

THIRD QUARTER FY20 BUSINESS UPDATE

Highlights:

- **New sales orders of \$0.8 million**
- **Two new teleradiology customers go live on Mach7's Platform**
- **COVID-19 sees sales cycle lengthened but creates new remote reading opportunity**
- **Q3 closes with \$22.6 million cash, no debt**
- **Strong revenue growth (45%) expected for FY20**
- **EBITDA profitable and positive free cash flow results expected for FY20**

Melbourne, Australia; 21 April 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.

Sales Orders & Successful Deployments

The Company completed \$0.8 million of new sales orders for the quarter, largely from its existing customer install base. The sales were predominantly for technology licenses and professional services and as such, are expected to convert to revenue well within one year.

During the quarter, Mach7 had two of its newest customers go live on the Mach7 Platform:

Colorado Imaging Associates, P.C. ("CIA")

CIA very recently went live on Mach7's Enterprise Imaging Platform. CIA provides professional radiology services to hospitals, medical centers, outpatient imaging centers and specialty practices throughout Colorado (and Wyoming). CIA is archiving studies and results for 11 sites using the Mach7 Platform, with plans to bring additional sites on board including one with new 3D breast tomosynthesis in May 2020. Additional clinical workflows have been configured using the Mach7 software and will be brought live once the PACS side is ready. CIA's Director of IT has stated he is impressed with the ease in which Mach7 can configure workflows in the Platform.

Adventist Health Tulare ("Tulare")

Tulare Hospital went live on Mach7's Diagnostic Studio along with Client Outlook's zero footprint diagnostic viewing platform during March. Tulare is a 101-bed hospital located in Tulare, CA and is part of Adventist Health Central Valley Network. The Mach7 solution provided Tulare with a modern and integrated teleradiology PACS workflow. The group of 8 Radiologists are using the Mach7 Platform for daytime teleradiology and will utilise the Platform (together with Client Outlook's eUnity

ASX Announcement

viewer) to read onsite, at a neighbouring hospital or from home. Tulare's Chief Radiologist is ecstatic with the flexibility the system has provided for exam access. As a result, the customer has quickly expanded the go live beyond CT's, to read all modalities. The Chief Radiologist was extremely excited to extract himself from Tulare's aging PACS and is looking to expand the Mach7 solution to other sites within the Adventist Health network.

COVID-19 Business Update

Further to the Company's shareholder update on 19 March 2020, Mach7 today provides more information on the impact the global COVID-19 pandemic is having on the business and the healthcare industry more broadly:

1. Demand for Mach7 software continues

There will be a pent-up demand for elective procedures once the pandemic subsides and hospital revenue should rebound. Whilst the timing of this expected rebound is still uncertain, the demand for Mach7's software continues. The sales pipeline is stable and being monitored closely.

2. Sales cycle has lengthened

COVID-19 has created tremendous short-term impacts on the healthcare industry. Revenue for hospitals, Independent Delivery Networks (IDNs) and private practices is down, although the actual percentage of revenue loss varies greatly across healthcare providers. This temporary loss of revenue is driving a pause in the buying market for new projects. This is lengthening the sales cycle for Mach7's enterprise imaging platform and Mach7 expects the sales cycle to be longer than usual for at least through the rest of this fiscal year, and likely into Q1 of FY21.

3. New market opportunity for Mach7 software

The need for hospitals to invest in Business Continuity services and the ability for clinicians to perform work from home has become more acute than ever. There is a distinctly different requirement in software capability between remote reviewing/preliminary reading and diagnostic reading remotely. Preliminary reading is commonplace and a market that has already been saturated. However remote diagnostic reading capability is largely being served by outdated technology today and provides Mach7 with a unique market opportunity. The Mach7 software solution is uniquely positioned, both in functionality and in interoperability capabilities, to provide clinicians with cutting edge technology for remote diagnostic reading, allowing both the clinical and technical components of the organizations to be successful. This presents a new and important addressable market for Mach7 and its partners.

ASX Announcement

Q3 Closes with Strong Financial Position

The Company reported \$1.3 million free cash outflows for the quarter, and \$0.9 million of positive free cash flows for the nine months year to date. Notably, this quarter includes a one-off payment of \$0.6 million to a reseller which related to sales made in a previous quarter. This Q3 result was in-line with internal expectations, with Q3 being seasonally the weakest cash flow quarter of the year. The Company closed the quarter with \$22.6 million (Q2: \$23.3 million) cash reserves and no debt.

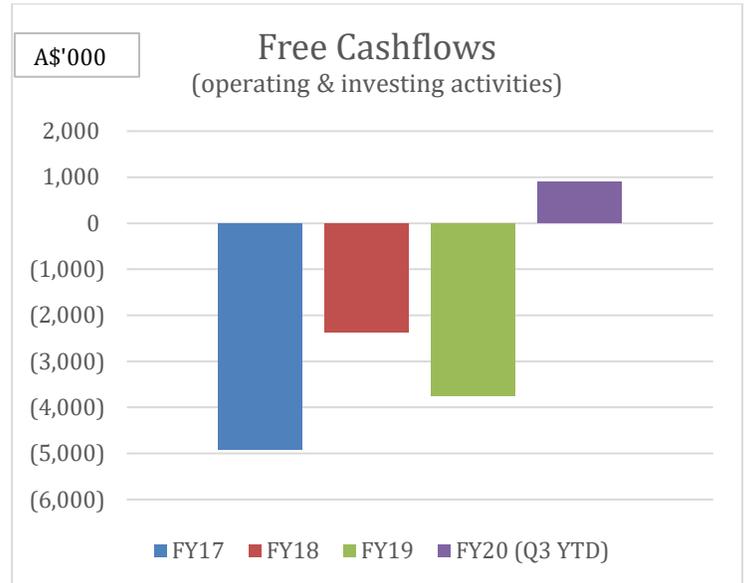
Continued successful execution of the business plan communicated in March 2019 has put Mach7 in a strong financial position. The Company had previously right-sized the business and made other necessary financial cuts.

The benefits realised from these changes and the \$20 million capital raise in December 2019 ensures Mach7 is well positioned to not only operate through this period of market change, but to take advantage of the new diagnostic reading market opportunity mentioned above.

Outlook for FY20 and Beyond

Mach7 remains on track to report positive free cash flow for FY20 and achieve 45% growth in revenue over the prior year. With this strong revenue growth and the controlled rate of spend, the Company is expected to report an EBITDA profitable result for the financial year for the first time, despite these challenging market conditions.

As stated consistently through the capital raise in December 2019, Mach7 remains committed to growth through acquisition and further investment in sales and marketing. As the market recovers Mach7 will continue its positive momentum in that regard. Overall Mach7 believes its long-term value proposition for customers has increased as a result of the current demands on hospitals and healthcare providers.



ASX Announcement

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.

This announcement has been approved for lodgement by the Board.

For more information, contact:

Jenni Pilcher
CFO, Mach7
jenni.pilcher@mach7t.com

Andrew Keys
Investor Relations
andrew.keys@keysthomas.com

Registered Office:
Level 2, 20 Collins Street
Melbourne, 3000