoperability. Mach7's products are designed with these very features at their core, making Mach7 ideally positioned to capture a greater share of the $3 billion addressable market. The fragmented imaging market is seeing long-time legacy vendors losing market share through their inability to keep up with customer requirements for a multi-faceted healthcare enterprise. Demand dynamics continue to skew toward ambulatory care from acute care settings with a focus on performance, reliability, interoperability, intuitive ease of use and streamlined implementation. These are all key strengths and value differentiators for our company with solid opportunities created for Mach7's enterprise imaging products which serve both markets.

Industry and Brand Recognition

Our unique technology and track record of innovation continues to achieve high levels of value differentiation from other competitors in our markets. KLAS and other highly credible independent industry analysts continue to recognise our technology as high performing and market leading. In 2023, our eUnity Diagnostic Viewer placed #2 overall in the KLAS Universal Viewer product segment for the second year in a row, as defined by the *Best in KLAS Software and Services Report* released in February 2023. In this same report, Mach7 was recognised as a "high performer" in the Universal Viewer segment with a notable performance: a 96% "yes" response by customers to the question, "Would you buy again?". It is also important to note that Mach7 held the #1 position in the KLAS Universal Viewer product category for most of CY22 and is frequently in the #1 rank in live KLAS Research data[6]. The Mach7 Vendor Neutral Archive (VNA) is also ranked alongside large legacy PACS vendors by KLAS including GE, Agfa, and Philips. Our highly anticipated latest VNA software release, Version 12, is being rolled out at customer sites and is expected to drive KLAS scores up over the coming year with brand recognition improving with increasing usage.

In addition to KLAS, the company has invested significantly in professional services and account management to improve customer satisfaction and raise the level of customer engagement. Customer participation and involvement in educational webinars and industry discussions have further increased our brand identity and overall promotional standing in the healthcare IT market. These programs, along with the continuing development of our partner and consultant network, are contributing factors to significant contract wins for Mach7 in FY24.

Corporate Restructure

In July 2023, Dyan O'Herne was confirmed as Chief Financial Officer having acted in the role from the beginning of the calendar year. Dyan has been an integral member of the leadership team for many years as global financial controller, and with her deep knowledge of Mach7's customers and cashflows has transitioned seamlessly into the CFO role.

We also appointed Dave Madaffri to the role of Chief Operating Officer. Dave has led Mach7's commercial efforts for the last two years as Vice President of Sales. During that time, the Company has seen record sales growth and the evolution of a strong corporate culture. With Dave in this role, cohesion will be further enhanced across the Service, Support, Sales, Marketing, and People & Culture teams.

Board Renewal Process Commenced

On 10 August 2023, I announced my intention to retire as Chair and Non-Executive Director of Mach7. I joined the Mach7 Board in August 2018 as an independent Non-Executive Director and was appointed Chair in June 2019. After five years in the role, I believe now is the right time to step down as part of the Board's renewal process. It has been an honour to serve the shareholders of Mach7 during a period of significant growth and despite the challenges of a global pandemic. I am enormously proud of the Mach7 team which, under the leadership of Mike Lampron, has produced top ranking software and services, built a loyal and rapidly growing global customer base, expanded its footprint in Asia Pacific and the Middle East, and continues to win ever larger and strategically important contracts.

My retirement will take effect at the close of the AGM on 16 November 2023. This will also mark the end of my working life which has extended across 45 years, brought me immense enjoyment and leaves me with very few regrets. A vote of thanks to those along the journey who have entrusted their faith in me.

Outlook

In summary, I believe Mach7 is well positioned to continue to deliver strong ongoing sales order growth given it has the largest and most diverse pipeline of sales opportunities in Mach7 history. In FY24, our expectations are for:

- 20% sales order growth which is expected to reach $48M.
- 15-25% revenue growth.
- OPEX growth that is lower than revenue growth.
- Return to positive operating cash flow.

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. Our strengthened team underpins this highly differentiated imaging software portfolio which I believe will enjoy ongoing success.

The results achieved, and exciting forward-looking prospects, would not be possible without the hard work of our Managing Director and CEO, Mike Lampron, his leadership team, and all our staff across our key locations – US, Canada, Singapore, Malaysia, India, Belgium, and Australia. The application of time and effort by the Mach7 team deserves full praise and will continue to enable Mach7 to deliver ongoing standout success.

To our customers and shareholders, thank you for your ongoing support in our drive to fulfill our vision of being the world's leading enterprise imaging provider.

Sincerely,

David Chambers
Chairman

[1] **TCV:** Total Contract Value: capital software licence fees, professional service fees, annual subscription fees and annual support fees over the life of the contract.

[2] **NPAT:** Net Profit After Tax

[3] **NPATA:** Net Profit After Tax and before Amortisation is NPAT adjusted for amortisation of acquired intangibles.

[4] **CARR:** Contracted Annual Recurring Revenue

[5] **ARR:** Annual Recurring Revenue

[6] **KLAS Research:** klasresearch.com

A Global Company

Since our founding in 2007, Mach7 has provided products and services to diverse market segments around the globe. We are well established within the Healthcare IT and Imaging market segments and have a presence in 15 countries around the globe with over 165 unique customers. These customers have purchased the entire Mach7 Enterprise Imaging Solution product suite or deployed individual applications which offer the best fit for their healthcare organisations' medical care delivery needs.

Some customers utilise Mach7 as their institutional PACS for full diagnostic reading with multiple integrations to hospital systems and applications while others take advantage of Mach7's exceptional eUnity Diagnostic Viewer for enterprise-wide viewing and visualisation.

Other organisations independently deploy our Vendor Neutral Archive, an Enterprise Data Management platform for archiving and image data management and use the VNA in a myriad of ways for data curation and consolidation of all images and imaging data across their network.

Mach7 also offers customers advanced workflow solutions that provide workflow orchestration and quality control tools with support for custom worklists and expansive physician collaboration and patient consultation.

Given Mach7's unique enterprise first approach and our ability to offer customers expansive interoperability and flexibility in deployment, there are a vast variety of use cases and utilisation options to fit most geographic market or healthcare provider requirements. These unique capabilities are why Mach7 is trusted by customers across the globe as their medical imaging healthcare IT provider.

Our Customers

Mach7's customers span a myriad of diverse types of organisations around the globe which range from massive, complex independent delivery networks to smaller community hospitals or imaging centres. Our customers utilise Mach7's Enterprise Imaging Solution and services in ways that best fit their organisational clinical and business practice needs. A majority of our customers have established a relationship with Mach7 for many years and have built a foundational level of trust and partnership that reaches across their healthcare enterprise. Our customers have a unique opportunity to provide a direct voice into our product development and business strategies and we work to ensure a level of personal touch and engagement to best serve their requirements and address their imaging needs. Most of our contracts are from expansions within our customer base, thus confirming the value we bring to these organisations and the trust they have in our ability to be their imaging partner that aligns with their patient care vision well into the future.

New customers are also consistently partnering with Mach7, and these organisations make up various types of entities in scale, complexity, and clinical workflow requirements.

Our diverse customer market segments and global footprint depict Mach7's worldwide brand identity and embedded presence:

- Integrated Delivery Networks (IDNs)
- US public health system (new market for FY24)
- International hospital authorities
- Regional and community hospital systems
- Academic medical institutions
- Medical research facilities
- Independent provider groups
- Imaging Centres
- Teleradiology service providers
- Strategic partnerships
- Children's health centres

AdventistHealth
AdvocateAuroraHealth
American College of Radiology
Boston Scientific
Brigham and Women's Hospital Founding Member, Mass General Brigham
Cabell Huntington Hospital
Children's of Alabama
Connecticut Children's
Diagnostic Imaging Associates, Inc.
docpanel
DukeHealth
醫院管理局 Hospital Authority
Mass General Brigham
Memorial Sloan Kettering Cancer Center
Michigan Medicine University of Michigan
Penn Medicine
PennState Health
Sentara
聖保祿醫院 St. Paul's Hospital
St. Teresa's Hospital
Stanford Health Care
Texas A&M University School of Veterinary Medicine & Biomedical Sciences
UCSF Medical Center
University of Maryland Medical Center
The University of Vermont Medical Center
UW Medicine
Vancouver Clinic
Virginia Mason Franciscan Health
Wake Radiology
Yuma Regional Medical Center

Our Partners

Partnerships Continue to Add Value and Increase Growth Opportunities

We have strong partnerships with some of the most prestigious and innovative imaging IT solution providers in the industry. Mach7 has established these partnerships to augment and enhance our Enterprise Imaging Solution's capabilities to better serve our customers across their healthcare delivery network. Some examples of this augmentation include the ability to provide advanced workflow and imaging visualisation tools, encounter-based imaging, AI program integration, Business Intelligence and Analytics, System Integration and Cloud technology enablement. In addition, Mach7 works with sales channel partners and distributors globally to increase our international market presence and significantly expand opportunities for growth.

Our Products

Enterprise Imaging Solution

The Mach7 Enterprise Imaging Solution (EIS) encompasses three distinct product offerings that were developed to address the major challenges healthcare organisations face with aggregating and managing massive amounts of imaging data while incorporating the seamless ability to visualise this data for all clinicians and healthcare professionals within their network. It further addresses the need to incorporate workflows and tools needed to support diagnostic confidence and overall patient care.

Healthcare professionals around the globe are looking for imaging innovations that provide robust interoperability, high performance and reliability while also supporting and connecting to the latest developments in modern medical imaging including integration and connectivity with AI platforms, advanced imaging applications and cloud computing technologies. Customers want imaging partners to better enable remote reading and support telehealth environments that provide immense flexibility for their physicians and interpreting providers.

Along with these requirements, healthcare organisations also want to break away from the antiquated departmental legacy PACS and imaging IT systems that require heavy hardware infrastructures and lock them into proprietary vendor ecosystems with minimal flexibility and high administrative operating costs.

At Mach7, we deliver the answers to these challenges. Our Enterprise Imaging Solution delivers on the promise of offering an image viewing, data management and workflow orchestration product suite that enables immediate and continuous value for the entire healthcare enterprise while creating a long-term partnership built on trust and engagement. We provide these offerings as a software-only solution with no heavy hardware components and give our customers the unique flexibility and independence to deploy the entire enterprise platform or individual segments, thereby allowing each customer to choose the options that best suit their needs. We deliver additional value with professional services that allow for successful migrations, implementations, training and continual education for clinical staff and system administrators.

Enterprise Data Management

Mach7's Vendor Neutral Archive (VNA) allows healthcare organisations to aggregate, organize and manage imaging data for their entire healthcare enterprise across all clinical specialties, regardless of the data source. The Mach7 VNA supports cross-enterprise workflows to capture, index, manage, store, distribute, view, exchange, and analyse all clinical imaging and multimedia content, ultimately enhancing the patient's electronic health record.

Our VNA is based on an enterprise-first approach that allows organisations to control all their imaging data and deliver value to their users without dependence on legacy proprietary departmental systems. The Mach7 VNA curates an organisation's disparate imaging data, regardless of type or image format, under one consolidated repository and provides industry-defining tools and capabilities that give administrators unprecedented control and flexibility. Standards-based interoperability is built in so that data can be moved and updated more efficiently with clinical information lifecycle management tools to allow administrators to create study retention rules that help control costs and provide clinical efficacy.

Our VNA reduces complexity by consolidating, normalising and archiving all imaging data in one place. We give our customers full control over their imaging data, including previously 'locked down' metadata attributes, so organisations have total control over their IT investments.

The Mach7 VNA acts as the single source of truth for the entire enterprise with the ability to host on-premise or via the cloud. Intuitive management tools and a secure web-based application ensures users have permissions-based access to all patient data anytime, anywhere. Further, the Mach7 VNA applies data updates in real time, ensuring the accuracy and integrity of the patient record.

- ✓ Take Control of your data
- ✓ Leverage existing IT Infrastructure
- ✓ Consolidate ALL Images across Enterprise
- ✓ Store in native format or wrap in DICOM
- ✓ Enhanced data security
- ✓ Develop customer workflow routing
- ✓ Data normalization through tag morphing
- ✓ Integration framework for 3rd party clinical systems
- ✓ Built-in Data Anonymization tools
- ✓ On premise or via Cloud Infrastructure
- ✓ Real time data updates

Enterprise Diagnostic Viewing

The eUnity Enterprise Diagnostic Viewer is a one-of-a-kind, industry-leading, zero-footprint viewing platform that allows medical professionals to access patient medical images in full resolution from any location, on any HTML5-enabled device, in a secure and efficient manner without loss of image quality at unparalleled speeds. eUnity is a best-in-market enterprise viewing and visualisation platform designed for both reading radiologists performing primary diagnosis and clinical staff who need to view images, reports, and other relevant patient information to plan optimal patient care pathways and treatment. It may be integrated into the electronic medical record (EMR) as well as ancillary or 3rd party systems (including patient portals) to image enable the entire health system's network with a comprehensive view of the patient's imaging history. eUnity supports diagnostic and clinical image analysis with one intuitive, standards-based universal viewer – providing a singular, true universal diagnostic viewing and visualisation experience for all users.

eUnity is differentiated by its speed, reliability and high-performance architecture that leverages both server and client resources without the need to increase backend server costs, thereby allowing customers to leverage their existing systems without additional costs. Unlike inferior universal and diagnostic viewers that have latency issues, eUnity does not need to depend solely on server resources, thus allowing for a better user experience.

eUnity is developed using an industry-leading imaging methodology based on intelligent image data movement and visualisation to optimize transmission performance and quality. eUnity's tools and features have a built-in layer of intelligence that maximises the user experience and usability regardless of viewing location.

