

31 July 2023

## FOURTH QUARTER FY23 BUSINESS UPDATE

### Q4 FY23 HIGHLIGHTS:

- ◆ Q4 FY23 sales orders of A\$3.2M (TCV<sup>1</sup>) bringing FY23 sales orders to A\$40.3M, up 21% on FY22 and exceeding FY23 target of A\$36M
- ◆ Contracted Annual Recurring Revenue (CARR) steady at A\$20.6M as of June 2023
- ◆ Annual Recurring Revenue (ARR) run rate largely unchanged at A\$17.0M as of June 2023
- ◆ A\$23.4M cash on hand at Friday, 30 June 2023 plus customer’s A\$2.5M electronic payment advice bringing cash on hand to A\$25.9M at Monday, 3 July 2023; (A\$19.4M at 31 Mar 2023)
- ◆ Management restructure elevates David Madaffri to COO; confirms Dyan O’Herne as CFO
- ◆ Strong start to Q1 FY24 with over A\$15.4M TCV of sales orders secured

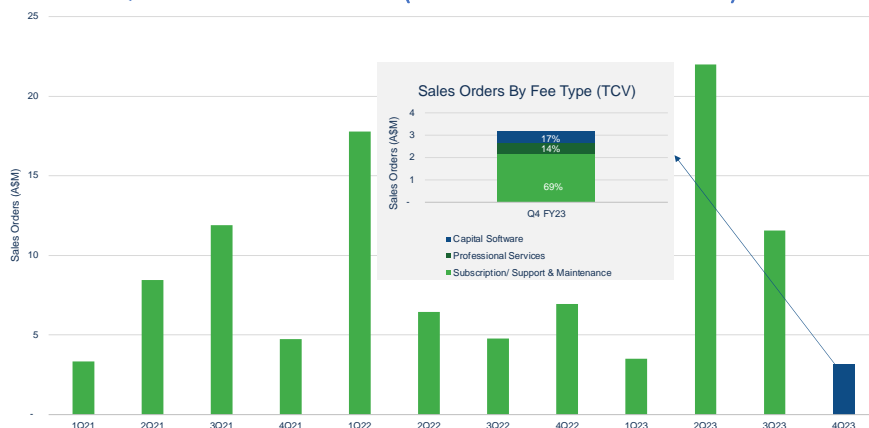
Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T), a company specialising in innovative medical imaging software solutions, is pleased to provide this quarterly update in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report.

### SALES ORDERS

Sales orders for the fourth quarter of FY23 were A\$3.2 million (TCV), bringing FY23 sales orders to A\$40.3 million, up 21% on FY22 and exceeding the A\$36 million FY23 target by 12%. Sales order history and composition are shown in Figure 1 with Q4 FY23 sales comprising:

- Annual Recurring Revenue (ARR)-type sales of A\$2.2 million (or 69% of total sales orders) representing support & maintenance fees and subscription fees which will be recognised as revenue over the contract term when the customer achieves First Productive Use (FPU),
- Capital software sales of A\$0.5 million (or 17% of total sales orders) immediately recognised as revenue upon delivery in FY23, and
- Professional services sales of A\$0.4 million (or 14% of total sales orders) to be recognised as revenue over time upon completion of services.

FIGURE 1: QUARTERLY SALES ORDERS (TCV IN CONSTANT CURRENCY)<sup>2</sup>



<sup>1</sup> Total Contract Value: capital software licence fees, professional service fees, annual subscription fees + annual support fees over contract life

<sup>2</sup> Average exchange rate for quarter ended 30 June 2023: AUD/USD = \$0.668

Customer satisfaction was evident in Q4 with 100% of sales orders generated from healthcare organisations with which Mach7 already has a commercial relationship. Volumes are increasing across the install base with expansion representing 41% of Q4 sales orders per Figure 2.

FIGURE 2: Q4 SALES ORDERS BY TYPE (TCV)

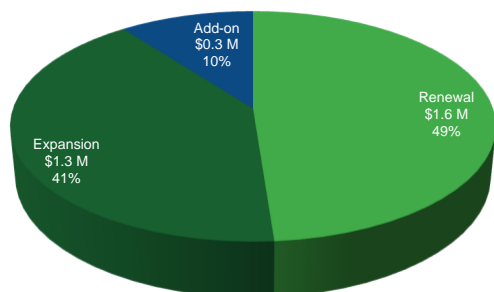
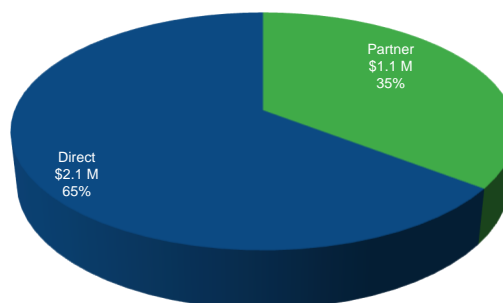


FIGURE 3: Q4 SALES ORDERS BY SOURCE (TCV)



Fourth quarter partnership sales accounted for 35% of total sales orders as shown in Figure 3, up strongly on the 11% achieved in the prior quarter. The strong performance of this channel during the period related to three partner contract renewals.

