

Mach7 Technologies

First-Half FY21 Results 31 December 2020



Issued 18 February 2021,
approved by the Board

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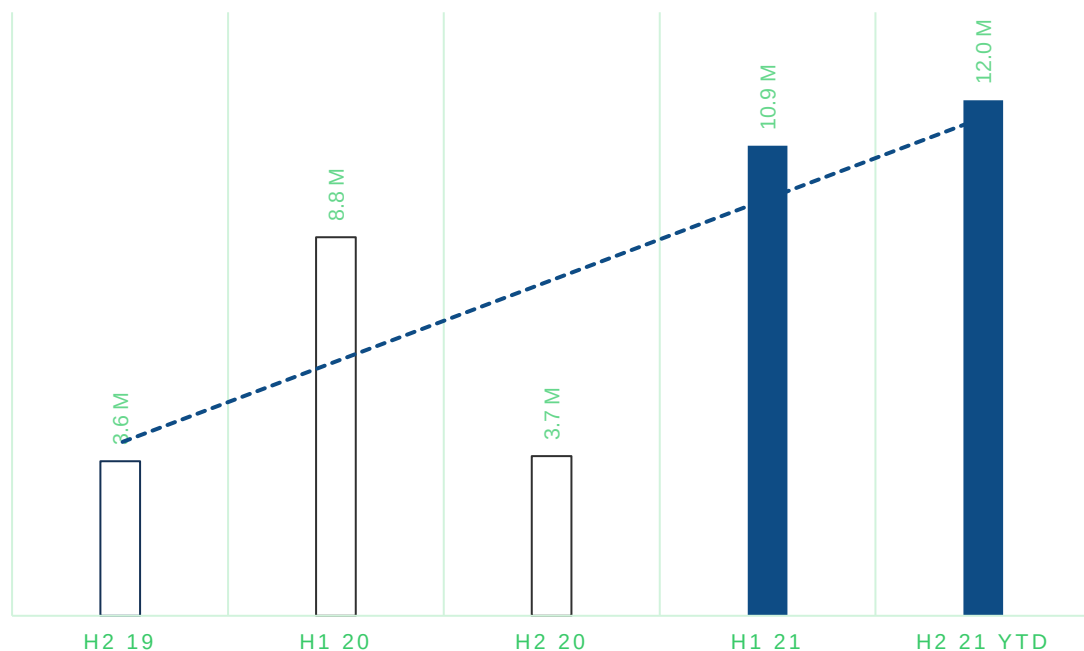
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First Half Highlights

- Strong sales growth – first half 10.9M and second half YTD already at 12M
- Strong demand for Enterprise Viewing solutions in COVID environment
- Significant contract wins from US premier healthcare providers - Trinity Health (Q2) & Adventist (Q3)
- First half revenue has been impacted by timing of sales orders – this will correct & lead to a stronger second half
- Recurring revenue annualized at \$10.2M, providing 64% coverage of operating expenses
- Strong financial position with \$14.4M cash at hand, and no debt.

Strong Sales Order Growth

SALES ORDERS – AUD*



*FX rates normalized across the half years.

Highlights:

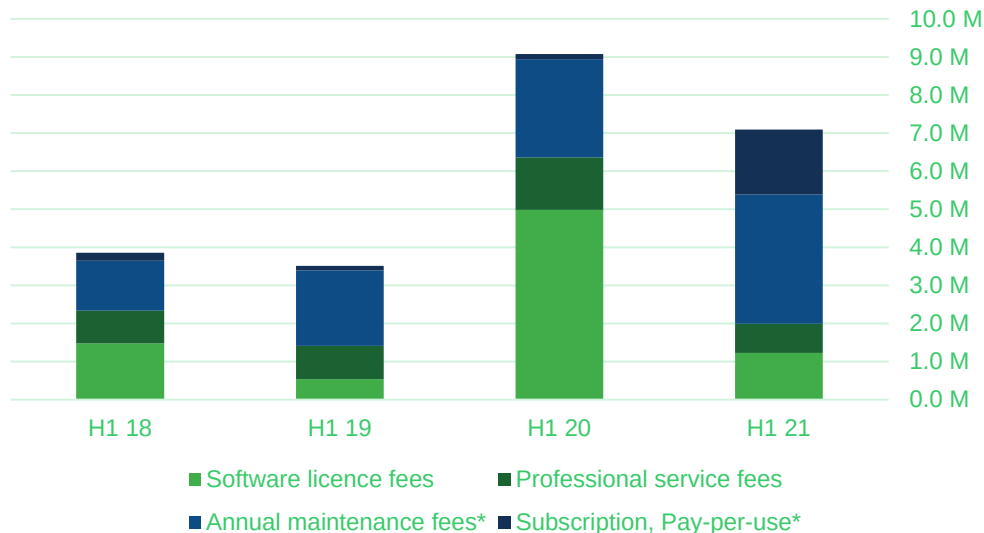
- Sales growth is continuing, despite COVID-19
- \$10.9M sales orders 1H 21 (up 24%, from \$8.8M)
- Strong start to 2H 21 - \$12M orders so far (up 224% on 2H 20)
- Sales orders to date will provide a significant contribution to 2H 21 revenue via Trinity and Adventist wins, and HAHK purchase order (\$3M)
- High demand for Enterprise Viewing solution to enable teleradiology in COVID environment
- “Land and expand” approach is working