- ✓ Top-tier KLAS-rated Universal Viewer (Based on *Best in KLAS Software and Services Report*)
- ✓ 100% Full Resolution Images
- ✓ Image Enable the EMR
- ✓ Browser Agnostic – HTML5
- ✓ Independence from front end clinical systems
- ✓ Image enablement for downtime PACS solution
- ✓ Leverages existing IT Infrastructure
- ✓ Reduces cost and complexity across enterprise
- ✓ Facilitates Image Sharing and clinical collaboration
- ✓ Research and AI Test platform
- ✓ Supports Teleradiology and Telemammography workflows
- ✓ Collaboration and consolution tools

Departmental Workflow Applications

Mach7's Departmental Workflow applications are 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 radiology departmental workflow needs. We further augment these capabilities through 3rd party partnership solutions that support encounter-based imaging workflows as well as deliver business intelligence and analytical insights.

QC capabilities allow for corrections of mistakes and changes to images to enable diagnostic confidence and overall study quality. Technologists can alert interpreting providers when a study is acceptable to advance to the next step. The applications also have embedded workflow orchestration with the ability to establish thresholds and benchmarks for reading optimisation.

- ✓ Universal Worklist
- ✓ Supports 3rd party VR Integration
- ✓ DMWL
- ✓ Zero Footprint, browser agnostic viewer
- ✓ Breast Imaging reading and workflow
- ✓ 3D, MIP, MPR
- ✓ User Communication Module
- ✓ QC Module
- ✓ Open platform supporting 3rd party solutions
- ✓ Reduces cost and complexity

Our Value to Healthcare Organisations

Healthcare organisations across the world are looking for imaging and data management technologies that can help them provide exceptional care to all their patients regardless of imaging specialty or geographic location. They require advanced, highly interoperable applications that can aggregate data from disparate sources and provide the ability to visualise this data in a performant viewing platform that is truly universal for a highly satisfactory user experience. They further require solutions that allow them the independence to deploy best-in-industry applications that fit their needs and leverage their existing systems without the need for colossal hardware infrastructure costs or administrative resources. Along with this, they demand workflow tools and capabilities that are relevant to each user to promote efficiency and diagnostic confidence. Add to this the need to take advantage of the most recent technological advancements such as AI and Cloud computing enablement, and it becomes clear that there is a need for partners in medical imaging that have the knowledge and expertise to offer enterprise solutions that can manage these imaging needs and requirements across their health network.

Mach7 tackles these challenges by having a focus on developing easy to deploy, easy to utilise enterprise software applications that transcends any one ology or imaging department specialty. We are an "enterprise first" company where all our products are built from the ground up to serve the whole healthcare enterprise. This is quite different from competitive legacy vendors who attempt to expand their radiology based departmental imaging systems out to the enterprise on antiquated proprietary ecosystems founded on expensive hardware platforms.

A Diagnostic Viewer that is Truly Universal for the Entire Healthcare Network

Healthcare providers utilise Mach7 to curate data in real time from different systems in different formats and bring this data together in a manner that may be presented to clinicians and end users regardless of their role or access viewing point. The data is normalised and brought together, and healthcare professionals take advantage of Mach7's industry leading eUnity Diagnostic Viewer for enterprise-wide viewing and visualisation. eUnity offers tight interoperability to their Electronic Medical Record and ancillary systems to provide comprehensive patient imaging access for all clinicians and medical professionals within the network. In this way, we provide a holistic view of all the patient's medical imaging history with contextual patient information. By utilising Mach7's HTML Zero footprint image software technology, medical providers can deploy this platform quickly with high performance, reliability, and scalability. The eUnity Diagnostic Viewer's intuitive design allows for immediate usage with little user training or administration resources. In addition, Mach7's eUnity Diagnostic Viewer is one singular viewer that is configured with the right tools for disparate roles in the organisation. This significantly improves access and provides global healthcare providers with a viewing platform available anywhere, anytime. This drives better patient care across the medical system and differentiates Mach7 from our competitors.

A Single Data Management Platform for the Entire Healthcare Network

Mach7's Vendor Neutral Archive is an Enterprise Data Management platform which curates and consolidates imaging data across the healthcare delivery network. Our VNA reduces complexity and makes patient imaging data more accessible with the ability to manage the system on-premise or via a Cloud infrastructure. With vast security and exceptional performance customers can support clinical access and support workflows across the enterprise to optimally capture, index, manage, store, distribute, view, exchange, and analyse all clinical imaging and multimedia content.

Speed and Performance

Another key aspect of Mach7's success is our innovative hybrid transmission technology and software only approach. This advanced technology is standards based and built upon methodologies and capabilities that allow for high performing image access and visualisation. These capabilities make the Mach7 Enterprise Imaging Solution highly preferable in remote reading teleradiology or telemammography workflow scenarios. Cloud hosting options further enhance these capabilities with unique attributes that can significantly improve clinician access and usability to support timely and accurate diagnostic determinations which, in turn, drive patient care treatment decisions

Professional Services

Coupled with Mach7's product offerings are our knowledgeable and responsive professional services and customer support staff, driven by customer engagement and success. Mach7 takes a personalised approach to understanding customer needs and challenges and build in methodologies and processes to react quickly to customer inquiries and questions in a responsive and professional manner. Continuing education and value-added training is offered and supplements our unique product value differentiators to round out an exceptional customer experience.

Our Differentiators

Enterprise First Strategy

VNA backend data management solution designed and built for entire healthcare network rather than just the radiology department.

Interoperable Platform

Works with existing and future hospital technology - allows image enablement of the EMR and integration of advanced clinical applications and tools, including AI.

Tech Stack Independence

Promotes customer control of tech stack via Mach7 module or end-to-end imaging solution. Future-proof scalability; low GPU consumption.

Unique Deployment Flexibility

Migration services – a valued service to preserve a healthcare network's existing IT investment.

'Top Performer' Product Rankings

Mach7's Viewer ranked #2 by independent customer survey (KLAS Research). Features include intuitive usability, advanced clinical workflow tools and diagnostic viewing.

Zero Footprint Viewer

Instant access to patient medical images on any device via EMR or web browser without requirements for additional software or plugins.

Cloud Compatibility

Robust data management architecture gives healthcare IT departments the option to host system on-premise or via cloud connection.

Security

Customers own their imaging data; Mach7 ensures product security through regular penetration testing and ISO certification.

Our Value Proposition

Global Company

Mach7 is a global company with a focus on healthcare imaging. Because of our size relative to the biggest industry players, we have the agility and flexibility to adapt quickly.

Lasting Technology

Our software-only solution can stay with customers even as their hardware changes over time. It easily scales to adapt to the customer's changing environment, such as additional sites acquired due to mergers.

Flexible Contract Terms

Mach7's modular solution allows us to offer flexible contractual agreements that fit the varying budgetary needs of healthcare organisations.

Designed for the Enterprise

The foundation is in the enterprise, not individual departmental systems. Our modular software solutions are focused on integration, workflow, scalability, and performance across the enterprise.

Solves Immediate Needs

The modularity of the solution allows users to implement only the features they absolutely need, and its software-only design is capable of being used on customers' existing IT infrastructure.

Cutting Edge Technology

Our solutions give organisations a connected, vendor neutral infrastructure built on a modern technology stack that allows them to grow, adapt and innovate.

Workflow Solutions

Flexibility of workflows – with an intuitive and graphical interface, users can customise workflows to meet the needs of individual departments and users.

Customer Partnerships

We value our customers' input and have taken measures to ensure open lines of communication to ensure their feedback reaches us.

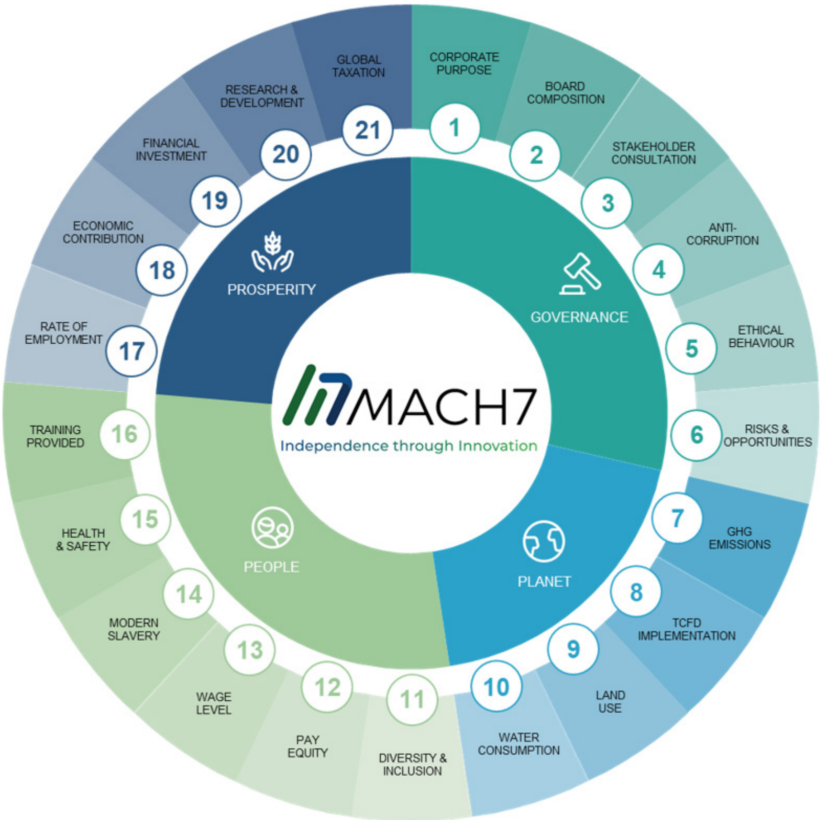
Fits Individual Needs

We can fit into customers' existing technology infrastructure or adapt as it changes, such as in the number of servers at a customer site or whether they are centralised, in the cloud, or a hybrid.

Environmental, Social and Governance Reporting

Mach7 Technologies is committed to the principles of Environmental, Social, and Governance (ESG) as the most effective means of creating long-term enterprise value and addressing the societal priorities enshrined in the United Nations' Sustainable Development Goals.

In July 2023, Mach7 made a commitment to commence reporting on 21 ESG disclosures of the Stakeholder Capitalism Metrics of the World Economic Forum (WEF). We are in the process of making ESG disclosures in the form of a set of universal, comparable ESG metrics focused on Governance, Planet, People, and Prosperity which are shown in the diagram below. Mach7 will use this universal ESG framework to align our mainstream performance reporting against ESG.



Current ESG Highlights

Mach7 already has policies and strategies in place that minimise the environmental impact of our business, promote social responsibility and demonstrate governance best practice. The Board recognises the importance of the continual oversight of these policies and enhancement of the Company's disclosures over time.

Governance

Mach7 is dedicated to upholding the highest standards of conduct and accountability. We have implemented substantial measures to support this commitment, creating a strong framework for our governance practices as outlined in our Corporate Governance Statement. The following corporate compliance policies are in place and can be found on the Company's website (https://mach7t.com/about-us/corporate-governance):

- Audit & Risk Management Committee Charter
- Board Charter
- Code of Conduct
- Communications Policy
- Continuous Disclosure Policy
- Diversity Policy
- Remuneration & Nomination Committee Charter
- Remuneration Policy
- Risk Management Policy
- Securities Trading Policy
- Whistleblowers Policy
- Anti Bribery and Corruption Policy
- Statement of Values

Scan this QR Code with your phone to visit Mach7's Corporate Governance Page

The Board currently comprises five directors of which four are independent directors. Each director is on a three-year rotation and obliged to seek re-election at the end of this period. Board composition and its involvement in setting the direction of the business is reviewed against the long-term strategy of the Company. Mach7 has a skills matrix against which the Board and its members are measured. This is reviewed and updated periodically reflecting the evolving requirements of the business.

On 22 September 2023, Mach7 announced the appointment of Ms Rebecca Thompson to the Board as a Non-Executive Director. This appointment demonstrates Mach7's commitment to the improvement of its diversity indicators.

