

Mach7 Announces Half Year Results

Mach7 Reports Improving Financial Trends

Melbourne, Australia; 26 February 2018: Mach7 Technologies Limited (**Mach7** or the **Company**) (ASX:M7T) today released its Appendix 4D, Directors' Report and auditor reviewed financial statements for the half year ended 31 December 2017. This update provides a summary of business highlights and financial insights from the aforementioned documents.

Business update

Commercial news from the first half and more recently includes:

New orders	Total orders received this half outperformed the last five halves, and included: • University of Vermont Medical Centre (new customer) • Sentara data migration project (existing customer)
New markets	• First sales into Vietnam and The Netherlands • Distributors signed up in Mexico, Panama & Ecuador
New partners	• Zebra Medical Vision (medical imaging and artificial intelligence) • sirenMD (real-time care coordination telehealth communication)
New products	• Sage healthcare data services platform
Strengthened balance sheet	• Positive operating cash flow in H1 • Raised \$2m of capital, cash on hand \$4.9m

Financial performance

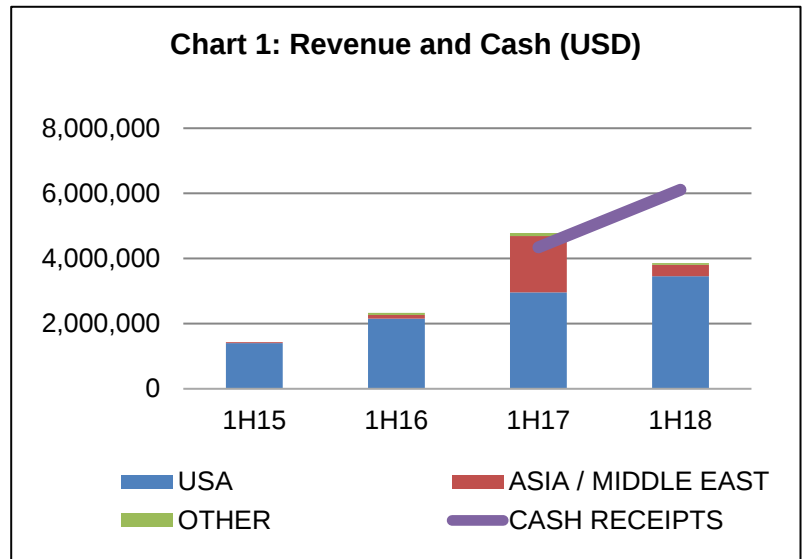
Revenue

Reported revenue for Mach7 in the half-year declined 19% to \$3.9m (compared to the same half last year "prior period") due to the sales mix of orders received during the period. Orders this half included the Sentara migration contract, which is predominantly a services contract and the revenue is yet to be recognised. This contrasts with the prior period, which included software revenue from a large project that was completed in the Middle East (as illustrated in Chart 1).

Despite the sales mix changing, revenue in the Company's largest market, the USA, continues to grow strongly. USA revenue totaled \$3.5m for the 6 months, an increase of 16.6% driven by more customers using Mach7's leading enterprise imaging platform.

More than 30 individual customers contributed to USA region revenue in the half. This compares with only 2 active but high value customers in the Middle East. We continue to see a growing demand for our solutions in the Middle East.

