

SECOND QUARTER FY20 BUSINESS UPDATE

Cash Flow Positive for Second Consecutive Quarter

Q2 and H1 Highlights:

- \$0.5 million (Q2) and \$2.2 million (H1) positive free cash flows;
- \$3.6 million (Q2) and \$8.3 million (H1) cash receipts from customers;
- \$20 million successful capital raise;
- \$23.3 million cash at bank end of quarter
- 2 new customer signings and 7 contract expansions in Q2

Melbourne, Australia; 23 January 2020: 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.

Q2 and First Half Cash

Free cash flow (operating and investing cash flows)

The Company has recorded its second consecutive positive free cash flow quarterly result, reporting \$0.5 million positive free cash flow. This was despite Q2 cash flows including outlays for Mach7 to exhibit at the Radiology Society of North America (RSNA) trade show, which is the largest marketing expense for the year.

The strong Q2 cash result was again underpinned by \$3.6 million of cash receipts from customers, taking the cash receipts to \$8.3 million for the half. This compares to \$4.4 million of cash receipts for the first half of the prior year.

Financing cash flows

During the quarter, Mach7 successfully completed a private placement to institutional and other sophisticated investors, raising \$20 million (before brokerage costs). The Company raised a further \$0.4 million from the exercise of options and repayment of loan funded shares, taking it to \$0.8 million for the half. This allowed the Company to repay its loan from directors and associates of \$0.6 million during the current quarter.

The Company closed the quarter with \$23.3 million cash reserves and no debt.

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12-month Free Cashflow Positive Target Update

In March 2019, the Company announced it expects to be free cashflow breakeven for the next 12-months, i.e. to the end of February 2020. For the 10-months ending 31 December, the Company has recorded \$2.4 million of positive free cash flows, and fully expects to achieve its stated target and be free cash flow positive for the 12 months ending 29 February 2020.

Q2 Sales Orders

Mach7 signed customer contracts valued at \$1.9 million during the quarter, and \$9.4 million for the half year.

Mach7 welcomed two new customers this quarter, Strategic Radiology and Adventist Health Tulare. These customers represent opportunities with great potential for future expansion into other sites within their respective networks.

Strategic Radiology

Strategic Radiology, a coalition of independent, private radiology practices across the United States, has contracted with Mach7 for the Mach7 Enterprise Imaging Platform. The Mach7 solution will be used to provide the foundation for SR Connect, a platform that will allow Strategic Radiology's member groups to securely exchange medical images and data (including HL7 and DICOM information). Arl Van Moore Jr, MD, FACR, CEO and chair of Strategic Radiology, said, "[The Mach7 solution] adds value to member groups in that it does not duplicate the significant IT investments our member practices have already made."

Adventist Health Tulare

Adventist Health Tulare, part of the Adventist Health Central Valley Network, is a 101-bed hospital located in Tulare, CA. Client Outlook has partnered with Mach7 to supply a modern and integrated teleradiology PACS workflow using the Mach7 Platform and Universal Worklist combined with Client Outlook's zero footprint client diagnostic viewing platform. This modern integrated solution delivers a secure and flexible teleradiology platform for a new remote radiology group, instead of using the hospital's existing legacy PACS that did not meet security standards for remote access. This contract is expected to lead to additional opportunities with the greater Adventist Health Network, which has 23 hospitals on the west coast of the United States and in Hawaii.

In addition to new customer signings, the Company has signed new contracts with seven of its existing customers (outlined below), demonstrating that customers realise the value of the Mach7 Platform and are leveraging its flexibility to expand the Mach7 solution further to meet additional goals.

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VCU Health

VCU Health, part of Virginia Commonwealth University and a long-term customer of Mach7's, has contracted with the Company for a 180K license volume expansion of the Mach7 Enterprise Imaging Platform installed at the Health System. This expansion was driven by increased volumes in the radiology department and expected increases for the coming year.

Sentara Healthcare

Sentara Healthcare, an existing customer of Mach7's, has contracted with the Company for a new Cloud migration project. This project, part of Sentara's ongoing PACS modernisation project, will migrate Sentara's imaging data to the Microsoft Azure Cloud.

Advocate Aurora Health

Advocate Aurora Health, Mach7's largest US customer to date, has further contracted with Mach7 for additional gateway servers, marking an expansion of the Enterprise Imaging project the Company first announced in July 2019. The gateways will be used to address specific imaging workflow challenges and interoperability issues they have been experiencing with existing legacy systems.

Penn Medicine

Penn Medicine, a long time Mach7 customer, has contracted with the Company for a 300K study license expansion to their existing installed Mach7 solution. With this expansion, Penn Medicine is now licensed for a total volume 1,450,000 studies, which is about a 70% increase from their original 2014 contracted volume of 850,000 studies. Penn Medicine recently integrated ophthalmology to the Mach7 solution and is actively pursuing the addition of more service lines. They are another example of an existing customer who is leveraging the Mach7 Platform to expand beyond radiology as the next step in a fully-realized enterprise imaging strategy.

Hong Kong Hospital Authority

Hong Kong Hospital Authority has further contracted with Mach7 for additional gateway servers. The gateways will be used to address specific imaging workflow challenges and interoperability issues they have been experiencing with existing legacy systems.

Sampson Regional Medical Center

Sampson Regional Medical Center, an independent community-based hospital in Clinton, NC, has contracted with Mach7 for the Mach7 Universal Worklist and the Client Outlook eUnity viewer. Sampson went live with the Mach7 Enterprise Imaging Platform and eUnity viewer in August 2019 to replace Sampson's existing PACS. Sampson is representative of an emerging customer segment that is attracted to a modular PACS system. This type of system has typically been reserved for larger organisations due the IT management requirements. The ease of administration built into the

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Mach7 Platform negates many of these requirements, allowing smaller organisations like Sampson to take advantage of such a modular system.

University of Georgia School of Veterinary Medicine

University of Georgia School of Veterinary Medicine renewed its license to the Mach7 Platform for an additional five years.

RSNA

During the quarter, Mach7 attended the annual RSNA trade show in Chicago. The RSNA trade show gives Mach7 the opportunity to showcase our platform to prospective clients as well as potential partners. Over a five-day period in December, the Company showcased its innovative enterprise imaging solutions to attendees, including existing customers, prospective customers and partners, and more.

This year, Mach7 previewed its new Analytic Studio module, which expands the Mach7 Platform by leveraging information received from the enterprise to analyse metrics and forecast trends to users. Mach7 Analytic Studio will be part of an upcoming release, providing powerful reporting capabilities and operational workload prediction to help drive increased efficiency.

Not only does RSNA provide the company with exposure that will bring in new opportunities throughout the year, it also allows Mach7 to evaluate the competitive landscape. In doing so, we have to say we are proud of our technology and remain committed to our position of leadership in the Vendor Neutral Archive (VNA) space, as well as our place at the forefront of the Enterprise Imaging market along with our valued partner Client Outlook.

“During the quarter were pleased to be adding new customers and expanding our partnerships with existing customers,” said Mike Lampron, Managing Director of Mach7. “We have demonstrated for a second consecutive quarter our business can deliver strong top line growth and generate positive cash flow. As a customer-focused business at the forefront of the Enterprise Imaging market we remain committed to profitable growth.”

FY20 Half-Year Results

The Company looks forward to reporting its audited FY20 half-year results in the coming weeks.

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-

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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.

This announcement has been approved for lodgement by the Managing Director and Company Secretary.

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