Mach7's products are FDA and CE marked. These designations are proof of our dedication to a Quality Management System (QMS) across our company. This QMS dictates procedures for the development of products, the training of employees and the overall commitment to ensuring best practices as a software company in the healthcare industry.

Planet

Mach7 acknowledges the significance of addressing greenhouse gas (GHG) emissions and mitigating our impact on climate change. We are currently exploring strategies of GHG reporting and reduction in the future.

Mach7 offers its team members a modern and flexible workplace which promotes work-life balance and reduces unnecessary emissions due to travel. We have architected our solution to take advantage of low bandwidth networks and low overhead in infrastructure. By reducing our dependency on hardware, we are saving on both raw materials required for manufacturing of equipment and the utilities required to keep them operational.

People

Mach7 is committed to fostering a diverse and inclusive work environment. The Company has adopted a Diversity Policy, which can be viewed on Mach7's website. This policy ensures that all executives, managers, and employees promote workforce diversity, and that director appointment and employee recruitment processes are undertaken with reference to the objectives of this policy.

Mach7's software is designed to help healthcare providers save lives. It provides a more complete electronic medical record to facilitate a more informed clinician to make critical diagnostic decisions leading to better patient care.

Prosperity

Mach7 acknowledges the importance of comprehensive reporting on Prosperity metrics. The Company's employment structure supports and incentivises its team. This is reflected through the provision of healthcare insurance benefits, unlimited Paid Time Off to foster a work/life balance, annual salary action, short term and long-term incentive plans that reward employees and ensures alignment with all shareholders as well as a retirement savings plan that has tax advantages as an incentive to invest in retirement.

Every member of our team is solely dedicated to enterprise imaging-related initiatives and strategies. We enable our healthcare organisation customers to deploy our solutions according to their needs either through individual product components or a unified end-to-end enterprise imaging platform. This dedication leads to more efficient systems so our healthcare providers can realise improved efficiencies, achieve operational cost savings and deliver better health outcomes.

Executive Leadership Team

Mike Lampron

Chief Executive Officer

Mike is the Chief Executive Officer and Managing Director of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Mike brings a broad experience ranging from private start-up organisations as well as long established companies such as IBM and GE. Mike 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. Mike is responsible for our customers' success while driving excellence throughout Mach7.

Dyan O'Herne

Chief Financial Officer

Dyan is the Chief Financial Officer of Mach7 prior to which she spent seven years in financial controller roles. With the benefit of tenure and leadership positions, Dyan has a deep knowledge of the Company's finances, operations, history and culture. She is a Chartered Accountant with more than 25 years' experience in senior finance roles including with Aon Insurance Managers and PricewaterhouseCoopers immediately prior to joining Mach7.

David Madaffri

Chief Operating Officer

David is the Chief Operating Officer of Mach7, having held the role of Global Vice President of Sales previously. David began his career as a Radiologic Technologist and later managed the Imaging Services at Sharp Memorial Hospital in San Diego, CA. After leaving Sharp, he worked in Process Improvement Consulting, Implementation Services, and later Sales for both IDX and GE. For the past 12 years, David has worked for Philips Healthcare in a variety of sales leadership roles. Just prior to joining Mach7, David served as Philips' Vice President of Sales for Enterprise Diagnostic Informatics for North America.

Ravi Krishnan

General Manager, APAC

Ravi is a founding partner of Mach7 Technologies and is an accomplished image management professional with nearly 2 decades of domain-based experience with the technology intricacies which drive medical imaging. Ravi is a Medical Imaging Informatics and image workflow expert. He has been instrumental in the growth of industry-leading healthcare teams in Asia Pacific including GE Healthcare and Agfa Healthcare. As one of the two co-founders of Mach7, Ravi has built the design philosophy and technical strategy for Mach7.

Lisa Thompson

Vice President, Services

Lisa is the Vice President of Services for Mach7, including Professional Services and Client Support. Lisa brings over 18 years of experience in the healthcare software industry working with radiology, cardiology, patient access and enterprise software. Before joining Mach7, Lisa was Senior Director of Professional Services at GE Healthcare and VP Services and Support for QuadraMed/Harris Healthcare. Lisa has led teams responsible for professional services, support, implementation quality, operational excellence, business integration, and process management. Lisa holds a Black Belt in Six Sigma and is experienced in Lean and Change Management.

Executive Leadership Team

Bob Tranchida

Vice President, Marketing

Bob is Mach7's Vice President of Marketing. With over 25 years of experience in the direct medical provider and healthcare IT space, he is a seasoned expert with vast experience and knowledge in many types of organisations, from IT startups to Fortune 500 organizations like Philips. Bob has held many leadership roles within these organisations, spanning product management, program management, strategic account management and marketing. He brings a deep well of knowledge, passion and energy to the leadership team and is focused on building out Mach7's strategic global marketing programs.

Andrew Volkening

Vice President, Product

Andrew is a veteran imaging informatics leader with deep industry knowledge gained from over 20 years in healthcare imaging. He began his career as a Field Service Engineer and became PACS Administrator at Sunnybrook Health Sciences Center, one of Canada's foremost teaching and research hospitals as well as the nation's largest trauma center. Andrew's direct experience managing PACS has given him the unique ability to understand the customer perspective and focus on relevant solutions that address their specific clinical imaging needs. Andrew is also an imaging researcher who has earned awards for his work developing Canadian guidelines for lossy compression.

Brent Glover

Vice President, Engineering

Brent is an accomplished technology leader with a wealth of experience spanning nearly two decades in the field of software engineering. He began his career providing direct patient care at Salt Lake Regional Medical Center in Salt Lake City, Utah. This firsthand experience on the frontlines of healthcare equipped him with a profound understanding of the challenges and opportunities within the industry, and also instilled a deep commitment to improving the human experience in medicine. Brent leverages his extensive expertise to drive the development of cutting-edge healthcare technologies in his role as Mach7's VP of Software Engineering, and his dedication to excellence, vision, and building high-performing teams makes him an invaluable asset to the company.

Board of Directors

David Chambers

Outgoing Non-Executive Chairman

David has more than 30 years' extensive experience in the Healthcare and Life Science industry and a proven track record in healthcare IT systems through a series of senior executive roles in Australia, North America, Europe, and Asia. David up until recently acted as Managing Director, Asia-Pacific, of Allscripts Healthcare Solutions, a NASDAQ listed billion-dollar global leader in Healthcare Technology, retiring after close to seven years, on 30th June 2020. Prior to that David was General Manager, Asia and ANZ with Carestream Health. He was former chief executive of ASX-Listed health software business Pro Medicus Limited. David also served eleven years with Agfa Healthcare, including managing their Informatics group in Asia Pacific, and culminating in his elevation to Vice President of Agfa North America.

Mike Lampron

Managing Director

Mike is the Chief Executive Officer and Managing Director of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Mike brings a broad experience ranging from private start-up organisations as well as long established companies such as IBM and GE. Mike 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. Mike is responsible for our customers' success while driving excellence throughout Mach7.

Philippe Houssiau

Non-Executive Director

Philippe held a variety of executive roles as Partner with PriceWaterhouse and PwC, CEO of Agfa Healthcare, where he transitioned the business from being an Analog Film manufacturing outfit to become a world leader in Imaging and Health IT, CEO of Alliance Medical, the leading European Imaging Services Provider and CEO/Chairman of the Rhapsody Healthcare Interoperability business, now Lyniate. Philippe also ran the CSC/DxC Healthcare business in the UKI and Netherlands and held many board and Chair positions, in Imaging and Healthcare. He currently serves as the CEO of MAK-System, the leading Blood Management Software company and as Chairman of Corilus (Primary Care). Philippe is based in Antwerp, Belgium.

Rob Bazzani

Non-Executive Director

Rob spent 20 years with the global consulting firm KPMG, where he 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 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 on commercial maters, corporate governance, 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, property, insurances and consumer & industrial markets.

Eliot Siegel, MD

Non-Executive Director

Dr. Eliot Siegel is the Professor and Vice Chair of information systems at the University of Maryland School of Medicine, Department of Diagnostic Radiology, and the Chief of Radiology and Nuclear Medicine for the Veterans Affairs Maryland Healthcare System. 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 and digital imaging and has edited six books on the topic. Dr. Siegel is a fellow of the the American College of Radiology and is a Board member of Carestream Health, a billion-dollar global company in digital radiography and computed radiography systems and serves on numerous advisory boards in medical imaging.

About Mach7

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 centres, 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 (collectively referred to as 'consolidated entity', 'Group' or 'Mach7')

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** – support & maintenance, training & project management
- **Administration** – finance, people & culture (human resources), IT, risk management, governance

Mach7 Technologies develops innovative image management and viewing solutions for healthcare providers globally. Our product innovations form the core of an integrated enterprise imaging ecosystem that allows independence in ease of use and deployment while also incorporating industry leading interoperability across the healthcare enterprise.

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 standardize 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

Mach7 is pleased to report that 2023 has been another successful year. Record results were achieved and 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 2023 $	30 June 2022 $	Change $	Change %
Cash*	23,394,568	25,747,608	(2,353,040)	(9%)
Deferred Revenue - yet to be recognised	(11,223,534)	(7,030,020)	(4,193,514)	60%
Net current assets/(liabilities)	20,059,667	21,813,014	(1,753,347)	(8%)
Net tangible assets	31,018,023	24,087,194	6,930,829	29%
Intangible assets net of associated deferred tax liability	28,465,643	34,288,024	(5,822,381)	(17%)
Net assets	59,483,666	58,375,218	1,108,448	2%

*A customer's 30 June 2023 $2.5 million electronic payment was received on 3 July 2023, bringing cash on hand to $25.9 million on 3 July 2023

Sales Orders

For the third year in a row Mach7 achieved record annual sales orders of $40.3 million, up $7.1 million or 21% on prior year.

Mach7 has produced its most successful year in its history for sales orders of $40.3 million Total Contract Value (TCV[1 1]) (FY22 $33.2 million TCV), showing 21% sales order growth over the prior year. Pleasingly, customer churn remains very low (<1% of revenue, and <2% of number of customers). Sales orders are an indication of strong future revenue streams across all products and services and continues to be the best measure of financial progress from year to year. This is because both cash and revenue can be affected by contract milestones, revenue recognition rules and the continued diversity between capital and subscription agreements.

FY23 Sales Orders of $40.3 million TCV comprised of $23.1 million (or 58%) in Annual Recurring Revenue (ARR) sales (Support & Maintenance contracts and Subscription licences (recognised as revenue upon the customer achieving first productive use (FPU)), $13.1 million (or 32%) in Capital Software sales (recognised as revenue upfront for the term of the licence upon electronic delivery of software), and $4.1 million (or 10%) of Professional Services sales (recognised upon the achievement of implementation milestones and when training services are delivered).

[1] Total Contract Value (TCV) means capital software licence fees, professional service fees, and annual subscription and annual support over the life of the contract.

FY23 Sale orders (TCV)	ARR Sales (Subscription licenses and Support & Maintenance contracts)	Capital Software Sales	Professional Services Sales	FY23 Total Sales orders (TCV)	%
New customers	**$12.6 million**	**$8.5 million**	**$0.7 million**	**$21.8 million**	**54%**
Renewals	$5.1 million	$0.2 million	$0.1 million	$5.4 million	14%
Add-on orders	$1.6 million	$0.1 million	$1.5 million	$3.2 million	8%
Expansions	$3.8 million	$4.3 million	$1.8 million	$9.9 million	24%
Existing customers	**$10.5 million**	**$4.6 million**	**$3.4 million**	**$18.5 million**	**46%**
TOTAL	**$23.1 million**	**$13.1 million**	**$4.1 million**	**$40.3 million**	
	58%	32%	10%		100%

The proportion of ARR sales remained constant at 58% in FY23 (as indicated in the above table), in line with 58% in the prior year. This signals an ongoing shift of procurement preference by Mach7 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.

Of the $40.3 million total, sales orders from existing customers were $18.5 million (or 46%) demonstrating an increase in usage by existing customers (Expansions of $9.9 million or 24%) as well as the Mach7 software showing true value to the install base over time (Add-on orders of $3.2 million or 8% and Renewals of $5.4 million or 14%). This also validates the long-standing land and expand sales strategy and its effectiveness. Sales Orders from new customers were even higher at $21.8 million (54% of total sales orders) demonstrating how Mach7's enterprise imaging solutions are resonating in the market and providing a platform for future sales order growth from these new customers.

Cash and Cashflows

Mach7 commenced FY24 with cash on hand of $25.9 million compared with $25.7 million at the end of FY22.

Cash receipts from customers in FY23 amounted to A$25 million, down on the A$28.2 million collected in FY22 which also benefited from capital contract payment milestones. An additional A$2.5 million electronic funds transfer remitted by a customer on 30 June 2023 was not reflected in Mach7's bank account until 3 July, the first business day of FY24. This A$2.5 million receipt delay contributed to negative operating cashflow of A$2.6 million in FY23.