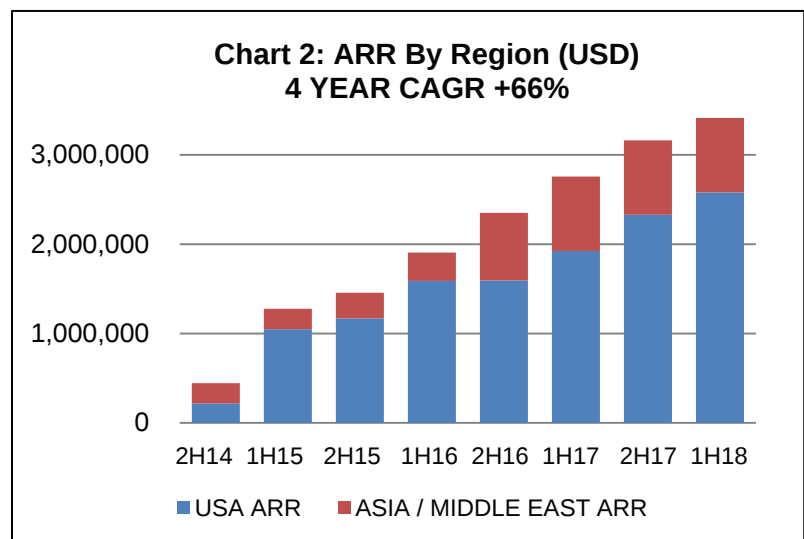
Chart 1 (right) highlights the continued growth in revenue from the USA (+16.6%) and the period-to-period volatility of revenue and from other regions.



Driven by growth in the Company's largest segment, the USA, total contracted annual recurring revenue ("ARR") continues to grow strongly.

The growth in ARR underpins the improving profitability of Mach7.

Chart 2 (right) highlights 66% CAGR in recurring revenue since 2014.



Operating expenses decline

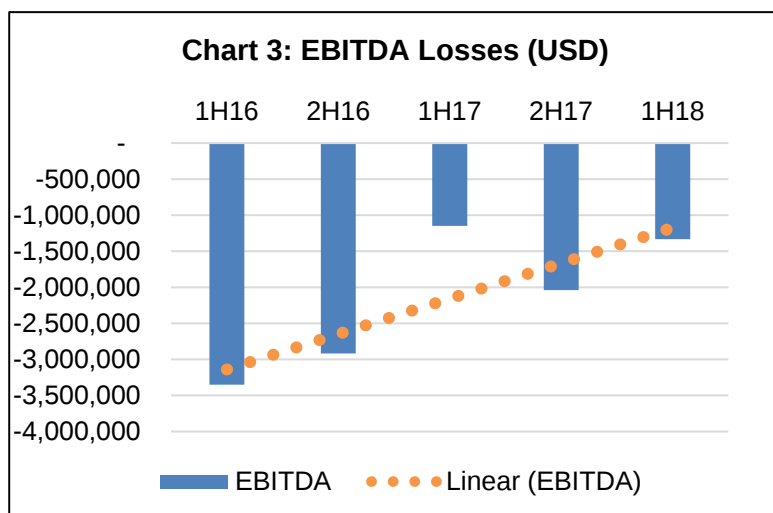
Operating expenses ("OPEX") continue to decline and were down 18% to \$5.5 million in the half. This decrease is mainly due to the divestment of 3D Medical operations and other cost-saving initiatives. Total OPEX includes research and development expenditure of \$1.3 million. There is no capitalised research and development expenditure.

EBITDA trend is positive, loss further reduced

Volatility affecting revenue growth has contributed to an 11% increase in the adjusted EBITDA loss for the period, over the prior corresponding half. The adjusted EBITDA loss excludes non-cash share-based expenses. The adjusted EBITDA loss was \$1.6 million.

Chart 3 (right) highlights an improving EBITDA trend with the Company moving towards positive EBITDA.

The reported loss after tax for the half was \$3.4 million, an improvement in profitability of +14%.



Outlook

Commenting on the first half performance and the Company's outlook, Mach7 Technologies CEO, Mike Jackman, said "Mach7 is well placed to deliver on its strategic imperatives and build a sustainable and profitable company. Whilst the revenue recognised for the first half is less than the previous corresponding period, I am pleased that sales orders received this half were higher than the last five preceding half years. Together with our +24% growth of ARR over the last 12 months, this demonstrates continued business growth, and has led to a positive first half operating cash flow.

"Whilst this softer first half result means achieving a positive EBITDA result for the full financial year is unlikely, I am encouraged by our opportunity pipeline and our ability to continue to improve cash flow and EBITDA in the second half."

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 www.mach7t.com.

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