

## FY21 Results

### Mach7 Delivers 95% Sales Order Growth for FY21

*Carried forward sales of \$8.3M, ARR of \$13.4M and future sales pipeline conversion expected to provide strong foundation for revenue growth in FY22*

#### FY21 Result Highlights

- ◆ \$25.6M Sales Orders (TCV<sup>1</sup>) – Highest on Record; up 95%;
- ◆ 20% of Sales Orders are SAAS; Up from 3% in FY20
- ◆ 97% Gross Margin %; Up from 87% in FY20
- ◆ \$18.4M Gross Margins; Up 12%
- ◆ \$19.0M Revenue; Up 1%; (Up 13% on a constant currency basis)

#### Forward looking Financial Metrics

- ◆ \$13.4M Annual Recurring Revenue (ARR) Run-Rate<sup>2</sup>
- ◆ \$15.8M Contracted Annual Recurring Revenue
- ◆ \$8.3M of Software License & Service Fee Order Book
- ◆ \$27M Revenue Target for CY21 is On Track
- ◆ \$23.1M Revenue Base for FY22

**Melbourne, Australia; 23 August 2021:** Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T), a company specialising in innovative medical imaging solutions for healthcare providers, is pleased to announce its full year results for the year ending 30 June 2021.

#### **\$25.6M Sales Orders – Highest on Record; 20% SAAS-based.**

Mach7 has produced its most successful year in its history for sales orders with \$25.6M (FY20: \$13.1M), 95% growth over the prior year. Notably, Mach7 contracted premier hospital networks Trinity Healthcare and Adventist Healthcare during the year, with a combined unrecognised value of \$13.2M.

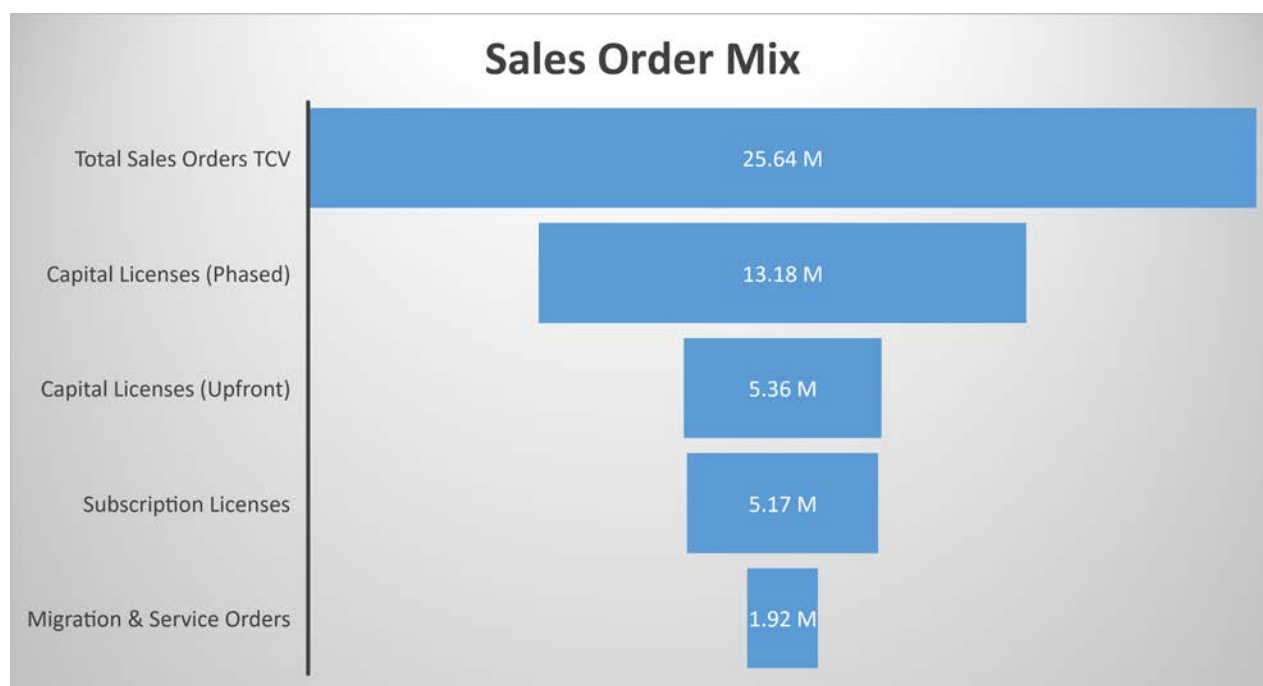
<sup>1</sup> Total Contract Value (TCV) means software license fees, professional service fees and annual support (or annual subscription) over the life of the contract.

<sup>2</sup> ARR Run Rate is the Recurring Revenue recognised for the month of 30 June 2021, annualized.

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Pleasingly, 20% (\$5.2M) of sales were subscriptions (SAAS), which is significant growth over the previous year's 3%. This SAAS growth is predominantly associated with Mach7's eUnity product, which Mach7 acquired in July 2020.

