

Strong Q2 FY22 results contributing to Record YTD Sales, Revenue and EBITDA

Q2 HIGHLIGHTS:

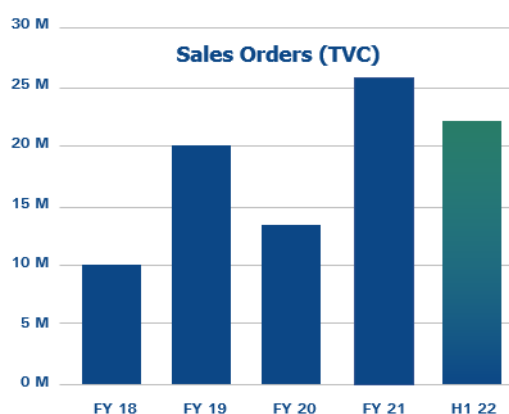
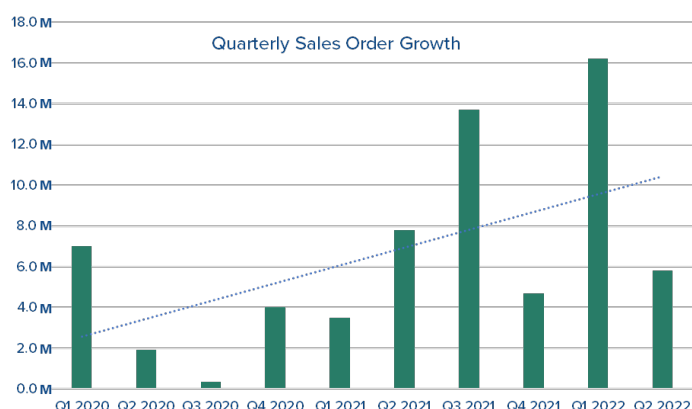
- Sales orders rose \$5.9M (TCV) or 37% to \$22.1M in the quarter (Q1'22 \$16.2M)
- Record FYTD Sales orders \$22.1M; up 206% on last year
- Record FYTD Revenue \$14.3M; up \$7.1M or 102% on last year
- Record FYTD EBITDA \$3.1M; up \$6.4M on last year
- Contracted annual recurring revenue (CARR) of \$16.8M; up 6% (or 24% annualised) on Q4'21 \$15.8M
- ARR of \$13.4M in line with forecasts, with additional \$3.4M of CARR expected to convert to ARR in FY2023 and beyond
- Net operating cash inflow of \$3M driven by record Sales orders in Q1
- Cash on hand \$20.2M; up from \$17.2M on 30 September 2021
- On track with analysts' projections
- Quarterly investor webinar to be held at 9.30am AEDT Monday, 31 January 2022

Melbourne, Australia; 31 January 2022: Mach7 Technologies Limited (Mach7 or the Company) (ASX:M7T), a company specialising in innovative medical imaging software solutions for healthcare providers, is pleased to provide this quarterly update, for the period ending 31 December 2021, in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report.

SALES ORDERS

In the quarter, Mach7 continued to redefine the radiology imaging market by helping customers focus on their enterprise imaging needs. The Company saw continued commercial success with their Enterprise Imaging Solutions, which offer unprecedented flexibility as a full PACS, an enterprise diagnostic viewer and a vendor neutral archiving solution. These solutions continue to exceed the performance of most legacy systems on the market at a significant cost savings.

The Company continued its momentum of strong sales orders from new customers, existing customers, and reseller partners, with a combined total contract value of \$5.9 million in Q2. In total, the company has signed 24 new contracts this fiscal year to date.



An academic medical center located in Richmond, Virginia, has renewed their license to the Mach7 Enterprise Imaging Platform, Vendor Neutral Archive (VNA), and Communication Workflow Engine. The term of the license is 5 years.

Mach7's reseller partners continue to deliver new wins. This quarter, Lucid Health expanded their client base to include three new hospitals for approximately 1 million studies. The total contract value of these sales orders is \$1.7 million. Lucid Health has a technology platform that provides a unified radiology workflow that directs imaging studies to the appropriate subspecialized radiologists and allows multidisciplinary collaboration, regardless of onsite or remote radiologist coverage. Lucid use Mach7's eUnity viewing platform for diagnostic radiology interpretation in conjunction with their software.

Mach7 signed a five-year agreement with a new customer; the largest private, multispecialty clinic in Clark County, Washington, with more than 1,200 employees and 400 providers across 11 locations. This quarter, the clinic contracted with Mach7 for its VNA and the eUnity Enterprise Viewer, which will serve as the clinics business continuity solution. Once implemented, the disaster recovery solution will provide full image archiving, image study migration, and image viewing functionality.

A not-for-profit acute care community hospital serving the community of Attleboro, Massachusetts, has purchased Mach7's VNA, eUnity Enterprise Viewer, Migration Engine, and Quality Control Worklist. Mach7's solution will manage imaging data from non-DICOM sources across the hospital, including endoscopy, ophthalmology, podiatry, rheumatology, and general/ortho surgery. In addition, eUnity will be used for clinical viewing across the enterprise. The contract is a 5-year agreement.

