

FIRST QUARTER FY20 BUSINESS UPDATE

Strongest Quarterly Cash Result in M7T History

Q1 Highlights:

- \$1.7 million positive operating cash flows
- \$4.7 million cash receipts from customers
- \$4.3 million cash at bank
- Largest US sales order won \$5.7 million
- \$10.7 million service and support fees under contract, including \$8.5 million CARR

Melbourne, Australia; 17 October 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.

Q1 Cash

The Company has recorded its strongest quarterly cash flow result in its history, generating \$1.7 million of positive operating cash flows, taking its bank balance to \$4.3 million at the end of the quarter.

The strong cash result for the quarter was underpinned by \$4.7 million of cash receipts from its customers, which included \$1.6 million of support fees (recurring cash) and \$3.1 million of software and services receipts. The receipts included a large payment from Advocate Aurora Health following its purchase of the Mach7 Platform in July. Notably, cash receipts for the quarter did not include any receipts from Hospital Authority Hong Kong, which represents further upside in subsequent quarters.

Cash payments for the quarter were \$3.1 million, largely consistent with the prior quarter (\$3.0 million). The free cash flow (operating less investing cashflow) result for the quarter was positive \$1.6 million and Mach7 is well placed to achieve its 12-month free cashflow break even target ending February 2020.

During the quarter Mach7 received \$0.4 million from the exercise of options. The Company intends to use these funds to retire its debt, valued at \$0.6 million, which matures on 15 November 2019.

Q1 Sales Orders

Mach7 has had a strong start to the financial year, having secured \$7.5 million of sales orders (total contract value over five years) for Q1. This includes winning premier US healthcare institution -

ASX Announcement

Advocate Aurora Health, a deal valued at \$5.7 million which is Mach7's largest US deal to date. The Company's contracted annual recurring revenue continues to grow and now stands at \$8.5 million.

Software Deployments

Mach7 is currently completing active software installation and/or data migration projects across 20 of its customers. These projects will generate \$2.2 million in services revenue that will be recognised over the remaining installation period on a % complete basis, with the majority expected to be recognised in FY20.

During the current quarter, Sampson Regional Medical Center achieved first productive use, and it is expected that Children's of Alabama, The University of Vermont, and two additional sites at MaineHealth, will all be live on the Mach7 Platform by Q3 (March) FY20. Once these customers are live, support and maintenance fees become due and payable and recurring revenues will commence.

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.

For more information, contact:

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

Andrew Keys
Investor Relations
andrew.keys@keysthomas.com