

JUNE QUARTERLY BUSINESS UPDATE (Q4 FY2019)

Growth in Sales Orders Continues Achievement of Cashflow Breakeven Target On-track

Melbourne, Australia; 23 July 2019: Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T) is pleased to provide this quarterly update to its shareholders in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report.

Cash-flow 12-month Target On-track

In March this year, Mach7 announced a free cash-flow break-even target for the ensuing 12-month period (ending February 2020).

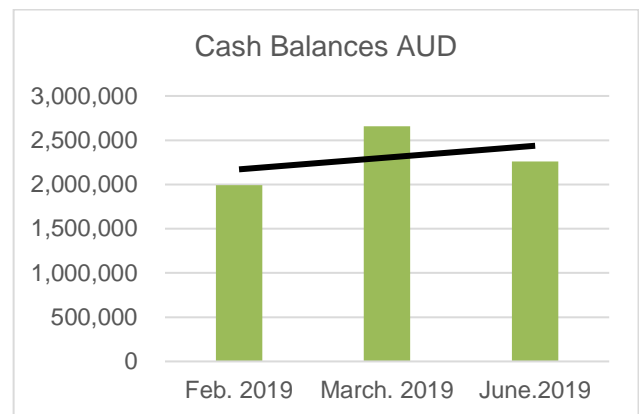
As the chart on the right demonstrates, the Company’s cash position has grown since that target was announced, and the Company is on-track to be free cash-flow break-even for the above stated 12-month period.

Through the 12-month target period free cash-flow will continue to fluctuate from quarter to quarter, largely due to the timing of support contract renewals and payment terms for new sales.

In line with the Company’s expectations for Q4FY19, Mach7 reported operating cash-outflows of \$0.4 million and \$2.9 million for the financial year. For the financial year, Mach7 reported \$10.3 million of cash receipts from customers, a record for the Company, driven by growth in sales and recurring revenue. Cash receipts of this level would cover the Company’s current run-rate for annual expenses.

Growth in Sales Orders Continues

Mach7 continues to add to its customer base, with the signing of Children’s of Alabama, a premier children’s hospital located in Birmingham, Alabama. Children’s of Alabama purchased the Mach7



ASX Announcement

Vendor Neutral Archive to implement a scalable, widely-accessible and cost-effective solution to migrate data into while it moves data centres. This deal is valued at \$0.8 million.

Since the quarter ended, Mach7 has contracted Advocate Aurora Health. Advocate Aurora Health has purchased the Mach7 Platform to support the storage and management of images for the healthcare network as it works towards its rapid expansion goals. This contract has a sales order value in excess of \$5.7 million and will add \$0.5 million per year to recurring revenue once implementation is completed.

At the date of this announcement, the Company's contracted annual recurring revenue continues to grow and now stands at \$8.5 million.

Software Deployments

Implementation is progressing well at Hospital Authority of Hong Kong (HAHK). Mach7 is now recognising revenue and receiving cash from its HAHK contract. Both revenue and cash will be recognised over the five year term of the contract, but will fluctuate from quarter to quarter.

Mach7's implementation at Sampson Regional Medical Center is well underway and is approaching first productive use. Sampson purchased the Mach7 Enterprise Imaging Platform and QC module to enable additional functionality that its existing PACS couldn't provide. Following Sampson, Children's of Alabama, Sentara Healthcare, and The University of Vermont are scheduled to go-live later this year. These go-lives will all trigger the beginning of support revenue for these customers.

At Sentara, Mach7 is providing the foundation for the hospital's modernised PACS system. Sentara is currently scheduled to go-live later this year, further increasing our ARR. In addition, Mach7 is developing an Imaging Innovations Lab with its partner Client Outlook on-site at Sentara. This will provide prospective Mach7 customers the opportunity to see the company's software in use and will give unique access to technical and clinical resources to provide transparency to the Mach7 PACS modernisation platform.

MaineHealth reached first productive use of the Mach7 solution at its Waldo County General Hospital site, the first of many MaineHealth sites to do so. This milestone has triggered the start of the annual support contract. Implementation on two additional sites is expected to begin in Q1 FY2020. In total, there are over a dozen sites in the MaineHealth network where the Mach7 solution will be implemented.

Product Innovation

This quarter, Mach7 released the newest version of the Mach7 Platform, version 11.8.4. Much of the innovation in this release was customer led, driven by the company's key partnerships with MaineHealth and Sentara Healthcare.

ASX Announcement

The new features are designed both for back-end IT staff and clinical users alike and reflect an increasing push for greater efficiency in healthcare organisations. More personalised worklists, weighting the relevancy of prior patient procedures, and instant messaging featuring rapid image sharing are some of the new features designed to help radiologists and other clinical users.

Additional features include procedure folders to assist with teaching, lectures, and other specialized workflows, greater desktop interoperability to eliminate the need for multiple workstations, connectors to artificial intelligence algorithms for machine learning, assisted diagnosis, and more advanced storage for more optimised data segmentation and synchronisation.

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.

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