Revenue 1H21

Strong eUnity growth offset by the timing recognition of major contracts

	1H 2020	1H 2021	% Change
eUnity	0.5 M	2.7 M	418%
Mach7	8.6 M	4.4 M	-49%
Total	9.1 M	7.1 M	-22%

Revenue split



Highlights:

- “eUnity” revenue up 418% following successful integration of Client Outlook business
- Recurring revenue (subscriptions, annual support) up 88% to 5.1M for the half-year.
- Total revenue growth has been impacted by strengthening AU\$ (7% of movement) and timing of sales orders – in particular:
 - o Trinity and Adventist contracts won this half (\$13.2M TCV) will contribute to revenue in 2H21 due to the timing of purchase orders
 - o HAHK purchase orders of \$3M (100% revenue, 100% Gross Margin) have been recognised in Q3 (2H21)
- Management expect 2H21 to be strong, far exceeding 1H21

EBITDA 1H21

Improved Gross Margins & synergies realized will increase profitability for 2H 21

	1H 2020	1H 2021	% Change
Revenues	9.1 M	7.1 M	-22%
Distributor Fees	0.9 M	0.3 M	-200%
Gross Margins %	90%	96%	
Operating expenses*	5.7 M	8.0 M	+40%
EBITDA (adjusted basis)	2.5 M	(1.2 M)	-146%

*excluding non-cash items share-based payments and unrealized exchange losses, and one-off integration costs of \$0.5M

Highlights:

- Gross margins have improved as the Group no longer incurs reseller fees on the client outlook product.
- Operating expenses of 8M for 1H 21 are expected to fall in 2H21 as a full half of integration synergies will be recorded.
- Recurring revenue is providing 64% coverage of operating expenses for 1H21, this is likely to improve for 2H21.
- Increased revenues and reduced expenses leading to a positive EBITDA forecast for the second half.

Financial Position

- **\$14.4M in cash at 31 December**
- **Debt-free**
- **Positive cash flow (and EBITDA) expected for second half**
- **Client Outlook acquisition has resulted in an additional \$40.2M* of intangible assets net of related deferred tax liabilities. It is expected that \$31.7M* of these will be amortised over 5-7 years.**

*Amounts are recognised in accordance with AASB3 Business Combinations and are preliminary at this stage. These amounts are subject to a full audit and will be finalised by 30 June 2021.

Recent Wins

Trinity Health



Highlights:

- Total contract value A\$5.26 million
- 7-year license for Mach7's eUnity enterprise viewer and associated support services
- Trinity Health is the fifth largest IDN in the United States, serving more than 30 million people through 92 hospitals across 22 states.
- eUnity enterprise viewer will be installed across multiple facilities in the Trinity Health network
- eUnity enterprise viewer will help clinicians across the Trinity Health network by providing increased clinical intelligence, helping improve patient care.

Recent Wins

Adventist Health System



Highlights:

- Total contract value A\$7.9 million, includes migration services & 5 years of support
- Licensed Mach7 Enterprise PACS (Enterprise Imaging Platform, eUnity diagnostic viewer, Universal Worklist, QC Module, Clinical Portal)
- Adventist Health is a nonprofit integrated health system service more than 80 communities in California, Oregon and Hawaii
- Mach7 will be installed across all 22 hospitals in the Adventist Health network
- Mach7 Enterprise PACS will provide a flexible and scalable foundation that meets the needs of radiologists across the health network

Outlook

- **Growing optimism within the Healthcare IT sector. Emphasized by continued M&A consolidation**
- **Strong sales performance for 2H (compared to 1H) is expected due to timing of deals. As indicated, we already are seeing strong sales orders in Q3**
- **Travel bans, trade show cancellations do have an impact**
 - A new way to do business is emerging within the marketplace
 - Increase spending on marketing and brand awareness
 - Increased emphasis on industry rankings like KLAS and Frost & Sullivan will become important
- **2020 was about building up our business in a sustainable way. In 2021 our focus turns to our customers needs and creating an inclusive product roadmap to shape our long-term product direction**

Thank you!