The financial position of the Company remains solid, with no debt and A$23.4 million cash on hand at 30 Jun 2023 (A$25.9M at 3 July 2023). With a strong start to the new fiscal year and a positive sales order outlook, Mach7 expects to have positive operating cash flows in FY24.

Revenue

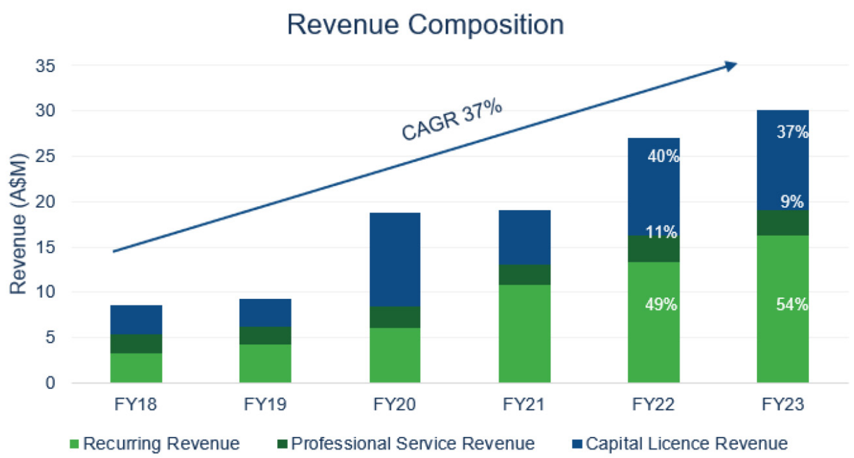
Record revenue of $30.1 million, up $3.0 million or 11% on prior year

The Group reported its highest ever revenue from operations of $30.1 million (2022: $27.1 million), an increase of $3.0 million or 11% on the prior year. Pleasingly the Group's annual recurring revenue (ARR) recognised for the year (that is Support & Maintenance revenue and Subscription revenue) has increased by 22% over the prior year, to $16.3 million (2022: $13.4 million), and accounted for 54% of total revenue (2022:49%). Capital software licence revenue has increased by 2% to $11.0 million (2022: $10.8 million). Professional services revenue has decreased by 8% to $2.7 million (2022: $2.9 million).

	30 June 2023 $	30 June 2022 $	Change $	Change %
Subscription revenue*	6,539,388	4,886,062	1,653,326	34%
Support and maintenance revenue	9,791,611	8,470,920	1,320,691	16%
Total recurring revenue	16,330,999	13,356,982	2,974,017	22%
Software licence revenue*	11,040,535	10,822,260	218,275	2%
Professional service revenue**	2,678,232	2,900,903	(222,671)	(8%)
	13,718,767	13,723,163	(4,396)	-
	30,049,766	27,080,145	2,969,621	11%

* Subscription and software licence revenue above comprises the total software licence revenue amounting to $17,579,923 as disclosed in note 5 to these financial statements.

** Represents combination of implementation & training services, migration services and other custom services disclosed in note 5 to these financial statements.



Expenses

Operating expenses increased by $4.3 million or 19% compared with revenue growth of $3.0 million or 11%. This is reflective of wage and cost inflation, increased travel and marketing activities together with a larger labour force to meet customer needs.

Operating expenditure (excluding Right-of-use lease liability interest expense, share-based payments expense, foreign exchange gains and depreciation & amortisation) is presented in the following table:

	30 June 2023 $	30 June 2022 $	Change $	Change %
Employee salaries, benefits and staff related expenses	20,919,153	18,156,444	2,762,709	15%
Professional fees and corporate expenses	1,722,535	1,227,844	494,691	40%
Marketing and investor relations expenses	755,985	687,335	68,650	10%
Travel and related expenses	1,123,796	696,867	426,929	61%
General administration and office expenses	2,022,953	1,517,870	505,083	33%
TOTAL OPERATING EXPENDITURE	26,544,422	22,286,360	4,258,062	19%

* excluding Right-of-use lease liability interest expense, share-based payments expense, foreign exchange gains and depreciation & amortisation.

Profitability

NPATA* of $7.2 million, up $2.8 million or 61% on prior year.

The Group continues to deliver strong Gross Margin of $ 29.1 million or 97% (2022: $26.1 million or 96%), an increase of $2.9 million or 11%.

The Group has delivered a lower EBITDA (on an adjusted basis) of $2.5 million (2022: $3.8 million), While revenue and gross margins improved by 11%, the reduction in EBIDTA (adjusted) is due to increased operating costs driven by wage and cost inflation, increased travel and marketing expenses together with a larger labour force to meet customer needs.

The Group reported a net loss for the year of $1.0 million, which represents a significant improvement of $3.1 million or 75% on prior year (2022: net loss $4.2 million). This is largely driven by a $3.4m or 159% increase in income tax benefits over the prior year (2022: decrease of $0.1m or 5%). This increase is reflective of the projections of the Group to utilise prior year tax losses against profitable positions in the coming years, hence recognised/increased deferred tax assets in FY23 on prior year unrecognised tax losses. Excluding tax-effected amortisation of acquired intangibles, NPATA improved by 61% to $7.2 million from $4.4 million in FY22.

	30 June 2023 $	30 June 2022 $	Change $	Change %
Revenue from contracts with customers	30,049,766	27,080,145	2,969,621	11%
Distributor and licence fees	(988,332)	(958,149)	(30,183)	3%
Gross Margin	29,061,434	26,121,996	2,939,438	11%
Gross Margin %	**97%**	**96%**		
Operating expenditure	(26,544,422)	(22,286,360)	(4,258,062)	19%
Net foreign exchange gain (realised)	125,896	83,029	42,867	52%
Other income/expenses (net)	(120,907)	(96,800)	(24,107)	25%
	(26,539,433)	(22,300,131)	(4,239,302)	19%
EBITDA Adjusted**	**2,522,001**	**3,821,865**	**(1,299,864)**	**(34%)**
Interest income	394,442	26,966	367,476	1363%
Net foreign exchange gain (unrealised)	253,002	643,404	(390,402)	(61%)
Share-based payments expense (non-cash)	(1,077,401)	(1,695,463)	618,062	(36%)
Right-of-use lease liability interest expense	(66,903)	(55,243)	(11,660)	21%
Depreciation and amortisation (non-cash)	(8,680,824)	(9,075,976)	395,152	(4%)
Income tax benefit (non-cash)	5,607,571	2,166,597	3,440,974	159%
	(3,570,113)	(7,989,715)	4,149,602	(55%)
Loss for the year	(1,048,112)	(4,167,850)	3,119,738	(75%)

* 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 gain and non-cash item share-based payments expense.

Organisational Overview and External Environment

Organisational Overview

Global operations

The structure of our global operations and how they impact of financial outcomes in summarised 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 any 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). Revenue has increased for the North America operations by 8% compared to the prior year. This is attributed to constant growth year-on-year in all product areas and revenue categories including an increasing ARR, higher Capital Software Licence revenue and higher Professional Services Revenue. Growth is also attributed to new customers, and from existing customers from expansions, renewals and add-ons, and 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. Revenue has increased for the Asia Pacific operations by 43% compared to the prior year. The growth of this region was impacted by the effects of the Covid 19 pandemic that placed many technology projects on hold and restricted travel between countries, however, this has now returned to normal levels and is reflected in the significant year-on-year revenue growth.

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 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 full enterprise solution of 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 license (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 gradual 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 also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

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 risk

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.

IP Infringement Legal Action

A court date has been set for AI Visualize Inc's appeal of the dismissal of its patent infringement case against Nuance Communications Inc. with the United States Court of Appeals for the Federal Circuit to hear oral arguments on 5 October 2023. The appellate courts do not retry cases nor hear new evidence, and there is no jury. Appellate courts review the procedures and the decisions in the trial court to make sure that the proceedings were fair and that the proper law was applied correctly. The United States District Court for the District of Delaware dismissed AI Visualize's claims of wilful infringement on the grounds that the patents were not eligible for patenting.

FY23 Financial Report

Directors’ Report

30 June 2023

The directors of Mach7 Technologies Limited are pleased to present their report for the year ended 30 June 2023 (hereafter referred to as the 'consolidated entity', 'Group' or 'Mach7') consisting of Mach7 Technologies Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controls.

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 David Chambers	Independent Non-Executive Chairman
Mr Michael Lampron	Managing Director and Chief Executive Officer
Mr Eliot Siegel, MD	Independent Non-Executive Director
Mr Robert Bazzani	Independent Non-Executive Director
Mr Philippe Houssiau	Independent Non-Executive Director

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:	David Chambers
Title:	Independent Non-Executive Chairman
Qualifications:	Graduate Diploma Business Management, MBA Program and Bachelor of Science
Experience and Expertise:	Mr. David Chambers has more than 30 years’ extensive experience in the Healthcare and Life Science industry and a proven track record in healthcare IT systems through a series of senior executive roles in Australia, North America, Europe, and Asia. David up until recently acted as Managing Director, Asia-Pacific, of Allscripts Healthcare Solutions, a NASDAQ listed billion-dollar global leader in Healthcare Technology, retired on 30th June 2020. Prior to that David was General Manager, Asia and ANZ with Carestream Health. He was former chief executive of ASX-Listed health software business Pro Medicus Limited. David also served eleven years with Agfa Healthcare, including managing their Informatics group in Asia Pacific, and culminating in his elevation to Vice President of Agfa North America. David was also a Board member and Chair of Hills Limited, a long established Australian based manufacturer and supplier of Health care and IT products and services. David resigned from the Board of Hills Limited on 21 August 2023.
Other current directorships:	Altera (Australia),
Former directorships (last 3 years):	Hills Limited (ASX:HIL)
Special responsibilities:	Audit & Risk Management - member; Remuneration & Nomination - Chair
Interests in shares:	385,000
Interests in options:	140,000
Interests in rights:	None

Name:	Eliot Siegel, MD
Title:	Non-executive Directors
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 and Vice Chair of information systems at the University of Maryland School of Medicine, Department of Diagnostic Radiology, and the Chief of Radiology and Nuclear Medicine 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. 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 six 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. He is also a Board member of Carestream Health, a billion-dollar global company in digital radiography and computed radiography systems 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 - member
Interests in shares:	21,100
Interests in options:	325,000
Interests in rights:	None

Name:	Robert Bazzani
Title:	Non-executive Director
Qualifications:	Master of Business, 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 maters, 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)
Former directorships (last 3 years):	Class Limited (ASX:CL1)
Special responsibilities:	Audit & Risk Management - Chair and Remuneration & nomination - member
Interests in shares:	89,900
Interests in options:	300,000
Interests in rights:	None

Name:	Philippe Houssiau
Title:	Non-executive Director
Qualifications:	Engineer: Chemical/Biotechnology and BsC, Pharmaceutical Sciences
Experience and Expertise:	Mr. Philippe Houssiau held a variety of executive roles as Partner with PriceWaterhouse and PwC, CEO of Agfa Healthcare, where he transitioned the business from being an Analog Film manufacturing outfit to become a world leader in Imaging and Health IT, CEO of Alliance Medical, the leading European Imaging Services Provider and CEO/ Chairman of the Rhapsody Healthcare Interoperability business, now Lyniate. Philippe also ran the CSC/DxC Healthcare business in the UK and Netherlands and held many board and Chair positions, in Imaging and Healthcare. He currently serves as the CEO of MAK-System, the leading Blood Management Software company and as Chairman of Corilus (Primary Care). Philippe is based in Antwerp, Belgium.
Other current directorships:	Althea Group (Rome) and Corilus (Belgium)
Former directorships (last 3 years):	MAK-System International Group, Corepoint Health, Rhapsody
Special responsibilities:	Remuneration & nomination - member
Interests in shares:	None
Interests in options:	275,000
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, Mike brings a broad experience ranging from private start-up organisations as well as long established companies such as IBM and GE. Mike 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 crossfunctional 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:	248,215
Interests in options:	1,100,000
Interests in rights:	1,503,299

'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 (upon resignation of Veronique Morgan-Smith as Company Secretary on the same day)
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 2023, 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	11	11	2	2	5	5
Eliot Siegel, MD	11	11	-	-	5	5
Mr Robert Bazzani	10	11	2	2	5	5
Mr Michael Lampron	11	11	2	2	-	-
Mr Philippe Houssiau	7	11	2	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Outlook

Mach7 is well positioned to take advantage of a highly fragmented market for medical imaging with shifting market leadership. As long-time legacy vendors lose market share and demand dynamics continue to skew toward ambulatory from acute care settings, additional opportunities have been created for Mach7's enterprise imaging products which serve both markets.

More complex reading environments are becoming the norm with a consequent increased need to support a remote workforce. Mach7's innovative and interoperable products are the foundation of an enterprise imaging strategy providing hospital networks with a consolidated image management solution and diagnostic viewing from any location. AI, while yet to be widely adopted, will inevitably form part of the future imaging landscape, and a platform to integrate those AI tools into everyday workflow will be key to leveraging these game-changing tools. Mach7's imaging platform will allow for these future integrations while the R&D organization continues to build workflow orchestration tools to make them more relevant in everyday use.

