

FOURTH QUARTER FY20 BUSINESS UPDATE

Highlights:

- Free cash flow generated of \$3.6M for Q4 and \$4.5M for FY20
- Cash on hand at 30 June 2020 \$48.9M, boosted by the raising to fund the acquisition of Client Outlook completed in July
- New sales orders of \$9.2M for Q4 and \$19.4M for FY20
- Two customers go live on Mach7's Platform during quarter
- FY20 results expected 27 August, with >\$18M of revenues, positive EBITDA

Melbourne, Australia; 27 July 2020: Mach7 Technologies Limited ("Mach7" or the "Company") (ASX:M7T) is pleased to provide this quarterly update in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report.

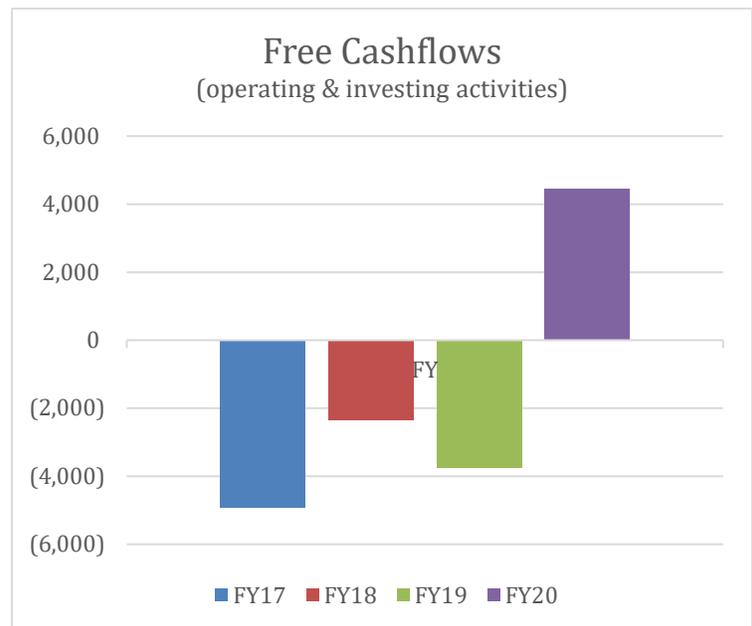
Cashflows for FY20

The Company generated \$3.6 million and \$4.5 million of positive free cash flows for the quarter and financial year respectively. Notably, this quarter includes cash received from Hospital Authority Hong Kong for the purchase order announced in May (\$4.46 million), and one-off costs for the acquisition of Client Outlook \$0.26 million).

The Company closed the quarter with \$48.9 million (Q3: \$22.6 million) cash reserves and no debt.

The Company raised \$22.9 million (net of costs) this quarter. This includes the recent placement (\$3.7 million) and institutional component of the entitlement offer (\$19.7 million), less costs (\$1.0 million), as announced to market on 10 June 2020, together with proceeds from the exercise of options (\$0.5 million). Next quarter's result will include funds received from the retail component

of the entitlement offer of \$10.9 million (net of costs).



ASX Announcement

Acquisition of Client Outlook

The Company announced on 14 July it had completed the acquisition of Canadian company, Client Outlook Inc. (“Acquisition”) for A\$40.9 million, subject to any true ups in respect of working capital and other financial assets/liabilities that will be made on or before 30 September 2020. Immediately post acquisition, Mach7 had \$19 million cash on hand, after allowing for estimated acquisition costs which have yet to be paid.

Client Outlook provides a unique zero-footprint viewing and integration platform distinguished as healthcare’s first Smartviewer, known as “eUnity”. By combining Mach7’s suite of solutions (including Mach7’s vendor neutral archive (VNA), universal worklist, and workflow engine) with the industry-leading eUnity diagnostic and enterprise viewer, the Company will provide one integrated end-to-end platform for the entire healthcare enterprise. Mach7’s long-standing partnership with Client Outlook has, over time, resulted in the development of seamless integrations between the companies’ respective platforms.

Mach7 intends to continue its investment in R&D to further tighten this integration and enhance the capabilities of the new enterprise imaging solution so it will help customers adapt more quickly to the challenging and rapidly changing healthcare environment.

