

29 August 2022

## RECORD-SETTING FY22 RESULTS

### FY22 RESULT HIGHLIGHTS:

- ◆ Record sales orders of \$33.2M (TCV<sup>1</sup>) in FY22; up \$7.6M or 30% yoy
- ◆ Record revenues of \$27.1M for FY22; up \$8.1M or 42% yoy
- ◆ Annual recurring revenue (ARR) run rate \$14.4M; up 7.5%
- ◆ Record cash receipts of \$28.2M in FY22; up \$7.2M or 34% yoy
- ◆ Record positive operating cashflows of \$6.3M in FY22; up \$4.8M or 320% yoy
- ◆ Record gross margin of \$26.1M or 96%; up \$7.7M or 42% yoy
- ◆ EBITDA of \$2.8M; up \$4.6M or 253% yoy
- ◆ Cash on hand 30 June 2022 \$25.7M; up \$7.4M or 40% yoy

**Melbourne, Australia:** Mach7 Technologies Limited (Mach7 or the Company) (ASX:M7T), a company specialising in innovative medical imaging software solutions for healthcare providers, is pleased to announce its full-year results for the year ending 30 June 2022.

CEO and Managing Director of Mach7, Mike Lampron, said: “This has been the most successful year in the Company’s history with record sales orders, revenue, cash receipts and operating cashflows. We’ve strengthened our leadership and sales teams during the year and the benefits have already begun to flow through to key metrics. We are also greatly encouraged by the endorsement of Mach7’s products by the install base with almost half of our sales orders originating from existing customers last financial year. And with the other half of FY22 sales orders coming from new customers, a strong pipeline of new sales opportunities and a track record of generating demand from existing clients, the outlook for recurring revenue growth is promising.”

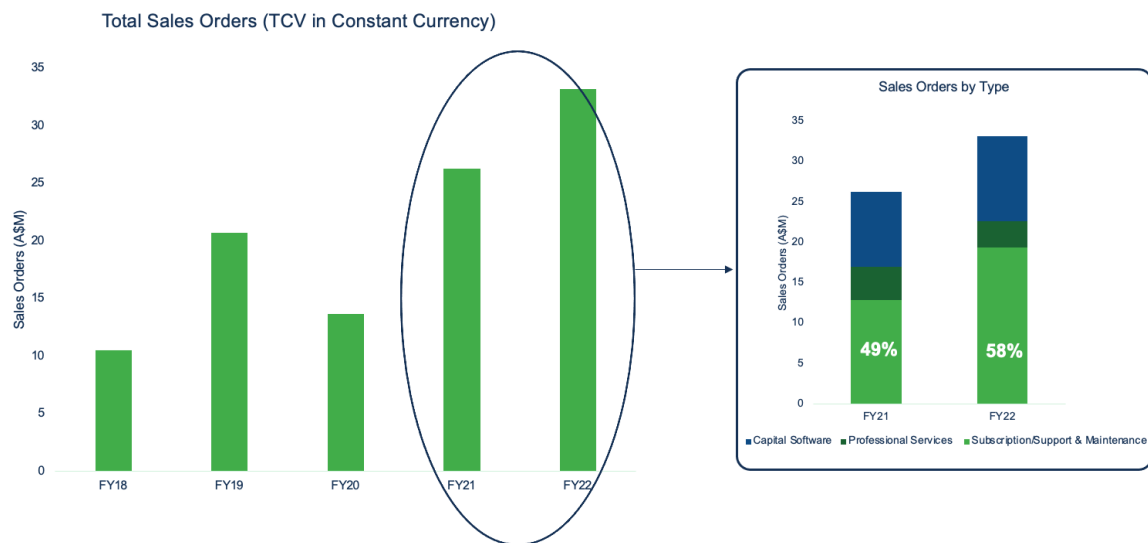
### FRESH RECORD SALES ORDERS SET

Mach7 has delivered record annual sales orders of \$33.2 million TCV<sup>1</sup> (FY21 \$25.6 million TCV), up \$7.6 million or 30% on the previous record of a year earlier. Sales orders continue to be the best measure 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.

Total FY22 sales orders comprised \$19.4 million (or 58%) of Annual Recurring Revenue (ARR) sales (support & maintenance contracts and subscription licenses recognised as revenue upon the customer achieving First Productive Use (FPU)), \$10.5 million (or 32%) of capital software sales (immediately recognised as revenue in FY22), and \$3.3 million (or 10%) of professional services sales (to be recognised over time upon the achievement of implementation milestones).