In this environment, Mach7 expects sales order growth of 20% again in FY24. Revenue growth of 15-25% is anticipated this fiscal year and while growth in operating expenses is expected to be at a lower rate than revenue, wages and cost inflation and new hires are likely to see this growth in the mid to late teens. The Group has been operationally cash flow positive for three of the last four years and aims for ARR to cover annual operating expenses within three years. Mach7's financial position remains solid, with no debt and A$25.9 million cash on hand at the commencement of FY24.

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 27 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 27 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

Subsequent to year end, as announced on ASX on 10 August 2023, Mr. David Chambers will retire as Chair and Non-Executive Director of Mach7, effective from the close of the Company's Annual General Meeting on 16 November 2023.

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 David Chambers	Independent, Non-Executive Chairman	Full year
Dr Eliot Siegel, MD	Independent, Non-Executive Director	Full year
Mr Robert Bazzani	Independent, Non-Executive Director	Full year
Mr Philippe Houssiau	Independent, Non-Executive Director	Full year

Executives		
Mr Michael Lampron	Chief Executive Officer & Managing Director	Full year
Mr Steven Parkes	Chief Financial Officer	Till 1 January 2023
Ms Dyan O'Herne	Interim Chief Financial Officer	From 1 January 2023

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:

	From 1 July 2023*	**From 1 January 2023 to 30 June 2023**	**From 1 January 2022**
Base fee	**$**	**$**	**$**
Chair	110,000	100,000	100,000
Director	90,000	80,000	80,000
Additional fees for each Chair of Board Committees	10,000	-	-

* The Board has, subsequent to 30 June 2023, resolved to amend non-executive Directors' annual fees as shown above.

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. The STIP was last approved by the Board in August 2022.

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. The current period is for 1 July 2022 to 30 June 2023.

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

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 for STI's to be paid to the Board for its approval.

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 2020.

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 2023, the Company has 1,503,299 performance rights on issue, including:

- 378,114 which were to vest on 30 June 2023 and are under Board's consideration for the performance conditions;
- 402,185 which will vest on 30 June 2024; and
- 723,000 performance rights which will vest on 30 June 2025,

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	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity - settled		Total
30 June 2023	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
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

* *Steven Parkes resigned as Chief Financial Officer on 1 January 2023. Cash salary for the year includes severance payments in addition to the normal salary for the period.*

** *Dyan O'Herne was appointed as Interim Chief Financial Officer on 1 January 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 35 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.

	Short-term benefits			Post-employment benefits	Long-term benefits	[1]Share-based payments	Other cash payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity - settled		Total
30 June 2022	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:								
David Chambers	90,909	-	-	9,091	-	23,234	-	123,234
Eliot Siegel	80,000	-	-	-	-	17,815	-	97,815
Robert Bazzani	72,727	-	-	7,273	-	27,317	-	107,317
Philippe Houssiau	79,992	-	-	-	-	56,326	-	136,318
Executive Director:								
Michael Lampron	502,005	68,455	63,531	-	-	205,403	-	839,394
Other Key Management Personnel:								
Jenni Pilcher*	238,762	55,620	-	13,686	-	21,703	-	329,771
Steve Rankin**	166,802	21,844	7,602	-	-	63,334	-	259,582
Steven Parkes***	349,297	69,146	59,900	-	-	42,865	-	521,208
	1,580,494	215,065	131,033	30,050	-	457,997	-	2,414,639

* *Jenni Pilcher resigned as Chief Financial Officer on 18 October 2021. Cash salary for the year includes redundancy payments, annual leave payments in additional to the normal salary for the period.*

** *Steve Rankin resigned as Chief Product Officer on 29 October 2021.*

*** *Steven Parkes joined as Chief Financial Officer on 27 September 2021.*

[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 35 and does not represent cash remuneration to the KMP.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
Non-executive Directors:						
David Chambers	86%	81%	-	-	14%	19%
Eliot Siegel	87%	82%	-	-	13%	18%
Robert Bazzani	84%	75%	-	-	16%	25%
Philippe Houssiau	89%	59%	-	-	11%	41%
Executive Directors:						
Michael Lampron	59%	68%	13%	8%	28%	24%
Other Key Management Personnel:						
Jenni Pilcher	-	76%	-	17%	-	7%
Steve Rankin	-	68%	-	8%	-	24%
Steven Parkes	75%	79%	19%	13%	6%	8%
Dyan O'Herne	60%	-	26%	-	14%	-

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
Contract duration	Ongoing
Termination of employment (without cause) by the Company or by individual	6 months' notice (CEO & CFO)
Termination of employment (for cause) by Company	Terminated immediately

Share-Based Compensation

Issue of shares

There were no shares issued to directors and other key management personnel as compensation during the year ended 30 June 2023.

Details of shares issued to directors and other key management personnel upon exercise of remuneration related options during the year ended 30 June 2023 are set out below:

Name	Grant Date	Date of exercise of option	Exercise price	Number of Options exercised	Number of shared issued
Michael Lampron	03/11/2017	29/09/2022	$0.170	233,333	233,333
David Chambers	12/11/2018	29/06/2023	$0.240	225,000	225,000
Dyan O'Herne	17/10/2018	29/06/2023	$0.185	45,000	45,000
				503,333	503,333

In addition to above, prior to being appointed as interim Chief Financial Officer on 1 January 2023, Dyan O'Herne had, on 29 September 2022, exercised 80,000 employee options at exercise price of $0.17 per option for which 80,000 shares were issued to her.

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
Michael Lampron	116,667	17/10/2018	17/10/2019	17/10/2023	$0.190	$0.131
Michael Lampron	116,667	17/10/2018	17/10/2020	17/10/2023	$0.190	$0.131
Michael Lampron	116,666	17/10/2018	17/10/2021	17/10/2023	$0.190	$0.131
Eliot Siegel	75,000	12/11/2018	12/11/2019	12/11/2023	$0.240	$0.153
Eliot Siegel	75,000	12/11/2018	12/11/2021	12/11/2023	$0.240	$0.153
Eliot Siegel	75,000	12/11/2018	12/11/2022	12/11/2023	$0.240	$0.153
David Chambers	11,667	18/11/2019	18/11/2020	18/11/2024	$0.820	$0.367
David Chambers	11,667	18/11/2019	18/11/2021	18/11/2024	$0.820	$0.367
David Chambers	11,666	18/11/2019	18/11/2022	18/11/2024	$0.820	$0.367
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
David Chambers	11,667	01/12/2020	01/12/2021	30/11/2025	$1.400	$0.790
David Chambers	11,667	01/12/2020	01/12/2022	30/11/2025	$1.400	$0.790
David Chambers	11,666	01/12/2020	01/12/2023	30/11/2025	$1.400	$0.790
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
David Chambers	11,666	11/11/2021	11/11/2022	11/11/2026	$0.910	$0.380
David Chambers	11,667	11/11/2021	11/11/2023	11/11/2026	$0.910	$0.380
David Chambers	11,667	11/11/2021	11/11/2024	11/11/2026	$0.910	$0.380
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
Philippe Houssiau	8,333	11/11/2021	11/11/2022	11/11/2026	$0.910	$0.380
Philippe Houssiau	8,333	11/11/2021	11/11/2023	11/11/2026	$0.910	$0.380
Philippe Houssiau	8,334	11/11/2021	11/11/2024	11/11/2026	$0.910	$0.380
Philippe Houssiau	75,000	11/11/2021	01/01/2022	31/12/2025	$1.380	$0.379
Philippe Houssiau	75,000	11/11/2021	01/01/2023	31/12/2025	$1.380	$0.379
Philippe Houssiau	75,000	11/11/2021	01/01/2024	31/12/2025	$1.380	$0.379
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
Philippe Houssiau	75,000	11/11/2021	01/01/2023	31/12/2025	$1.380	$0.379
Philippe Houssiau	75,000	11/11/2021	01/01/2024	31/12/2025	$1.380	$0.379
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
David Chambers	11,666	12/12/2022	12/12/2023	12/12/2027	$0.610	$0.320
David Chambers	11,667	12/12/2022	12/12/2024	12/12/2027	$0.610	$0.320
David Chambers	11,667	12/12/2022	12/12/2025	12/12/2027	$0.610	$0.320
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
Philippe Houssiau	8,333	12/12/2022	12/12/2023	12/12/2027	$0.610	$0.320

Philippe Houssiau	8,333	12/12/2022	12/12/2024	12/12/2027	$0.610	$0.320
Philippe Houssiau	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	30/06/2023	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*	378,114	01/12/2020	30/06/2023	30/09/2023	-	$0.835
Michael Lampron*	402,185	11/11/2021	30/06/2024	30/09/2024	-	$0.519
Michael Lampron*	723,000	17/11/2022	30/06/2025	30/09/2025	-	$0.572

** performance rights subject to performance hurdles.*

Options granted carry no dividend or voting.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

	Number of options granted during year		Number of options vested during year		Value of options granted during year	Value of options exercised during year	Value of options lapsed during year
	30 June 2023	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2023**	**30 June 2023**
David Chambers	35,000	35,000	109,999	98,334	11,214	34,335	-
Eliot Siegel	25,000	25,000	100,000	91,666	8,010	-	-
Robert Bazzani	25,000	25,000	91,666	83,333	8,010	-	-
Philippe Houssiau	25,000	250,000	83,333	75,000	8,010	-	-
Dyan O'Herne***	200,000	-	63,335	-	67,056	5,886	-
Michael Lampron*	723,000	402,185	250,000	366,666	413,556	24,990	-
Steven Parkes**	-	400,000	200,000	-	-	-	-

* *Performance rights granted to Michael Lampron during year ended 30 June 2023 and 30 June 2022 subject to performance hurdles.*

** *Steven Parkes resigned as CFO on 1 January 2023.*

*** *Dyan O'Herne was appointed as Interim CFO effective 1 January 2023 and CFO effective 1 July 2023.*

Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Profit/(loss) for the year	(1,048,112)	(4,167,850)	(9,357,196)	169,293	(7,058,729)
Basic earnings/(loss) per share (EPS) (Cents)	(0.40)	(1.80)	(4.00)	0.10	(5.10)
Improvement in EPS	1.40	2.20	(4.10)	5.10	(1.20)
Share price ($)	0.620	0.490	1.065	0.970	0.475
% change in share price (%)	27%	(54%)	10%	105%	126%

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:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions*	Other movements**	Balance at the end of the year
David Chambers	160,000	-	225,000	-	385,000
Eliot Siegel	21,100	-	-	-	21,100
Robert Bazzani	89,900	-	-	-	89,900
Michael Lampron	85,208	-	233,333	(70,326)	248,215
Dyan O'Herne	-	-	45,000	133,205	178,205
	356,208	-	503,333	62,879	922,420

* *Additions during the represents shares from the exercise of the options.*

** *Other movements for Dyan O'Herne represents numbers of shares held by her before her appointment as the interim Chief Financial Officer on 1 January 2023. Other movements for Michael Lampron represents disposal of shares during the year.*

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:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/forfeited/ other	Balance at the end of the year
David Chambers	330,000	35,000	(225,000)	-	140,000
Eliot Siegel	300,000	25,000	-	-	325,000
Robert Bazzani	275,000	25,000	-	-	300,000
Philippe Houssiau	250,000	25,000	-	-	275,000
Michael Lampron*	2,113,632	723,000	(233,333)	-	2,603,299
Dyan O'Herne**	-	200,000	(45,000)	235,000	390,000
Steven Parkes***	400,000	-	(200,000)	(200,000)	-
	3,668,632	1,033,000	(703,333)	35,000	4,033,299

* *Michael Lampron's closing balance includes 378,114 performance rights granted on 1 December 2020, 402,185 performance rights granted on 11 November 2021, 723,000 performance rights granted in the current year on 17 November 2022 and share options of 1,100,000 granted in previous years.*

** *Dyan O'Herne was appointed as interim Chief Financial Officer on 1 January 2023. On this date, Dyan's held 235,000 Options granted during prior years. Subsequent to becoming a KMP as interim Chief Financial Officer, Dyan was granted 200,000 options on 1 January 2023 and on 29 June 2023 exercised 45,000 options granted and vested in prior years.*

*** *Steven Parkes resigned as Chief Financial Officer on 1 January 2023. The balance in other movement represents forfeiture of 200,000 performance rights granted during previous year.*

Options over ordinary shares	**Vested and exercisable**	**Unvested**	**Balance at the end of the year**
David Chambers	70,000	70,000	140,000
Eliot Siegel	274,999	50,001	325,000
Robert Bazzani	249,999	50,001	300,000
Philippe Houssiau	158,333	116,667	275,000
Michael Lampron	1,100,000	1,503,299	2,603,299
Dyan O'Herne	156,667	233,333	390,000
	2,009,998	2,023,301	4,033,299

