

Mach7 Delivers Positive EBITDA and NPAT, Revenue growth +158%

Mach7 Announces Strong FY20 First Half Results

H1 FY20 Highlights:

- EBITDA \$2.3 million, growth of \$5.2 million or 176%;
- NPAT \$0.7 million, growth of \$5.1 million or 115%;
- Revenue \$9.1 million, growth of \$5.6 million or 158%;
- Business well capitalised with \$23.3 million cash, debt free and positioned for future growth;
- Strong growth driven by new customer contracts and continued growth in CARR
- Growing sales pipeline including higher value RFP opportunities

Melbourne, Australia; 21 February 2020: Mach7 Technologies Limited (“Mach7” or the “Company”) (ASX:M7T), a company specialising in innovative medical imaging data management solutions for healthcare providers, today released its half-year results for the period ended 31 December 2019 (“H1 FY20”).

Profitability Milestones Hit – Reflecting Scalability

Mach7 has delivered its first positive EBITDA and NPAT half year result. EBITDA grew 176% to \$2.3 million while NPAT grew 115% to \$0.7 million. These profitability milestones highlight an inflection point for the size and scale of the business with revenue growth of 158% and expense growth of only 10% (before share-based payments, depreciation & amortisation, and finance costs).

This follows Mach7’s first positive free cash flow result in H1 FY20, announced in January.

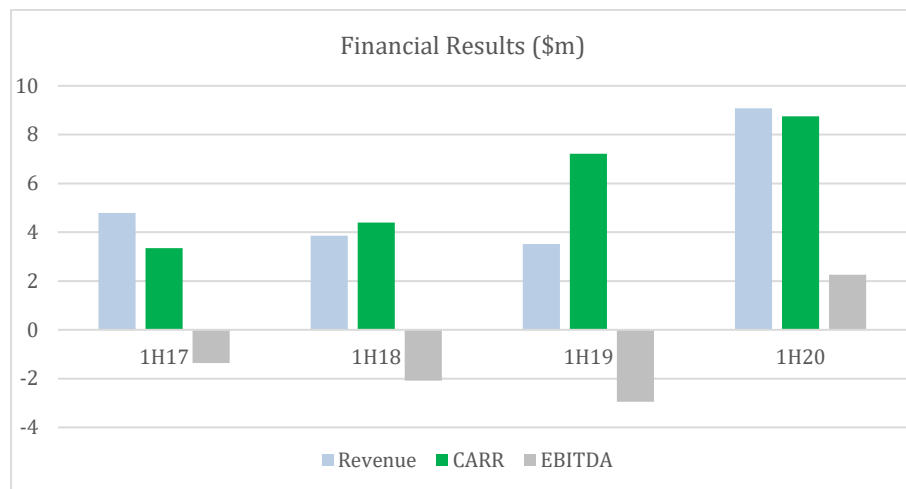
H1 Sales Orders, Revenue Growth and CARR

Mach7 signed customer contracts valued at \$9.4 million for the half year. Revenue growth of 158% to \$9.1 million was reflective of these new customer contracts signed during the half year. The first half revenue notably does not include any sizeable revenues from its contract with Hospital Authority of Hong Kong, which is potential upside.

New sales orders signed this financial year have increased Mach7’s order book of contracted annual recurring revenue (CARR) by 21% to \$8.8 million.

ASX Announcement

The following chart demonstrates the strong growth in revenue, CARR and EBITDA this half over comparable prior half-years:



Pipeline Growth

Mach7's sales pipeline is continuing its steady growth, with 46 new opportunities, valued at >\$40 million, added to the pipeline in H1 FY20.

Mach7 has submitted and is actively engaged in nine "request for proposals" ("RFPs"), valued at \$32.5 million. These RFPs include a mix of Mach7's traditional enterprise imaging platform product and its newer PACS replacement product with its partner, Client Outlook. These RFPs are all expected to be awarded during this calendar year.

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 reported \$2.4 million of positive free cash flows, and today is still free cash flow positive and is therefore highly likely to be free cash flow positive for the 12 months ending 29 February 2020.

Cash Reserves

The financial position of the Company is strong with \$23.3 million in cash, debt free and therefore well positioned to take advantage of organic and acquisitive growth opportunities. During the half year Mach7 successfully completed a private placement to institutional and other sophisticated investors, raising \$20 million (before brokerage costs).

ASX Announcement

As communicated at the time of the raise, Mach7 will use the funds to accelerate its commercial growth strategy within the Enterprise Imaging (EI) market, which is valued at ~US\$1 billion globally, where Mach7 has established itself as a recognised leader. In addition to the EI market, Mach7 and its partner Client Outlook have aligned their partnership to now compete in the departmental PACS market, which together with enterprise imaging, is valued at ~US\$3 billion globally. Mach7's growth acceleration is expected to come from the acquisition of complementary technology(ies) that would strengthen Mach7's existing product offering allowing it to compete more broadly across the imaging market - and/or internally via investment into sales, marketing and product development. The Company is actively working on both strategies in parallel.

Outlook and MD Comment

Mach7 continues to progress with a core focus across the following key areas:

1. **Growth Acceleration:** assessing the landscape for complementary technologies to acquire to accelerate growth while strengthening the sales team and investing in marketing in parallel.
2. **Profitability:** continuing to grow EBITDA result and deliver free cash flow positive results.
3. **Sales Focus:** remaining focused on core regions to capitalise on success to date.

Commenting on the results Managing Director of Mach7 Mike Lampron said: "We are pleased with the business and financial outcomes delivered in the first half. Our strategic focus on efficiently scaling the business and serving core customer markets in the US and Asia is working well for our customers, employees and shareholders. We'll continue to maintain a focus on revenue and profit growth, and generating positive cashflows, building on our success to date."

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 and Company Secretary.

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