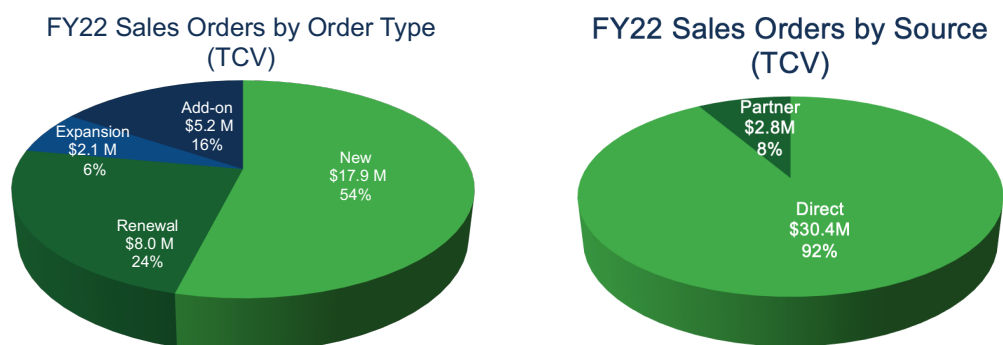
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<sup>1</sup> **Total Contract Value (TCV)** means capital software license fees, professional service fees, annual subscription fees and annual support fees over the life of the contract.



A pleasing trend is the increase in Annual Recurring Revenue (ARR) sales to 58% of total FY22 sales orders from 49% in the prior year. This signals a shift in the procurement preferences of Mach7 customers from term capital software license sales (a capex purchase) to subscription license sales (an opex purchase), as more customers lean towards spreading the cost of software over the usage term rather than paying 100% upfront. This is an industry-wide trend and one that Mach7 believes will continue over time.

Customer endorsement of the Mach7 product suite was evidenced by the \$15.3 million (or 46%) of FY22 sales orders from existing customers in the form of contract renewals, add-ons of other Mach7 products and volume expansions. This also validates the long-standing land and expand approach and its effectiveness. The remaining \$17.9 million (54%) of sales orders from new customers demonstrates how Mach7's enterprise imaging solutions are resonating in the market and provides a platform for future sales order growth from existing customers.

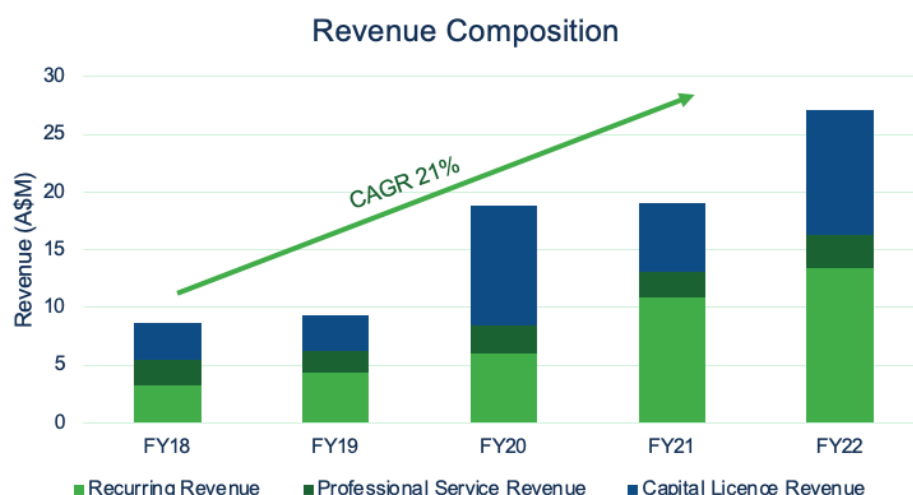


In FY22, \$2.8 million or 8% of total sales orders were generated by partnership sales of Mach7's eUnity viewer, which was steady on the prior year. Mach7 expects growth in partnership sales as well as other new sales activity and is targeting FY23 sales orders of \$36 million, which represents a 20% increase on the FY22 target of \$30 million.

## RECORD REVENUE WITH SIGNIFICANTLY INCREASED RECURRING COMPONENT

Revenues for FY22 were a record \$27.1 million, up \$8.1 million from \$19.0 million in FY21 (42% growth yoy). Revenue is more closely linked to cash receipts than sales orders in a given year.

The Company expects to see strong double-digit growth again in FY23, underpinned by a healthy pipeline and the recognition of revenue from the Trinity Health and Adventist Health sales orders as Mach7's software progressively goes live to existing clients.



### Annual Recurring Revenue (ARR)

Mach7 is currently generating \$14.4 million of ARR, a run rate calculated by annualising the sum of revenue earned from support & maintenance contracts and subscription licenses in the month of June 2022. Recognised ARR, the sum of recurring monthly revenues recognised for the year, increased 23% yoy to \$13.4 million from \$10.9 million in FY21, and will continue to grow as software is fully deployed to existing and new customers. The ARR run rate now covers approximately 65% of the Company's annual operating costs.

### Contracted Annual Recurring Revenue (CARR)

Mach7's CARR is \$17.3 million, comprising the \$14.4 million ARR run rate for customers that have achieved FPU, plus \$2.9 million of subscription and support & maintenance fees not yet recognised as revenue because FPU is still pending.