Integration of Client Outlook

Mach7 has hired U.S. advisory firm Exactus Advisors to assist Mach7 with planning and the execution of the integration of Client Outlook. The objective with integration is to align the cultures, systems and processes across the Group, and identify and achieve cost synergy targets of at least \$2 million. Mach7 will continue to report on the progress of this integration.

Sales Orders

Mach7 generated \$9.2 million (total contract value) of new sales orders for the quarter, taking the TCV for annual sales orders to \$19.4 million for FY20. This includes the recent purchase order for Mach7 Platform licenses from Hospital Authority Hong Kong of \$4.8 million (which forms part of the original contract value of A\$15 million announced in October 2018), and the annual maintenance and support contract renewal from Hamad Medical Centre, valued at \$4.2 million over five years. Other orders included in this quarter are license renewals and license expansions from existing customers. These sales orders reflect increasing image volumes and expanded services, a testament to the strength of Mach7’s solution and customer service, reflecting the confidence our customers have in the long-term prospects of the Company.

ASX Announcement

University of Michigan

In addition to the above sales orders, in June (prior to the Acquisition), Client Outlook signed Michigan Medicine, part of the University of Michigan. Michigan Medicine is a premier academic medical centre and one of the largest hospitals in the state of Michigan. Michigan Medicine was founded in 1850 and today consists of three hospitals and 125 clinics and home care operations. This contract will contribute \$175,000 per annum to the combined Group's annual recurring revenue.

Successful Deployments

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

Advocate Aurora Health ("AAH") - USA

Advocate Aurora Health, a premier integrated healthcare network operating in Wisconsin and Illinois, and one of Mach7's largest US customers, hit first productive use for live order reception in May. This is the first milestone of its contracted project with Mach7. The Mach7 system is currently taking in 500,000 orders and Admission Data & Transfer (ADT) messages per day. Mach7 contracted with AAH in July 2019 to implement the Mach7 Enterprise Imaging Platform across the entire health network. In addition, AAH purchased Mach7's Migration Engine to migrate ~3.5 petabytes of existing data. AAH is one of the 10 largest not-for-profit integrated health systems in the United States, encompassing 28 hospitals, 500 outpatient locations, and 68 Walgreen's clinics across the states of Wisconsin and Illinois.

Children's of Alabama ("CoA") - USA

CoA, one of the largest and highest-ranked paediatric hospitals in the United States, completed its implementation of the Mach7 solution at the end of June. The hospital, located in Birmingham, Alabama, contracted with Mach7 in June 2019 for the Company's Vendor Neutral Archive (VNA) to allow CoA to forward new images and migrate existing archived data into the Mach7 solution. As implemented, the solution will provide extensive cost savings by centralizing their radiology images into a single archive. In addition, CoA was looking for a platform that could provide a scalable technology base for future expansions, which the Mach7 Platform will deliver.

COVID-19 Business Update

In May, it was announced that the annual Radiological Society of North America (RSNA) trade show scheduled to be held from November 29th – December 5th, 2020 would be moving to an all-virtual event due to COVID-19. The Company intends to have a presence at the trade show.

To ensure the safety of the Company's employees, all of Mach7's offices remain closed with employees working remotely from home. Despite the various challenges this has imposed, all teams

ASX Announcement

have adapted well to working remotely and continue to deliver the same high-quality software and support Mach7's customers have come to expect. The Company continues to follow local developments on the pandemic and will follow guidance from state officials to determine the optimal office reopening plan.

The full impact of COVID-19 is still unclear in relation to its impact on current deal timing. It is expected that there will remain some residual effect during the 1st half of this fiscal year. It is still expected that travel and vendor visits to hospitals will remain a challenge for the next six (6) months. Hospital systems like many other business systems have begun to adapt to the new COVID-19 environment. The Mach7 suite of software is proven to help facilities move their workforce outside the walls of the hospital and Mach7 believes this will lead to new pipeline development over the next six (6) months.

FY20 Financial Results

The Company expects to release its audited financial statements on 27 August 2020. As previously reported, the Company expects to report >\$18 million in revenues for the year, and its first positive EBITDA full year result.

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