

FINANCIAL QUARTERLY UPDATE (Q2 FY2019)

Q2 FY19 Highlights:

- Sales orders won this quarter total \$15.3 million (total contract value “TCV”)
- Hospital Authority Hong Kong (HAHK) major customer won during the quarter
- Contracted annual recurring revenue up to \$7.2 million
- Capital raise completed during the quarter

Melbourne, Australia; 31 January 2019: Mach7 Technologies Limited (Mach7 or the Company) (ASX:M7T) is pleased to provide this financial quarterly update to its shareholders in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report. A more detailed business operational update will also be announced to ASX today.

Q2 Sales Orders

During the second quarter of this financial year (Q2) Mach7 won sales order contracts valued at \$15.3 million, largely due to the win of HAHK announced to the market in October last year. This is a significant contract win for Mach7 which has led to the Company gaining real momentum in potential opportunities in this, and other nearby regions. To date, the Company has received purchase orders valued at \$1.8M from HAHK which it expects to recognise as revenue and receive payment for in full during Q3 (Q2 result does not incorporate any cash received from HAHK). The Company expects to receive further purchase orders for Q4, however the amounts at this stage are yet to be finalised.

In addition to HAHK, Mach7 has expanded its solutions with several existing customers, and has also welcomed Mississippi State University College of Veterinary Medicine, Loyola University Health System, and Radlink Philippines as new customers this financial year.

Total contracted annual recurring revenue has now reached \$7.2 million including the above new customer contracts. This is the amount of annual revenue the Company will recognise once all contracted customers reach go-live and commence support.

Q2 Software Deployments

Customer implementations are progressing well. Recently, El Camino Hospital, in Silicon Valley, has achieved a successful “go-live”, and MaineHealth, and Raleigh Radiology are expected to reach go-live this half. These are significant service milestones for Mach7 as they trigger the start of annual maintenance and support fees (recurring revenue).

ASX Announcement

Capital Raise and Other Financial Items

During the current quarter the Company completed a private placement, raising \$3 million (before fees) at a price of 20c per share from institutional and sophisticated investors.

During the quarter, Mach7 was required to pay HAHK a contract deposit performance bond for 5% of the contract value, being HK\$4 million (~\$720k). This bond will be returned to Mach7 at the completion of the contract (i.e. in five years) provided all services and software have been duly delivered in accordance with the contract.

In order to largely fund the above contract deposit, the Company has obtained a loan from four lenders, including Mach7 Directors and shareholders, for the amount of \$622k. The loan is subject to a flat 10% interest rate, is repayable from (a portion of) HAHK contract receipts and has a maturity date of 15 November 2019. The loan can be extended on the same terms if all parties agree.

Upcoming News – Snapshot

During the current quarter (Q3 FY19) Mach7 expects to complete the following;

- Sentara Healthcare contract execution and announcement to market
- Complete HAHK software/service delivery of recent purchase orders (\$1.8 million) and booking of revenue and cash
- Go-Lives reached for Maine Health and Raleigh Radiology triggering commencement of annual support fees
- Additional contract wins are expected from multiple regions
- Significant improvement in operating cash flows Q3 vs Q2 due to expected customer receipts and further cost reductions
- Mach7 will be releasing its half-year results on or before 25 February 2019

Please refer to today's CEO letter to shareholders for a more detailed business update.

About Mach7 Technologies:

Mach7 Technologies (ASX:M7T) develops a secure data services platform that improves business, operational and patient outcomes. Mach7's interoperable foundation manages patient data and hosts an ecosystem of apps that delivers solutions including PACS, enterprise imaging workflows, vendor neutral archiving (VNA), artificial intelligence (AI), clinical portals, care coordination and more. Reimagine, redefine, and reconstruct the best solution to connect and exchange health information without boundaries. Work smart with Mach7 in the cloud or onsite. Contact us to learn more. Visit www.mach7t.com. **For more information, contact:**

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