The remaining sales orders were 72% (\$18.5M) Capital Sales (i.e., Perpetual or Term Licenses) and 8% (\$1.9M) Services contracts (e.g., migrations).



### High Gross Margins – 97% GM%; \$18.4M up 12%

Mach7 has reported a solid Gross Margin of \$18.4M (2020: \$16.5M), an increase of 12%. Gross margins have strengthened to 97% of revenues (2020: 87%) due to the elimination of reseller fees paid to Client Outlook on eUnity sales since the acquisition of Client Outlook Inc. in July last year.

### Revenue \$19M – up 13% (constant currency basis)

Mach7 reported revenue of \$19.0M (2020: \$18.9M), an increase 1% of reported revenue, and 13% on a constant currency basis.

Pleasingly, recognised annual recurring revenue (ARR) for FY21 has increased by 80% over the prior year, to \$10.9M (2020: \$6.0M), and now accounts for 57% of total revenue (2020: 32%). Notably, ARR has grown 23% on a pro-forma/constant currency basis, i.e., when compared to 2020 including Client Outlook.

Professional services revenue was stable at \$2.2M (2020: \$2.4M). Capital software license fee revenue however has decreased by 42% to \$6.0M (2020: \$10.4M). This is explained below.



## ASX Announcement

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### Sales Order Mix and Impact on Revenue Recognition for Current and Future Years

The mix of current year sales orders has impacted the timing of revenue recognition, in particular software license fees which are recognised as revenue when the license is delivered to the customer. Firstly, as 20% (\$5.2M) of sales orders were subscriptions, these will flow into revenue evenly over the subscription period – usually five years. Conversely, if these sales were Capital Sales, between 30%-40% of the value would have been recognised in the current year as software fees.

A larger impact to FY21 revenue is that 70% (\$13.2M) of the capital licenses sold (and 51% of total sales orders) were subject to a phased rollout which means software is not delivered immediately but rather in accordance with the customer's rollout plan. This is the same phased method used by Hospital Authority Hong Kong. These phased rollout orders have meant that only 17% (\$3.2M) of capital license sales orders have flowed into software license fee revenue for FY21, compared to 35% for FY20. Whilst this has impacted FY21 revenue, it has created a solid order book for FY22 which is further explained below.

### **Software License & Service Fees Carried Forward - \$8.3M**

As noted above, the phased capital license sales orders have generated an order book of forward or future revenue which will contribute to future results. This is valued at \$6.2M. These are software license fees that have been ordered and are expected to be delivered in this coming financial year. In addition to this, the Company has a \$2.1M Professional Services book of business at 30 June 2021 which will be recognised over the service period. Additional service fee revenue will be recognised as the Company wins new deals and begins implementations during the coming year.

### **Annual Recurring Revenue (ARR) – Run Rate and Contracted**

#### Strong growth in ARR, covering ~65% of the Company's annual operating costs

Mach7 is today generating \$13.4M of annual recurring revenue – that is revenue earned from live annual support contracts and monthly/quarterly subscription licenses on an annualized basis ("ARR Run Rate"). The ARR Run Rate has more than doubled (up 105%) since the prior year (FY20: \$6.5M) and is now covering approximately 65% to 70% of the Company's current operating cash burn.

#### Contracted ARR \$15.8M

In addition to the current ARR Run-Rate, Mach7 has a further \$2.4M of recurring revenue orders which will commence being recognised as revenue as those customers become fully live on the software (e.g., Trinity, Adventist, Advocate Aurora). This brings total contracted annual recurring revenue to \$15.8M.



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### Outlook

#### Calendar Year 2021 Revenue Target of \$27M is on track

Mach7 remains on track to deliver its stated target of \$27M revenue for calendar year 2021 (announced to market on 10 June 2020). This is underpinned by 1H CY21 reported revenues of \$12M, plus 50% of the current ARR Run-Rate of \$13.4M (i.e. \$6.7M). Adding to this is the sales and services book of business valued at \$8.3M described above, of which the majority is expected to be recognised in 2H CY21. In addition, revenue recognised to date is \$1.4M, which includes the recently announced Advocate Aurora sales order. With \$27M of revenues, the Company will also be generating a positive EBITDA.

#### FY22 Revenue Base of \$23.1M

Looking beyond CY21 to FY22, the Company expects to recognize the full ARR Run-Rate of \$13.4M, all of the sales and services order book of \$8.3M and has already recognised \$1.4M of additional revenue in July. The Company will build on this revenue base of \$23.1M by converting its sales pipeline to orders. The exact quantity of pipeline conversion revenue is harder to predict at this point in time and will depend on the proportion of subscription versus capital sales orders. The Company will keep the market informed of progress and may provide an updated revenue estimate later this year.

**This announcement has been approved for lodgment by the Board.**

#### **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 [Mach7t.com](http://Mach7t.com).

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