Mach7 Financial Results for the Year Ended 30 June 2017

Highlights

- Strong revenue growth (+76%*), with $10.3 million in sales
- Operating expenses & distributor fees remain largely constant at $14.6 million
- Development costs expensed as incurred, ensuring future profits are maximised
- EBITDA (adjusted) loss reduced by 51% to $4.2 million
- Net loss after tax $17.7 million after taking into account non-cash expenses
- Net tangible assets increased to $3.4 million

Melbourne, Australia; 28 August 2017: Mach7 Technologies Limited (**Mach7** or the **Company**) (ASX:**M7T**), a recognised leader in the enterprise imaging market, today announced its Appendix 4E, Directors' Report and audited financial statements for the year ended 30 June 2017 (FY17).

Financial performance

Mach7 achieved $10.3 million of revenues from operations, which is an increase of 76% over the comparative pro-forma result. Mach7 delivered strong growth in revenue across its software licenses, professional services and maintenance service, especially throughout the U.S. and Middle Eastern markets.

During the year, Mach7 won significant contracts with a diverse range of healthcare enterprises including large U.S. university medical centres, healthcare networks and radiology groups. These important new customers included MaineHealth, Sidra Medical and Research Centre, Radiology Associates PA, Broward Health and Cabell Huntington Hospital. These new deals generated significant software license fee revenues and service revenues in the current financial year, and will contribute an important source of annuity revenues in support and maintenance service fees going forward. Supporting these larger deals were also several upsell license fee deals from increased platform adoption. In addition, the Company signed important agreements with distributors in the U.K. and Europe and aims to expand its network of distributors in other regions during the new financial year.

Mach7 reported an adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA) loss of $4.2 million for FY17, compared to an adjusted EBITDA loss of $8.6 million for FY16*. The positive growth in EBITDA was attributable to the strong revenue growth (an increase of $4.4 million), whilst operating expenditure and reseller fees were largely

constant at $14.6 million (FY2016 $14.4 million*) which demonstrates the scalability of the business. Importantly, Mach7 does not capitalise any of its research, development or other expenditure to the balance sheet, which means that costs associated with the development of the software have been expensed as incurred. This business model provides future profit upside with no amortisation costs associated with development expenses in future years.

The Company generated a net loss of $17.7 million for the year (FY2016: $20.5 million). The net loss includes a non-cash write-off, amortisation charge, and associated income tax benefit for intangible assets of $12.5 million in FY17 (FY2016: $8.0 million). The write-off of significant intangible assets, together with the cessation and divestiture of the 3D Medical business in FY17, will enable the Company to solely focus on profitable sales and the expansion of the Mach7 proprietary enterprise imaging platform across global markets.

Financial position

The Company is in a solid financial position with $3.4 million of net tangible assets at 30 June 2017. A further $2.9 million is recorded as deferred revenue as at 30 June, which when coupled with a growing number of existing contracts for its annuity-style license revenue, provides a solid basis to build continued revenue growth for FY18.

The Company's financial positon has continued to strengthen with a cash positon of $2.7 million and the elimination of $2.9 million in debt since the previous corresponding period. The Company generated cash receipts from customers of $8.4 million in FY17, reflecting an increase in the scale and geographic diversity of the Company's operations.

Outlook for FY2018

As Mach7 starts a new fiscal year, the team is focused on providing solutions that build value for our customers and their patients. Mcah7 continues to invest and innovate in market leading enterprise imaging platform technology.

Chief Executive Officer, Mike Jackman commented, "In 2017, Mach7 improved its operating margins. Going into 2018, we continue to focus on being an important partner to our customers and assist them with the delivery of better patient and operational outcomes. Our team has a strong focus on cash flow generation, cost management and strong customer acquisition. We are increasing commercial scale through our existing direct channels and new indirect channels. I believe the continuing trend of increasing orders and revenue growth will lead to the Company achieving a positive EBITDA in 2018."

FY2016 audited result includes only one quarter of Mach7 technologies operations (i.e. from the date of acquisition). The pro-forma result includes Mach7 technologies operations for a full financial year as a comparison.

About Mach7 Technologies:

Mach7 Technologies (ASX:M7T) develops innovative enterprise imaging IT solutions that create a clear and complete view of the patient to inform diagnosis, reduce care delivery delays and costs, and improve patient outcomes. Mach7's award-winning enterprise imaging platform provides a vendor neutral foundation for unstructured data consolidation and communication to power interoperability and enables healthcare enterprises to build their best-of-breed clinical ecosystems. Mach7's sophisticated workflow tools, advanced clinical viewing and optimized vendor neutral archiving solutions unlock silos of legacy systems empowering healthcare providers to own, access and share patient data without boundaries. Visit www.mach7t.com.

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