Mach7 signed a five-year agreement with the American College of Radiology to provide its VNA and eUnity Enterprise Viewer. The American College of Radiology, a professional medical society representing nearly 40,000 radiologists and physicians across North America, intends to use the Mach7 solution for training at its Education Center. Once installed, the system will be able to support 60 concurrent users and be accessible from any location with full diagnostic performance.

CONTRACTED ANNUAL RECURRING REVENUE (CARR)

New sales orders for the quarter have contributed a further \$1 million (since 30 June 2021) to the Company's contracted annual recurring revenue base, which now sits at \$16.8 million. The Company is currently tracking at \$13.4 million of annual recurring revenue (ARR) for FY2022, as previously forecast, with the additional \$3.4 million per annum expected to convert to ARR in FY2023 and beyond.

Q2 CASHFLOWS

Due to the record Sales Orders in Q1, which included Trinity Health and Advocate Aurora Health, cash collections in Q2 were strong with a net operating cash inflow of \$3.0 million.

Mach7 maintains a strong financial position, with \$20.2 million (Q4'21: \$18.3 million) cash on hand and no debt.

LITIGATION UPDATE

Mach7 and Nuance Communications, Inc. (Nuance) filed a motion to dismiss the patent infringement lawsuit filed by AI Visualize, Inc. (AIV) on the basis that AIV cannot enforce its patents because they encompass ideas with inventive concepts not eligible for patent protection.

More specifically, Mach7 and Nuance argue that the AIV patents cover the generic, abstract idea of remotely storing a dataset of images, transmitting the images over the Internet, and displaying the images on a client computer. Mach7 and Nuance take the position that merely implementing this abstract idea on a generic computer (and client-server network) and limiting the implementation to a particular type of data, in this case to protected health data, does not render the subject matter patentable under U.S. law.

Instead, the AIV patents recite systems and methods that generically implement these (well-known) abstract ideas using common computer components and functionality that even the patents themselves admit were and are

routine and conventional. The AIV patents offer little more than a generic description of the everyday processing and transmission of data between a centralised server and a remote computer – a system used in virtually all industries, including at and before the time of the AIV patent applications were filed between 2010 and 2019.

On that basis, Mach7 remains confident that the court will grant our motion and dismiss the lawsuit in its entirety. Mach7 will continue to vigorously defend itself against these frivolous claims.

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

The payments as disclosed in section 6.1 of the Appendix 4C released below related to:

Payment of \$85,848 for Director's fees and superannuation for the quarter; and

Payment of \$128,277 for Executive Director's salary and superannuation for the quarter.

QUARTERLY WEBINAR

The Company will hold a webinar with CEO Mike Lampron and CFO Steve Parkes today, Monday, 31 January 2022 at 9:30am AEDT, to discuss the December 2021 quarterly results released to the ASX this morning.

Investors can register for the webinar via the following link:

<https://us02web.zoom.us/j/85068229552?pwd=SzBNd3Z2ZmhrTFE4Y2Uya1Q2cnczQT09>

Investors can submit questions prior to the webinar to simon@nwrcommunications.com.au or do so via the Q&A.

H1 FY2022

Mach7 expects to announce its half year results on 28 February 2022 and will advise details of an investor webinar call before this date. A full business update and presentation will also be provided at that time.

This announcement has been approved by the board for lodgment

ABOUT MACH7 TECHNOLOGIES:

Mach7 Technologies Limited (ASX:M7T) develops innovative data imaging management software 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.

FOR MORE INFORMATION, CONTACT:

CFO, Mach7:

Steve Parkes
steve.parkes@mach7t.com

Investor Relations:

Simon Hinsley
NWR Communications
+61 (0) 401 809 653
simon@nwrcommunications.com.au

Registered Office:

Level 4 | 100 Albert Road South
Melbourne, VIC

Appendix 4C

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

Name of entity

Mach7 Technologies Limited

ABN

26 007 817 192

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,636	11,990
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(90)	(325)
(c) advertising and marketing	(260)	(395)
(d) leased assets	(69)	(107)
(e) staff costs	(4,648)	(8,784)
(f) administration and corporate costs	(613)	(1,357)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	10
1.5 Interest and other costs of finance paid	(9)	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	2,952	1,014
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(13)	(84)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired in acquisition)	-	-
2.6	Net cash from / (used in) investing activities	(13)	(84)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	190	614
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	190	614

4.	Net increase / (decrease) in cash and cash equivalents for the period	17,153	18,363
4.1	Cash and cash equivalents at beginning of period		
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,952	1,014
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(84)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	190	614
4.5	Effect of movement in exchange rates on cash held	(27)	348
4.6	Cash and cash equivalents at end of period	20,255	20,255

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,290	9,193
5.2	Call deposits	7,965	7,960
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,255	17,153

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	214
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	379	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	379	-
7.5	Unused financing facilities available at quarter end		379
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	2,952
8.2	Cash and cash equivalents at quarter end (item 4.6)	20,255
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	20,255
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

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

Date: 31 January 2022.....

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

Notes

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