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
17/10/2018	17/10/2023	$0.185	646,666
12/11/2018	12/11/2023	$0.244	225,000
02/05/2019	02/05/2024	$0.265	50,000
11/10/2019	11/10/2024	$0.680	793,333
11/10/2019	01/10/2024	$0.680	166,667
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	85,000
03/02/2021	30/06/2025	$1.480	1,550,000
10/09/2021	31/08/2026	$0.980	2,510,000
11/11/2021	11/11/2026	$0.910	110,000
11/11/2021	31/12/2025	$1.380	225,000
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	110,000
01/01/2023	01/01/2028	$0.570	200,000
01/05/2023	01/05/2028	$0.636	200,000
			8,356,666

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 on Mach7 Technologies Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
03/11/2017	$0.170	663,333
17/10/2018	$0.185	95,000
12/11/2018	$0.244	225,000
11/11/2021*	$0.000	200,000
		1,183,333

* *200,000 shared issued upon exercise of 200,000 performance rights by Steven Parkes.*

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

David Chambers
Chairman

30 August 2023

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 2023, 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 AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 30 August 2023
Melbourne, Victoria

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

		CONSOLIDATED	
	Note	30 June 2023	30 June 2022
		$	$
Revenue from contracts with customers	5	30,049,766	27,080,145
Other income	6	407,838	35,528
Expenses			
Employment and related expenses	7	(21,996,554)	(19,851,907)
Depreciation and amortisation	7	(8,680,824)	(9,075,976)
Professional fees and corporate expenses		(1,722,535)	(1,227,844)
General administration and office expenses		(2,022,953)	(1,517,870)
Distributor and licence fees		(988,332)	(958,149)
Marketing and investor relations expense		(755,985)	(687,335)
Travel and related expense		(1,123,796)	(696,867)
Right-of-use lease liability interest expense		(66,903)	(55,243)
Other expenses	7	(134,303)	(105,362)
Foreign exchange gains		378,898	726,433
Loss before income tax benefit		(6,655,683)	(6,334,447)
Income tax benefit	9	5,607,571	2,166,597
Loss after income tax benefit for the year attributable to the owners of Mach7 Technologies Limited		(1,048,112)	(4,167,850)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		893,918	1,975,593
Other comprehensive income for the year, net of tax		893,918	1,975,593
Total comprehensive income for the year attributable to the owners of Mach7 Technologies Limited		(154,194)	(2,192,257)
		Cents	Cents
Basic and diluted earnings per share	8	(0.4)	(1.8)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

As at 30 June 2023

		CONSOLIDATED	
	Note	30 June 2023 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents	10	23,394,568	25,747,608
Trade and other receivables	11	6,707,403	1,995,258
Customer contract assets	12	3,897,609	3,891,217
Other assets	13	890,916	566,106
Total current assets		34,890,496	32,200,189
Non-current assets			
Customer contract assets	12	5,005,951	-
Right-of-use assets	14	1,181,128	1,362,708
Property, plant and equipment	15	815,602	705,848
Intangibles	16	35,466,096	43,311,870
Deferred tax asset	20	4,153,583	579,629
Other assets	13	793,131	761,845
Total non-current assets		47,415,491	46,721,900
Total assets		82,305,987	78,922,089
Liabilities			
Current liabilities			
Trade and other payables	17	3,397,681	3,166,646
Customer contract liabilities	18	11,223,534	7,030,020
Lease liabilities	19	209,614	190,509
Total current liabilities		14,830,829	10,387,175
Non-current liabilities			
Lease liabilities	19	991,039	1,135,850
Deferred tax liability	20	7,000,453	9,023,846
Total non-current liabilities		7,991,492	10,159,696
Total liabilities		22,822,321	20,546,871
Net assets		59,483,666	58,375,218
Equity			
Issued capital	21	115,697,098	115,295,443
Reserves	22	7,312,323	6,575,207
Accumulated losses		(63,525,755)	(63,495,432)
Total equity		59,483,666	58,375,218

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the Year Ended 30 June 2023

Consolidated	Issued capital $	Share based payments Reserves $	Foreign exchange translation $	Accumulated losses $	Total equity $
Balance at 1 July 2021	113,746,239	4,978,917	518,955	(61,329,821)	57,914,290
Loss after income tax benefit for the year	-	-	-	(4,167,850)	(4,167,850)
Other comprehensive income for the year, net of tax	-	-	1,975,593	-	1,975,593
Total comprehensive income for the year	-	-	1,975,593	(4,167,850)	(2,192,257)
Transactions with owners in their capacity as owners:					
Share-based payments (note 35)	-	1,695,463	-	-	1,695,463
Issue of shares upon option exercises	957,722	-	-	-	957,722
Transfers upon lapse of options	-	(2,002,239)	-	2,002,239	-
Transfers upon exercise of options/ rights	591,482	(591,482)	-	-	-
Balance at 30 June 2022	**115,295,443**	**4,080,659**	**2,494,548**	**(63,495,432)**	**58,375,218**

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 (note 35)	-	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**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

For the Year Ended 30 June 2023

		CONSOLIDATED	
	Note	30 June 2023	30 June 2022
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		24,566,804	28,168,222
Payments to suppliers (inclusive of GST)		(27,334,186)	(21,817,048)
Interest received		155,335	22,755
Net cash (used in)/from operating activities	25	(2,612,047)	6,373,929
Cash flows from investing activities			
Payments for property, plant and equipment		(361,007)	(438,563)
Net cash used in investing activities		(361,007)	(438,563)
Cash flows from financing activities			
Proceeds from issue of shares	21	185,241	957,722
Repayment of lease liabilities		(253,872)	(410,110)
Net cash (used in)/from financing activities		(68,631)	547,612
Net (decrease)/increase in cash and cash equivalents		(3,041,685)	6,482,978
Cash and cash equivalents at the beginning of the financial year		25,747,608	18,363,398
Effects of exchange rate changes on cash and cash equivalents		688,645	901,232
Cash and cash equivalents at the end of the financial year	10	23,394,568	25,747,608

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

30 June 2023

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 2023 was authorised for issue in accordance with a resolution of the Directors on **30 August 2023**.

Note 2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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 judgment in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment 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 30.

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 2023 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'.

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 maker 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 the 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.

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.

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.

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

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 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.

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.

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 nonfinancial 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.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

Retirement benefit obligations

All employees of the consolidated entity are entitled to benefits from the consolidated entity's superannuation plan on retirement, disability or death. The consolidated entity has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from entities in the consolidated entity and the consolidated entity's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, in the period in which they occur, in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time ('the vesting period'). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

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.

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.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

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, adjusted for bonus elements in ordinary shares issued 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.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

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.

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.

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.

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. 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 5.

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 2023	30 June 2022
	$	$
Revenue from contracts with customers	30,049,766	27,080,145
Distributor and licence fees	(988,332)	(958,149)
Operating expenditure	(26,544,422)	(22,286,360)
Net foreign exchange gain (realised)	125,896	83,029
Other income/expenses (net)	(120,907)	(96,800)
EBITDA - before the following items	2,522,001	3,821,865
Share-based payments expense (non-cash)	(1,077,401)	(1,695,463)
Net foreign exchange gain (unrealised)	253,002	643,404
EBITDA	1,697,602	2,769,806
Depreciation and amortisation	(8,680,824)	(9,075,976)
Right-of-use lease liability interest expense	(66,903)	(55,243)
Interest income	394,442	26,966
Income tax benefit	5,607,571	2,166,597
Net loss after tax	(1,048,112)	(4,167,850)

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 2023	**30 June 2022**
	$	**$**
North America	11,553,773	3,368,465
Asia	395,622	41,564
	11,949,395	3,410,029

Note 5. 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 2023	**30 June 2022**
	$	**$**
Software Licence Revenue (major segment) *	17,579,923	15,708,322
Professional Services Revenue	-	-
- implementation & training services	2,077,742	2,143,365
- migration services	600,490	687,136
- other custom services	-	70,402
Support and maintenance (recurring revenue)	9,791,611	8,470,920
Total segment Revenue	30,049,766	27,080,145
Geographical segment revenues		
North America	25,027,853	20,596,566
Asia Pacific	3,798,638	5,370,775
Middle East	828,580	1,009,848
Europe and other regions	394,695	102,956
	30,049,766	27,080,145
Timing of revenue recognition		
Revenue recognised at a point in time	11,040,535	10,822,260
Revenue recognised over time	19,009,231	16,257,885
	30,049,766	27,080,145

* *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 $5.9m, 20% (2022: $5.1m, 19%) are derived from a single external customer.

Assets and liabilities related to contracts with customers

Refer to note 12 and note 18 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 2023	30 June 2022
	$	$
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Support & Maintenance and Subscription Revenue	5,176,913	3,915,299
Professional Services Revenue	545,279	483,270
Software Licence Revenue	37,088	-
	5,759,280	4,398,569

Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from fixed-price professional services and annual maintenance contracts.

	Consolidated	
	2023	2022
	$	$
Contracted Support & Maintenance Revenue and Subscription Revenue- (recurring)	20,593,604	17,048,215
Contracted Professional Services Revenue- (non-recurring)	3,789,465	2,366,116
Contracted Capital Software License Revenue- (non-recurring)	128,452	232,758
	24,511,521	19,647,089
Amounts expected to be recognised as revenues:		
Contracted Support & Maintenance and Subscription Revenue within one year	19,205,849	15,102,993
Contracted Support & Maintenance and Subscription Revenue within two years	436,719	-
Contracted Support & Maintenance and Subscription Revenue beyond two years	951,036	-
	20,593,604	15,102,993
Contracted Professional Services & Capital Software License Revenue within one year	3,355,706	2,598,873
Contracted Professional Services & Capital Software License Revenue within two years	487,376	-
Contracted Professional Services & Capital Software License Revenue beyond two years	74,835	-
	3,917,917	2,598,873

Note 6. Other Income

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Interest Income	394,442	26,966
Other revenues	13,396	8,562
Other income	407,838	35,528

Note 7. Expenses

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Amortisation of intangible asset	8,209,074	8,608,616
Depreciation of right-to-use assets	242,843	272,900
Depreciation of property, plant and equipment	228,907	194,460
	8,680,824	9,075,976
Employment and related expenses		
Salaries, wages and commissions	16,091,589	13,704,545
Employee benefits	1,537,083	1,189,918
Employer tax	925,166	728,112
Contractors	454,217	317,550
Other employment related expenses	278,707	381,057
Bonuses	1,000,298	1,371,131
Severance	273,668	231,891
Defined contribution plan expense (superannuation)	373,548	328,862
Annual leave provision movement	(15,123)	(96,622)
	20,919,153	18,156,444
Share-based payments (note 35)	1,077,401	1,695,463
	21,996,554	19,851,907
Other expenses		
Losses (net of any gains during the year) on fixed asset disposals	-	6,001
Other tax	83,860	43,168
Doubtful debt expense	50,443	56,193
	134,303	105,362

Note 8. Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net loss for the half-year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the half-year. The income and share data used in the calculations of basic and diluted EPS is as follows:

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Mach7 Technologies Limited	(1,048,112)	(4,167,850)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	239,385,710	237,724,674
	Cents	**Cents**
Basic and diluted earnings per share	(0.4)	(1.8)

Note 9. Income Tax Benefit

(a) Unused tax losses

At 30 June 2023, the Group has gross tax losses of $53,983,075 (2022: $53,191,321) arising in Australia ($22.5m), US ($20.4m), Singapore ($1,9m) and Canada ($9.2m) 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 Pte. Ltd in accordance with AASB112 Income Taxes. Refer note 20.

