

QUARTERLY UPDATE (Q3 FY2018)

Mach7 sales momentum continues; More customer software deployments completed

Q3 FY18 highlights:

- Sales orders won totalling \$2.9 million (total contract value "TCV");
- Contracted annual recurring revenue up \$0.3 million to \$4.9 million per year
- Premier Silicon Valley Customer won
- First Microsoft Azure cloud customer goes "live" with Mach7 solutions
- Next major product release (Sage – data services platform) planned for later this year
- Cash on hand \$3.0 million

Melbourne, Australia; 12 April 2018: Mach7 Technologies Limited (**Mach7** or the **Company**) (ASX:M7T) is pleased to provide the following quarterly update to its shareholders in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report. The update is for the quarter ended 31 March 2018.

U.S. Sales – Good Momentum Continues

During the third quarter (Q3) Mach7 won sales order contracts valued at \$2.9 million. These contracts included sales to both new and existing customers, and have increased contracted annual recurring revenue (CARR) by \$0.3 million to \$4.9 million per year.

Mach7 is delighted to welcome El Camino Hospital (ECH), the premier hospital of Silicon Valley, California, as its newest customer. ECH has purchased Mach7 Enterprise Imaging Platform to support their vision for moving to a deconstructed PACS (Picture, Archive, Communication System). ECH will use Mach7 software to manage its clinical workflows, store DICOM and Non-DICOM studies, and migrate images from legacy systems. The Mach7 solution replaces their legacy systems and establishes a modern and technologically advanced imaging infrastructure to support their future needs.

Sales contracts received from existing customers during the quarter totalled \$2.0 million and included:

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- University of Virginia Health System: one of the early adopters of Mach7 Enterprise Imaging platform, signed a contract extension for the continued use of Mach7 Management Studio. This extension includes a new software license fee and ARR.
- University of Pennsylvania Health System: currently utilising Mach7 Enterprise Imaging Platform and Clinical Viewer, purchased a license expansion to increase their utilisation of Mach7 software to a maximum of 1,150,000 exams annually. This sales order includes software fees and ARR.
- Penn State Milton S. Hershey Medical Centre: currently utilising Mach7 Enterprise Imaging Platform, Clinical Viewer and migration services, purchased additional migration services to increase the number of studies moved to the Mach7 vendor neutral archive (VNA). This is a service fee only deal.
- MaineHealth: currently deploying Mach7 specialty workflow solutions, expanded the scope of the solution to address a legacy workflow issue. Mach7's flexible adaptor technology will automate the process to address the need and expand integration throughout their facility.

U.S. – Delivering Milestones in Customer Software Deployments

Mach7 continues to make good progress with its customers going live on Mach7 solutions:

- Goshen Health System (Indiana) recently went live with Mach7's first cloud deployment with Microsoft Azure. Since July 2017, Mach7 solutions have been archiving historical legacy PACS studies to both the cloud and to Goshen's local data centres. Users have begun to launch images from within their electronic medical record (EMR) systems using Mach7 Clinical Viewer. This milestone will enhance patient care and brings them live with their new radiology PACS and associated Mach7 workflows.
- Adventist Health West (California) recently implemented the Mach7 platform to exchange health information between disparate radiology and cardiology information systems. Mach7's rules based engine graphically enabled administrators to dynamically identify and automatically distribute the health information to the most appropriate department and specialist. As the health information is exchanged, Mach7's platform localises the data for consumption by the relevant information system.
- Michigan State University is now providing teleradiology services to imaging centres using the power of Mach7 Communication Workflow Engine and a temporary archive cache. This project is an example of a well-defined workflow with a technically savvy and dedicated customer team resulting in a 13-week implementation time from project kick-off to go-live.

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Other Markets Poised for Growth

Mach7 continues to expand its business into new markets. Mach7 now has three new distributors operating in Latin America who are in the process of being trained and building a sales pipeline.

Mach7 continues its plans to grow its business in the Middle East region by developing distributor partnerships and new prospects while providing strong support to existing customers. Mach7 successfully completed a project to enable the cross enterprise sharing of imaging and data between Sidra Medical & Research Centre and Hamad Medical Centre in Qatar.

In the Netherlands, Hospital Group Twente went live with Mach7 Communication Workflow Engine and in the UK, the Royal Veterinary College achieved first productive use and the data migration has also been completed with historical studies archived to the Mach7 platform.

Creating Solutions to Enhance Clinical Outcomes and Operational Efficiencies

Mach7's latest product version (v11.8) has largely focused on enhancements and new modules in support of a growing PACS replacement market and deconstructed PACS opportunities. Machine learning and artificial intelligence (AI) techniques are now embedded within the solution to assist in the localising of health information which optimises clinical workflows and simplifies the identification of relevant clinical information. Mach7's next major release (v12), branded Sage, is planned for the second half of calendar year 2018. Sage is Mach7's Data Services Platform which goes beyond enterprise imaging. Sage will manage the communication, exchange, and storage of healthcare information.

Summarising the market, Michael Jackman, Mach7 CEO said "The market support for enterprise imaging strategies with a deconstructed architecture continues to gain acceptance. At Mach7, we believe that the first step to adopting a deconstructed architecture can be the deployment of a VNA such as ours, together with data services including communications routing, mapping, morphing and normalisation. Our vendor agnostic architecture can support a variety of viewing components and other specialty tools for various diagnostic and clinical areas. The power and breadth of the Mach7 platform is clearly demonstrated by the success of our customers and their expanded use of our solutions as well as the new customers coming on board."

ASX Announcement

Industry Advisory Board Established

Mach7 is pleased to announce the completion of its new Mach7 Industry Advisory Board (IAB) and the appointment of its initial industry members. This group of experts believe in the Mach7 potential and they all bring deep expertise and industry connections. The IAB will advise on strategy and will assist in making connections to valuable partners and potential customers.

Positive Cash Position

Mach7 ended the third quarter (Q3) of the financial year with cash on hand of \$3.0 million and net cash outflows from operations of \$1.9 million and \$1.7 million for the current quarter and year to date respectively. This compared with net cash outflows from operations of \$2.9 million (Q3) and \$5.0 million (year to date) for the same period last year. This improvement in cash flow is a result of continued progress in sales and a significant reduction of operational expenses.

The current quarter includes \$1.2 million of cash receipts from customers. Cash receipts include \$0.7 million for software licenses and services and \$0.5 million of annual recurring revenue. Q3 traditionally has very few support and maintenance annual renewals and cash receipts are expected to be higher next quarter (Q4).

Note: - All amounts quoted in this announcement are AU\$. Amounts that are denominated in US\$ have been converted at the Reserve BA quoted rate of 0.7665:1 at 31 March 2018.

About Mach7 Technologies:

Mach7 Technologies (ASX:M7T) develops innovative data management 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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