## RECURRING REVENUE GROWTH

### Annual Recurring Revenue (ARR)

Mach7 is currently generating A\$17.0 million of Annual Recurring Revenue (ARR), a run rate calculated by annualising the revenue earned from support & maintenance fees and subscription fees. This run rate has decreased by 1% from A\$17.2M as at 31 March 2023 due to attrition and contract revision upon renewal. This is in line with the Company's historic attrition rate of less than 2% of revenue. ARR will continue to grow as existing and new customers achieve First Productive Use (FPU).

### Contracted Annual Recurring Revenue (CARR)

Contracted Annual Recurring Revenue (CARR) remains at A\$20.6 million. Mach7's CARR consists of the A\$17.0 million ARR run rate for customers that have achieved FPU of the software, plus A\$3.6 million of subscription and support & maintenance fees not yet recognised as revenue because FPU is still pending. CARR is based on contracts in hand for the month of June 2023 and does not include the revenue associated with the Veterans Health Administration and Diagnostic Imaging Associates contracts that were announced in July 2023.

## CASHFLOW AND CASH RECEIPTS

Cash receipts from customers in Q4 amounted to A\$10.5 million, up on the A\$9.7 million collected in the previous corresponding period. An additional A\$2.5 million electronic funds transfer remitted by a customer on 30 June 2023 was not reflected in Mach7's bank account until 3 July, the first business day of FY24. Consequently, on a full year basis at 30 June cash receipts were A\$25 million, down on the A\$28.2 million collected in FY22 which also benefited from capital contract payment milestones.

While there was a A\$3.9 million net operating cash inflow in the fourth quarter, the above mentioned A\$2.5 million receipt delay contributed to negative operating cashflow of A\$2.8 million in FY23. Refer to the Appendix 4C accompanying this update for details of the Company's expenditure on its business activities during the quarter.

The financial position of the Company remains solid, with no debt and A\$23.4 million cash on hand at 30 June (A\$25.9M at 3 July), up 21% on A\$19.4 million at 31 March 2023. With a strong start to the

new fiscal year and a positive sales order outlook, Mach7 expects to return to positive operating cash flows in FY24.

## OUTLOOK

Mach7 expects sales order growth of 20% to continue in FY24 with over A\$15.4 million TCV secured in the first month of the new fiscal year. From an annual cashflow perspective, the Company continues to expect positive operating cashflows aided by upcoming payment milestones from contracts in hand and growing ARR.

## PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

The payments to related parties and their associates as disclosed in section 6.1 of the Appendix 4C released below related to salaries, directors' fees, superannuation, advisory and consultancy fees paid to directors. The payments comprised:

- A\$144,990 for Directors' fees, committee fees and superannuation for the quarter
- A\$143,428 for Executive Director's salary and superannuation for the quarter.

## MANAGEMENT CHANGES

Dyan O'Herne has been confirmed as Chief Financial Officer having acted in the role from the beginning of the calendar year. Dyan has been an integral member of the leadership team for many years as global financial controller, and with her deep knowledge of Mach7's customers and cashflows has transitioned seamlessly into the CFO role.

David Madaffri has been appointed to the role of Chief Operating Officer. Dave has led Mach7's commercial efforts for the last two years as Vice President of Sales. During that time the Company has seen record sales growth and the evolution of a strong corporate culture. With Dave in this role, cohesion will be further enhanced across the Service, Support, Sales, Marketing and People & Culture teams.

## QUARTERLY WEBINAR

The Company will hold a webinar with CEO Mike Lampron and CFO Dyan O'Herne on, Monday, 31 July at 9:30am AEDT, to discuss the June 2023 quarterly results released to the ASX today. Investors can register for the webinar via the following link:

[https://mach7t.zoom.us/webinar/register/WN\\_GXPWe36vSoqmws4w31ck9A](https://mach7t.zoom.us/webinar/register/WN_GXPWe36vSoqmws4w31ck9A)

Investors can submit questions prior to the webinar to [Rebecca.Thompson@mach7t.com](mailto:Rebecca.Thompson@mach7t.com) or can ask questions via the Q&A function during the webinar.

### Released on authority of the Board by:

Mike Lampron  
Managing Director and Chief Executive Officer

### For more information, contact:

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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).



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## 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")**

30 June 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,526	24,965
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(189)	(614)
(c) advertising and marketing	(80)	(682)
(d) leased assets	(54)	(213)
(e) staff costs	(5,249)	(21,279)
(f) administration and corporate costs	(1,149)	(5,114)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	83	156
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>3,888</b>	<b>(2,781)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(122)	(261)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(122)</b>	<b>(261)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	72	186
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>72</b>	<b>186</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	19,395	25,748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,888	(2,781)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(122)	(261)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	72	186
4.5	Effect of movement in exchange rates on cash held	162	503
4.6	<b>Cash and cash equivalents at end of period</b>	<b>23,395</b>	<b>23,395</b>

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	16,084	12,084
5.2	Call deposits	7,311	7,311
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>23,395</b>	<b>19,395</b>

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	288
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. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	3,888
8.2 Cash and cash equivalents at quarter end (item 4.6)	23,395
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	23,395
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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 July 2023.....

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.