## ROBUST EARNINGS AND MARGINS

Mach7 delivered a strong Gross Margin of \$26.1 million or 96% in FY22, up by \$7.7 million or 42% from \$18.4 million in FY21. Gross margins have increased significantly since the acquisition of Client Outlook Inc on 13 July 2020 (FY20 gross margin: 87%) due to the elimination of reseller fees owing to Client Outlook on eUnity solution sales.

EBITDA of \$2.8 million was generated in FY22, representing an increase of \$4.6 million or 253% on the prior year. The improvement was due to a significant increase in revenue (up \$8.1 million or 42% on prior year) with a more moderate increase in operating expenditure (up \$4.8 million or 28% on prior year). Other factors contributing to the EBITDA growth included foreign exchange gains of \$0.7 million for the year compared to foreign exchange losses of \$1.1 million in the prior year, largely due to the

strengthening of the USD against the AUD and CAD, and the reduction of non-cash share-based payments by \$0.2 million on the prior year.

Stripping out foreign exchange movements and non-cash factors, the Company delivered (adjusted) EBITDA of \$3.8 million, an increase of \$2.5 million or 209% on the prior year. This is a return to pre-covid levels (FY20: \$3.9 million).

## **CASHFLOW POSITIVE FOR THIRD YEAR RUNNING, RECORD CASH RECEIPTS**

The Company delivered record full-year cash receipts from customers for a fifth consecutive year. Cash receipts for FY22 totalled \$28.2 million, up \$7.2 million or 34% on the prior year (FY21: \$21.0 million). Cash receipts exceeded revenue (\$27.1 million in FY22) due to the upfront nature of customer payments for software where revenue has yet to be recognised.

Positive operating cashflows of \$6.3 million were generated in FY22, an increase of \$4.8 million or 320%, a record for the Company and the third consecutive year of positive operating cashflows. This compares to operating cashflows of \$1.5 million in FY21. Mach7 expects positive operating cashflows in FY23 and beyond.

The financial position of the Company has strengthened, with no debt and \$25.7 million cash on hand, up \$7.4 million or 40% compared with cash of \$18.4 million a year earlier.

## **OPTIMISTIC OUTLOOK**

Mach7's award-winning enterprise imaging products are uniquely positioned to meet the needs of healthcare organisations by providing connectivity and inter-operability throughout the enterprise and 24/7 access to the patient medical record.

Market share gains and increasing brand recognition are evident for Mach7 in the post-COVID environment. The healthcare industry has become dependent upon technology to enable its clinicians to continue work outside the walls of the hospital. Ongoing merger and acquisition activity in the healthcare sector, together with the constant quest of its participants to maintain and improve their technology systems, continues to create strong demand for Mach7's products and services.

This increased demand is translating to an uptick of inbound RFPs and sales opportunities, and the organic growth and expansion plans of our existing global customer base continues to be very positive.

Following the successful acquisition of Client Outlook (eUnity) in July 2020, other opportunities to deliver value to shareholders are regularly evaluated including potential mergers and acquisitions (M&A), partnerships and other related joint ventures.

Mach7 is well positioned to capitalise on these opportunities and execute on a global scale as a market leader in enterprise imaging and data management. The Company is confident and optimistic about its future and its ability to disrupt and secure market share from competitors.

### **Released on authority of the Board by:**

Mike Lampron  
Managing Director and Chief Executive Officer

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**About Mach7 Technologies:**

Mach7 Technologies (ASX:M7T) is a medical imaging systems provider that develops innovative image management and viewing solutions for healthcare organisations. The core of these offerings is the Mach7 Enterprise Imaging Solution, encompassing Enterprise Data Management, Enterprise Diagnostic Viewing and Diagnostic Workflow applications. Mach7's Enterprise Data Management solution, consisting of a powerful Vendor Neutral Archive (VNA) and data administration tools, allows for the fast storage, access, retrieval and viewing of images across a healthcare network with connectivity to the Cloud. In July 2020, Mach7 acquired Client Outlook and the eUnity Enterprise Diagnostic Viewing technology to augment Mach7's Enterprise Data Management and Diagnostic Workflow applications. eUnity is a zero-footprint, FDA-approved, image viewing solution that makes images accessible on any workstation. This offers healthcare professionals consolidated access to all patient images and data, ensuring clinical staff have timely access to the right information to diagnose and treat patients. Uniquely, the company also gives customers independence to deploy its solutions either on a component basis or in a unified comprehensive platform. Mach7 has built a global network of diverse customers that range from expansive Integrated Delivery Networks, National Health Systems, medical research facilities, and large academic medical institutions to regional community hospitals, private radiology practices, and independent provider groups. Visit [Mach7t.com](https://www.mach7t.com).