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
(c) Income tax expense		
The major components of income tax expense are:		
Current income tax on profits	-	-
(Increase) / decrease in deffered tax assets	(3,518,610)	-
(Decrease) / increase in deferred tax liabilities	(2,088,961)	(2,166,597)
	(5,607,571)	(2,166,597)

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(6,655,683)	(6,334,447)
Tax at the statutory tax rate of 25%	(1,663,921)	(1,583,612)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	22,848	59,648
Unrealised foreign exchange (gains)/losses	(123,333)	(79,978)
Other non-deductible expenses/non-assessable income	77,548	18,403
	(1,686,858)	(1,585,539)
Deferred tax liability not recognised for temporary differences	(244,936)	(107,994)
Option exercises deductible for tax	122,427	8,414
Tax losses not recognised*	986,798	419,843
Tax losses utilised	(977,159)	(716,864)
Differences in local tax rates	(289,233)	(184,457)
Tax losses recognised*	(3,518,610)	-
Income tax benefit	(5,607,571)	(2,166,597)

* *Tax losses recognised and tax losses unrecognised are related to different tax jurisdictions.*

Note 10. Cash and Cash Equivalents

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current assets		
Cash at bank	16,083,161	18,322,399
Cash on deposit	7,311,407	7,425,209
	23,394,568	25,747,608

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 11. Trade and Other Receivables

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current assets		
Trade receivables	6,618,876	1,917,425
Less: Allowance for expected credit losses	(74,366)	-
	6,544,510	1,917,425
Interest receivable	54,359	6,787
GST receivable	74,628	19,393
	128,987	26,180
Other receivables	33,906	51,653
	6,707,403	1,995,258

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 $74,366 (2022: nil) in profit or loss in respect of expected credit losses net of recoveries for the year ended 30 June 2023. 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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Consolidated	%	%	$	$	$	$
Not overdue	-	-	2,806,981	815,313	-	-
0 to 3 months overdue	-	-	1,083,029	771,440	-	-
3 to 6 months overdue	-	-	2,430,534	144,794	-	-
Over 6 months overdue	16.00%	-	461,225	263,711	74,366	-
			6,781,769	1,995,258	74,366	-

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Opening balance	-	421,172
Additional provisions recognised	74,366	-
Bad debts written off	-	(459,637)
Foreign exchange impact	-	38,465
Closing balance	74,366	-

Note 12. Customer Contract Assets

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current assets		
Contract assets	3,897,609	3,891,217
Non-current assets		
Contract assets	5,005,951	-
	8,903,560	3,891,217

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 this reporting period, the Group has 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 next 10 years 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 13. Other Assets

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current assets		
Prepayments	628,952	418,407
Deferred expenses	215,072	118,670
Security deposits	46,892	29,029
	890,916	566,106
Non-current assets		
Contract deposits	793,131	761,845
	1,684,047	1,327,951

Contract deposit relates to 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 14. Right-of-Use Assets

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Non-current assets		
Land and buildings - right-of-use	1,579,445	1,503,027
Less: Accumulated depreciation	(398,317)	(140,319)
	1,181,128	1,362,708

	Consolidated	
	2022	2021
	$	$
Net book value - opening balance	1,362,708	1,032,478
Additions	23,153	554,002
Depreciation	(242,843)	(272,900)
Disposal	-	4,043
Foreign exchange movements	38,110	45,085
	1,181,128	1,362,708

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. This lease was renewed for a further seven years through to 31 July 2029 with annual increases of 3% for each year from 31 July 2023 onwards. 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 2022 for a term of two years through 31 May 2024, with an option to renew for a further two years. On renewal, the terms of the Johor lease will be renegotiated.

Note 15. Property, Plant and Equipment

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Non-current assets		
Leasehold improvements - at cost	363,748	346,434
Less: Accumulated depreciation	(191,877)	(147,741)
	171,871	198,693
Computer equipment - at cost	1,377,421	1,061,834
Less: Accumulated depreciation	(980,348)	(844,730)
	397,073	217,104
Office equipment - at cost	530,785	502,679
Less: Accumulated depreciation	(284,127)	(212,628)
	246,658	290,051
	815,602	705,848

Reconciliations

	Office Equipment $	Computer Hardware & Software $	Leasehold Improvements $	Total $
Balance at 1 July 2021	106,669	201,229	111,998	419,896
Additions	233,236	125,394	108,498	467,128
Disposals	(5,458)	(841)	-	(6,299)
Depreciation expense	(48,522)	(119,526)	(26,412)	(194,460)
Foreign exchange revaluations	4,126	10,848	4,609	19,583
Balance at 30 June 2022	290,051	217,104	198,693	705,848

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 Improvement $	Total $
Balance at 1 July 2022	290,051	217,104	198,693	705,848
Additions	14,424	294,435	9,626	318,485
Foreign exchange revaluations	9,344	6,231	4,601	20,176
Depreciation expense	(67,161)	(120,697)	(41,049)	(228,907)
Balance at 30 June 2023	246,658	397,073	171,871	815,602

Note 16. Intangibles

	Consolidated	
	30 June 2023 $	30 June 2022 $
Non-current assets		
Goodwill - at cost	4,354,315	4,299,657
Patents and trademarks - at cost	402,650	381,184
Less: Accumulated amortisation	(322,290)	(298,750)
	80,360	82,434
Customer contracts - at cost	11,656,701	11,621,152
Less: Accumulated amortisation	(10,504,132)	(9,923,774)
	1,152,569	1,697,378
Software - at cost	58,930,559	58,380,379
Less: Accumulated amortisation	(33,666,329)	(25,847,387)
	25,264,230	32,532,992
Brand - at cost	6,172,596	6,114,670
Less: Accumulated amortisation	(1,557,974)	(1,415,261)
	4,614,622	4,699,409
	35,466,096	43,311,870

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Patents	Customer Contracts	Brand Names	Software	Goodwill	
	$	$	$	$	$	
Balance at 1 July 2021	262,609	2,151,790	4,677,946	38,670,451	4,099,854	49,862,650
Reclassification	(78,115)	-	-	78,115	-	-
Amortisation expense	(109,149)	(542,724)	(190,283)	(7,766,460)	-	(8,608,616)
Exchange differences	7,089	88,312	211,746	1,550,886	199,803	2,057,836
Balance at 30 June 2022	82,434	1,697,378	4,699,409	32,532,992	4,299,657	43,311,870

Consolidated	Patents	Customer contracts	Brand Names	Software	Goodwill	Total
	$	$	$	$	$	$
Balance at 1 July 2022	82,434	1,697,378	4,699,409	32,532,992	4,299,657	43,311,870
Amortisation expense	(5,370)	(552,294)	(142,713)	(7,508,697)	-	(8,209,074)
Exchange differences	3,296	7,485	57,926	239,935	54,658	363,300
Balance at 30 June 2023	80,360	1,152,569	4,614,622	25,264,230	4,354,315	35,466,096

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

The customer contracts, software, 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.

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 = 20%	Year 2 to 5 growth rate is based on management's estimates using Group results achieved by Mach7 over the last 4 years.
Expenditure growth rates	First year = Budget Year 2 to 5 = Average 15% growth rate across all expenditure	Year 2 to 5 growth rate is based on current market conditions, however, management is focused on controlling expenses and increasing the EBITDA margins each year.
Discount Rate	13.5% post-tax; 17.7% 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 2023 and no impairment charge was recognised.

Sensitivity

Revenue growth rate for years 1 to 5 will need to decrease to 11.7% 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 2023. 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 17. Trade and Other Payables

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current liabilities		
Trade creditors	742,045	723,679
Accrued expenses	495,309	502,601
Employee entitlements and related costs	1,449,826	1,522,161
Distributor/reseller fees payable	710,501	418,205
	3,397,681	3,166,646

Refer to note 24 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 commissions 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 18. Customer Contract Liabilities

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current liabilities		
Support & Maintenance Revenue received in advance	6,316,755	5,069,197
Professional Service Revenue received in advance	2,664,481	940,780
Subscription Revenue received in advance	2,113,846	982,955
Capital Software Licence Revenue received in advance	128,452	37,088
	11,223,534	7,030,020

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 Service milestones are achieved.
- over a period of time when Support & Maintenance 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. Support & maintenance 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 Support & Maintenance contract and Subscription contract signed going forward will add to this balance. Professional Service Revenue received in advance are expected to fluctuate from year to year, as timing of sales orders, cash payment milestones and Professional Service milestones will impact this balance.

Note 19. Lease Liabilities

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Current liabilities		
Lease liability	209,614	190,509
Non-current liabilities		
Lease liability	991,039	1,135,850
	1,200,653	1,326,359

Refer to note 24 for further information on financial instruments.

Note 20. Deferred Tax Asset and Liability

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Non-current liabilities		
Deferred tax liability	7,000,453	9,023,846
Initial recognition value	9,023,846	10,756,055
Accumulated amortisation	(2,023,393)	(1,732,209)
	7,000,453	9,023,846
Movements:		
Opening balance	9,023,846	10,756,055
Amortisation credit for the period	(2,088,961)	(2,166,597)
Foreign exchange differences	65,568	434,388
Closing balance	7,000,453	9,023,846

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Deferred tax asset comprises temporary differences attributable to:		
Unutilised tax losses	4,153,583	579,629
Deferred tax asset	4,153,583	579,629
Movements:		
Opening balance	579,629	552,963
Credited to profit or loss (note 9)	3,518,610	-
Exchange differences	55,344	26,666
Closing balance	4,153,583	579,629

Note 21. Issued Capital

	Consolidated			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	$	$
Ordinary shares - fully paid	240,009,381	238,826,048	115,697,098	115,295,443

Movements in ordinary share capital

Details		Shares	$
Balance	1 July 2021	236,341,050	113,746,239
Options exercised during the year		2,484,998	1,549,204
Balance	30 June 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

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 35 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 2022 Annual Report.

Note 22. Reserves

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
Foreign currency reserve	3,388,466	2,494,548
Options reserve	3,923,857	4,080,659
	7,312,323	6,575,207

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:

	Options reserve	Foreign Exchange Translation Reserve	Total
Consolidated	**$**	**$**	**$**
Balance at 1 July 2021	4,978,917	518,955	5,497,872
Share based payments	1,695,463	-	1,695,463
Transfer upon lapse of options	(2,002,239)	-	(2,002,239)
Transfer to share capital	(591,482)	-	(591,482)
Foreign exchange on translation of subsidiaries	-	1,975,593	1,975,593
Balance at 30 June 2022	4,080,659	2,494,548	6,575,207
Share based payments	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

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. 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 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
	31,163,099	52,838	265,236	18,517	59,518	31,559,208
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	59,518	31,559,208
Financial liabilities	(3,356,518)	(160,591)	(787,181)	-	-	(4,304,290)
Net exposures	27,806,581	(107,753)	(521,945)	18,517	59,518	27,254,918

30 June 2022 Reconciliation of financial assets and liabilities denominated in foreign currency	USD $	SGD $	CAD $	GBP	HKD $	Total $
Financial assets						
Cash and cash equivalent	17,438,768	70,521	206,659	-	-	17,715,948
Accounts receivables	1,934,163	34,914	-	-	-	1,969,077
Customer contract assets	3,891,217	-	-	-	-	3,891,217
	23,264,148	105,435	206,659	-	-	23,576,242
Financial liabilities						
Trade and other payables	(1,994,713)	(147,864)	(374,725)	-	-	(2,517,302)
Lease liabilities	(884,518)	(28,578)	(413,263)	-	-	(1,326,359)
	(2,879,231)	(176,442)	(787,988)	-	-	(3,843,661)
Financial assets	23,264,148	105,435	206,659	-	-	23,576,242
Financial liabilities	(2,879,231)	(176,442)	(787,988)	-	-	(3,843,661)
Net exposures	20,384,917	(71,007)	(581,329)	-	-	19,732,581

Based on the financial instruments held at 30 June 2023, 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:

	Profitability (post-tax) higher/(lower)	Profitability (post-tax) higher/(lower)	Equity (excluding accumulated losses)	Equity (excluding accumulated losses)
	2023	2022	2023	2022
Sensitivity	$	$	$	$
AUD strengthens +10% (2022:+10%)	(2,477,120)	(1,793,871)	-	-
AUD weakens -10% (2022:-10%)	3,028,324	2,192,509	-	-

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 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

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 2023, 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 short-term money market 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 variable interest rate risk that are not designated as cash flow hedges (other currencies or non-interest bearing accounts are not included):

	30 June 2023 Balance	30 June 2022 Balance
Consolidated	**$**	**$**
Deposits at call (maturity date 3 months after 30 June)	7,311,407	7,425,209
Term deposit (maturity date > 3 months after 30 June)	-	-
Net exposure to cash flow interest rate risk	7,311,407	7,425,209

An analysis by remaining contractual maturities in 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.

Cash 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.

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.

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.

