

HY 2019 Results

Mach7 delivers strong growth in recurring revenue

Summary

- Contracted annual recurring revenue \$7.2M (per annum) up 64%
- Annual recurring revenue \$2M (HY 2018 \$1.3M) up 52%
- Revenue \$3.5M (HY 2018 \$3.9M) down 9%
- Loss for the period \$4.4M (HY 2018 \$3.4M) up 31%

Melbourne, Australia; 25 February 2019: Mach7 Technologies Limited (ASX:M7T) (“Company”), a company specialising in innovative data management solutions for healthcare providers, today released its half year results for the six months ended 31 December 2018. This update provides information on what the Company considers to be key financial metrics.

Mach7 Technologies is focused on growing its recurring revenue (its software as a service subscription business and annual support fees); the HY 2019 results demonstrate strong progress against this focus.

Contracted Annual Recurring Revenue (CARR) growth 64%

New sales orders signed this year have increased Mach7’s order book of contracted annual recurring revenue by 64% to \$7.2 million. This means Mach7 will generate \$7.2 million per annum from support fees, once all current customers have the Mach7 software fully installed and operational and have entered their support phase.

Mike Jackman, CEO, commented “We continue to focus on building a sustainable growth business. New customer orders and customers going into live production have helped us achieve 64% Contracted Annual Recurring Revenue (CARR) growth over the past 12 months.

We are pleased to have been named vendor of choice by Sentara Healthcare in the US during this half year, which is now in the final stages of contracting. This contract, when finalised, is expected to be a long-term monthly subscription-based contract that will continue to increase our CARR. With our highly regarded technology, we are winning new customers and delivering valuable outcomes to our existing customers.

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Our pipeline of opportunities is growing and now includes not only VNA opportunities, but also opportunities with our newly released software, version 11.8.4 of Mach7 Diagnostic Studio. Sentara will be deploying this new version and MaineHealth is expected to go live in the second half of this financial year.”

HY 2019 Financial Results

Revenue was \$3.5M, down \$1.0M from the prior corresponding period (PCP). The fall in revenues is largely explained by a decrease in software license fees of \$0.9M, due to one \$0.8M software license fee recognised during the PCP from one of the Company's largest customers. In contrast, software revenues from the Hospital Authority of Hong Kong (HAHK) contract will be recognised in the second half of this financial year, with Mach7 recognising \$1.5M of software fees in the month of January alone for this contract. Software revenues are expected to fluctuate from one half to the next for the foreseeable future.

Service revenues on the other hand were flat at \$0.9M for both the current and PCP, and annual support revenues grew 52% to \$2M for the half year, as a result of Mach7 continuing to add customers. As Mach7's recurring annual revenue continues to grow, total revenue will become more predictable.

Operating expenditure (before interest and non-cash items such as amortisation) has risen by \$0.5M (9%) compared to the PCP mainly due to an increased investment in marketing campaigns and the RSNA trade show, and additional labour resources to meet the demands of our growing customer base. This increase, together with the fall in revenues, largely explains the increase in loss for this half year of \$1M.

News Flow

Mach7 will be releasing an update for investors towards the end of March and will continue to announce material commercial wins as they occur.

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 www.mach7t.com.

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