	Weighted average interest rate	**1 year or less**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Remaining contractual maturities**
Consolidated - 30 June 2023	**%**	**$**	**$**	**$**	**$**	**$**
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

Consolidated - 30 June 2022	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	-	3,166,646	-	-	-	3,166,646
Interest-bearing - fixed rate						
Lease liability	5.21%	251,640	257,159	714,691	328,635	1,552,125
Total non-derivatives		3,418,286	257,159	714,691	328,635	4,718,771

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 25. Reconciliation of Loss After Income Tax to Net Cash (used in)/from Operating Activities

	Consolidated	
	30 June 2023 $	30 June 2022 $
Loss after income tax benefit for the year	(1,048,112)	(4,167,850)
Adjustments for:		
Depreciation and amortisation	8,680,824	9,075,976
Lease interest expense	66,903	55,212
Share-based payments	1,077,401	1,695,463
Foreign exchange differences	(125,457)	(615,973)
Income tax benefits	(5,607,571)	(2,166,597)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(4,627,086)	75,465
Decrease/(increase) in customer contract deposits	(5,012,343)	(451,190)
Decrease/(increase) in other current assets	(441,155)	(100,981)
Increase/(Decrease) in trade and other payables	231,035	1,524,730
Increase in customer contract liabilities	4,193,514	1,449,674
Net cash (used in)/from operating activities	(2,612,047)	6,373,929

Note 26. Key Management Personnel Disclosures

Directors

The following persons were directors of Mach7 Technologies Limited during the financial year:

- **Mr David Chambers** - Independent Non-Executive Chairman
- **Mr Robert Bazzani** - Independent Non-Executive Director
- **Dr Eliot Siegel** - Independent Non-Executive Director

- **Mr Philippe Houssiau** - Independent Non-Executive Director
- **Mr Michael Lampron** - Managing Director and Chief Executive Officer

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:

Mr Steven Parkes	Resigned on 1 January 2023
Ms Dyan O'Herne	Appointed on 1 January 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 2023 $	30 June 2022 $
Short-term employee benefits	2,433,553	1,926,592
Post-employment benefits	17,104	30,050
Share-based payments (non-cash)	473,900	457,997
	2,924,557	2,414,639

Note 27. 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 2023 $	30 June 2022 $
Audit services - RSM Australia Partners		
Audit or review of the financial statements	158,500	148,000
Other services - RSM Australia Partners		
Preparation of the tax return	10,000	8,750
	168,500	156,750

Note 28. Commitments

There are no expenditure commitments as at 30 June 2023 (2022: nil).

Note 29. Related Party Transactions

Parent entity

Mach7 Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 26.

Transactions with related parties

During the year ended 30 June 2023, Mr Philippe Houssiau, a non-executive Director of the Company, received, in addition to his fees as non-executive Director, 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. With the exception of this item, 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 30. 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 2023 $	30 June 2022 $
Loss after income tax	(1,408,831)	(1,105,336)
Total comprehensive income	(1,408,831)	(1,105,336)

Statement of financial position

	Parent	
	30 June 2023 $	30 June 2022 $
Total current assets	26,128,547	13,638,212
Total assets	85,522,804	85,788,876
Total current liabilities	1,668,356	844,917
Total liabilities	1,668,356	844,917
Equity		
Issued capital	115,697,098	115,295,443
Options reserve	3,923,857	4,080,659
Accumulated losses	(35,766,507)	(34,432,143)
Total equity	83,854,448	84,943,959

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 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

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.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. 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:

		Ownership Interest	
		30 June 2023	30 June 2022
Name	Principal place of business / Country of incorporation	%	%
Direct subsidiary		-	-
Mach7 Technologies International Pty Ltd	Australia	100.00%	100.00%
Indirect subsidiaries		-	-
Mach7 Technologies UK Ltd	UK	100.00%	100.00%
Mach7 Technologies Pte Ltd	Singapore	100.00%	100.00%
Mach7 Technologies, Inc.	U.S.A	100.00%	100.00%
Mach7 Technologies Canada Inc.	Canada	100.00%	100.00%

Note 32. Contingent Assets

The Group has no contingent assets at 30 June 2023 (2022: none).

Note 33. 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.

On 8 July 2022, a notice was received from the United States District Court for the District of Delaware that it granted the Group's request to dismiss all claims asserted by AI Visualize. The Court based its dismissal on a finding that AI Visualize's patents were not eligible for patenting. AI Visualize's claims of wilful infringement was therefore dismissed.

On 9 August 2022, the Group received notice from the United States District Court for the District of Delaware that AI Visualize has appealed the dismissal to the United States Court of Appeals for the Federal Circuit.

A court date has been set for AI Visualize Inc's appeal of the dismissal of its patent infringement case against Nuance Communications Inc. with the United States Court of Appeals for the Federal Circuit to hear oral arguments on 5

October 2023. The appellate courts do not retry cases nor hear new evidence, and there is no jury. Appellate courts review the procedures and the decisions in the trial court to make sure that the proceedings were fair and that the proper law was applied correctly. The United States District Court for the District of Delaware dismissed AI Visualize's claims of wilful infringement on the grounds that the patents were not eligible for patenting.

The Group will continue to defend itself in relation to this matter. Much like the original claim, management believes that the appeal is highly unlikely to be successful. The timing of the finalisation of this matter is unknown.

Note 34. Events After the Reporting Period

Subsequent to year end, as announced on ASX on 10 August 2023, Mr. David Chambers will retire as Chair and Non-Executive Director of Mach7, effective from the close of the Company's Annual General Meeting on 16 November 2023.

No other matter or circumstance has arisen since 30 June 2023 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 35. 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.

Set out below are summaries of options granted and on issue under the plan at the end of the year:

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
Share based payment expense	1,077,401	1,695,463

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. The options, issued for nil consideration, are exercisable any time two to three years after the issue date and expire four to five years after the issue 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 2023	Weighted average exercise price 30 June 2023	Number of options 30 June 2022	Weighted average exercise price 30 June 2022
Outstanding at the beginning of the financial year	10,791,665	$0.907	10,163,331	$0.729
Granted	760,000	$0.728	4,060,000	$0.975
Exercised	(983,333)	$0.579	(2,484,998)	$0.383
Expired/Forfeited	(2,211,666)	$1.102	(946,668)	$1.079
Outstanding at the end of the financial year	8,356,666	$0.924	10,791,665	$0.907
Exercisable at the end of the financial year	5,209,989	$0.885	4,574,984	$0.660

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	166,667	-	-	-	166,667
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
			10,791,665	760,000	(983,333)	(2,211,666)	8,356,666
Weighted average exercise price			$0.907	$0.728	$0.188	$1.102	$0.924

30 June 2022							
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**
27/01/2017	27/01/2022	$0.410	913,333	-	(913,333)	-	-
03/11/2017	03/11/2022	$0.170	1,144,999	-	(481,666)	-	663,333
17/10/2018	17/10/2023	$0.185	1,351,666	-	(583,334)	-	768,332
12/11/2018	12/11/2023	$0.244	450,000	-	-	-	450,000
02/05/2019	02/05/2024	$0.265	50,000	-	-	-	50,000
11/10/2019	11/10/2024	$0.680	1,301,667	-	(314,999)	(75,001)	911,667
11/10/2019	01/10/2024	$0.680	166,667	-	-	-	166,667
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	858,333	-	(191,666)	(133,334)	533,333
01/12/2020	30/11/2025	$1.400	85,000	-	-	-	85,000
03/02/2021	30/06/2025	$1.480	2,640,000	-	-	(253,333)	2,386,667
10/09/2021	31/08/2026	$0.980	-	3,275,000	-	(485,000)	2,790,000
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
			10,163,331	4,060,000	(2,484,998)	(946,668)	10,791,665
Weighted average exercise price			$0.729	$0.975	$0.383	$1.079	$0.907

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years 7 months (2021: 2 years 10 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
12/12/2022	12/12/2027	$0.979	$0.610	46.00%	-	0.64%	$0.394
01/01/2023	01/01/2028	$0.570	$0.570	67.00%	-	3.70%	$0.330
01/05/2023	01/05/2028	$0.675	$0.636	72.00%	-	3.08%	$0.419

Performance rights

The Company has on issue 1,503,299 (2022: 1,180,299) performance rights of which 378,114 expire on 30 September 2023, 402,185 expires on 30 September 2024 and 723,000 expires on 30 September 2025. The latter is subject to Total Shareholder Return (TSR) hurdles over the vesting period to 30 June 2023.

Summaries of performances rights is as below:

	30 June 2023	30 June 2022
Outstanding at the beginning of the financial year	1,180,299	540,115
Granted	723,000	802,185
Exercised	(200,000)	-
Expired/Forfeited	(200,000)	(162,001)
Outstanding at the end of the financial year	1,503,299	1,180,299

During the year, the consolidated entity issued 723,000 performance rights (PR1) 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:

The fair value of the performance rights was determined at $413,556 using the Black Scholes option pricing model using the following inputs:

	Performance rights
Number of performance rights granted	723,000
Grant date	25 November 2022
Expiry date	30 September 2025
Weighted average share price at date of grant ($)	$0.680
Weighted average exercise price ($)	Nil
Weighted average volatility %	83%
Weighted average risk-free rate %	3.27%
Fair value per performance right $	0.572
Fair value of performance right $	$413,556

Directors' Declaration

30 June 2023

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 2023 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 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

David Chambers
Chairman

30 August 2023

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 2023, 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 a summary of significant accounting policies, 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 2023 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 5 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 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, among others: • Assessing whether the Group's revenue recognition policies were 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), substantiating transactions by agreeing to supporting documentation, including contracts with customers and assessing whether performance obligation has been satisfied; • 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 2023 • 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 2023 • 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 enough period 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.

Key Audit Matter	How our audit addressed this matter
Impairment Assessment of Goodwill and Intangibles Refer to Note 16 in the financial statements	
At 30 June 2023, the Group has intangible assets and goodwill (collectively known as intangibles) with carrying values of $31.1m and $4.3m 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 where required, 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 assumptions built into the model which includes the future growth rates, discount rate, terminal value, working capital and 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.
Share-Based Payments Refer to Note 35 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 where required, included: • Reviewing the terms and conditions of the instruments issued; • Reviewing the valuation methodology to ensure it is in compliance with AASB 2; • 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 in the financial statements.

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 2023, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 2023.

In our opinion, the Remuneration Report of Mach7 Technologies Limited, for the year ended 30 June 2023, 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 AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 30 August 2023
Melbourne, Victoria

Additional Shareholder Information

The shareholder information set out below was applicable as at 14 September 2023.

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as of 14 September 2023.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: https://www.mach7t.com/about-us/corporate-governance.

Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	Ordinary shares		Options over ordinary shares		Performance rights	
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total performance rights issued
1 to 1,000	1,095	0.28	-	-	-	-
1,001 to 5,000	2,019	2.31	-	-	-	-
5,001 to 10,000	842	2.74	3	0.37	-	-
10,001 to 100,000	1,327	15.80	33	23.65	-	-
100,001 and over	134	78.87	26	75.98	1	100.00
	5,417	100.00	62	100.00	1	100.00
Holding less than a marketable parcel	552	-	-	-	-	-

Equity Security Holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
SANDHURST TRUSTEES LTD (JMFG CONSOL A/C)	34,943,767	14.54
NATIONAL NOMINEES LIMITED	33,728,744	14.04
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	26,127,926	10.87
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,558,036	5.23
CITICORP NOMINEES PTY LIMITED	9,220,511	3.84
LAWN VIEWS PTY LTD (ANGELA WILLIAMS FAMILY A/C)	6,363,394	2.65

PT DWI SATRYA UTAMA	4,392,959	1.83
UBS NOMINEES PTY LTD	4,022,984	1.67
PERCO GROUP PTY LTD (F S P A/C)	4,000,000	1.66
PADMALWAR PRAKASH	3,569,921	1.49
CHEW & PARTNERS (IMPORT & EXPORT) PTE LTD	2,900,074	1.21
MOGGS CREEK PTY LTD (MOGGS CREEK SUPER A/C)	2,639,345	1.10
ALBERT LIONG PAK-FAI	2,044,189	0.85
BPNT PTY LTD (THE HEANEY FAMILY SUPER A/C)	2,000,000	0.83
BPNT PTY LTD (THE HEANEY FAMILY SF A/C)	1,921,218	0.80
MICROEQUITIES ASSET MANAGEMENT PTY LTD (MICROEQTS NANOCAP NO 11 A/C)	1,751,702	0.73
SUPERNATURAL SUPER PTY LTD (THE SUPERNATURAL SUPER A/C)	1,684,000	0.70
MR RAVINDRAN KRISHNAN	1,636,422	0.68
BNP PARIBAS NOMS PTY LTD (DRP)	1,467,677	0.61
TY WEBB PTY LTD (TY WEBB A/C)	1,339,444	0.56
	158,312,313	**65.89**

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued under the Company's Long Term Incentive Plan	8,041,245	62
Performance rights issued under the Company's Long Term Incentive Plan	1,503,299	1

Substantial Holders

Substantial holders in the company, as disclosed in substantial holding notices given to the company under the Corporations Act, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
JM Financial Group Limited	31,608,997	13.17
Australian Ethical Investment Limited	26,871,450	11.27
Microequities Asset Management Pty Ltd	16,684,772	6.95

Voting Rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

Other classes of equity securities do not carry voting rights.

On-Market Buy-Back

There is no current on-market buy-back.

Corporate Directory

30 June 2023

Directors	Mr Michael Lampron (Managing Director and Chief Executive Officer) Mr David Chambers (independent Non-Executive Chairman) Mr Robert Bazzani (independent Non-Executive Director) Dr Eliot Siegel (independent Non-Executive Director) Mr Philippe Houssiau (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 Johnson Street, Abbotsford, VIC 3067 Telephone: 1300 850 505 Website: www.computershare.com
Auditor	RSM Australia Partners Level 21, 55 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)


May
June
July
August
September
October
November
December

MACH7

Independence through Innovation